



# **Parliamentary Debates**

**(HANSARD)**

THIRTY-FIFTH PARLIAMENT  
THIRD SESSION  
1999

LEGISLATIVE COUNCIL

Tuesday, 12 October 1999

# Legislative Council

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**THE PRESIDENT** (Hon George Cash) took the Chair at 3.30 pm, and read prayers.

## BILLS - ASSENT

Message from the Lieutenant Governor and Deputy of the Governor received and read notifying assent to the following Bills -

1. Workers' Compensation and Rehabilitation Amendment Bill (No. 2) 1999.
2. Workers' Compensation and Rehabilitation Amendment Bill 1997.

## PRAYER FOR RELIEF

### *Petition*

Hon Bruce Donaldson presented a petition from Lynette Blighton praying for relief.

[See paper No 237.]

## HOMESWEST SUBDIVISION, ALBANY

### *Petition*

Hon Bob Thomas presented the following petition bearing the signatures of 256 persons -

To the Honourable the President and members of the Legislative Council of the Parliament of Western Australia in Parliament assembled.

We, the undersigned residents of Western Australia, respectfully oppose the proposed subdivision of the 15.5 hectares of land (various lots) owned by Homeswest at the corner of Angove and Ulster Roads in the suburb of Spencer Park, Albany. Further, we respectfully request that the land (containing Casuarina woodland) be retained for conservation purposes for the public good.

Your petitioners therefore humbly pray that the legislative Council will seek a review of the policies of Homeswest and the Department of Land Administration with respect to the preservation of remnant bushland in urban environments and in particular with respect to this development.

[See paper No 238.]

## MATRIX VEHICLE FLEET CONTRACTS

### *Urgency Motion*

**THE PRESIDENT** (Hon George Cash): I have received the following letter addressed to me and dated 12 October 1999 -

Dear Mr President

At today's sitting it is my intention to move an urgency motion under SO 72 that the House at its rising adjourn until Friday 24 December 1999 for the purpose of discussing the Matrix fleet contracts, including the car leasing agreements and the finance to purchase new buses for Transperth and calls on the Premier to table all documents including the contracts relating to the leasing deals between the WA Government and Sydney based merchant bank Matrix.

Yours sincerely

Hon Ljiljanna Ravlich MLC

Member for East Metropolitan Region.

In order to discuss this matter, it will be necessary for at least four members to indicate their support by rising in their places.

[At least four members rose in their places.]

**HON LJILJANNA RAVLICH** (East Metropolitan) [3.40 pm]: I move -

That the House at its rising adjourn until Friday, 24 December.

What a disappointment it is to all Western Australians that the State Government is so negligent in its obligations to Western Australian taxpayers.

Several members interjected.

Hon LJILJANNA RAVLICH: The member will have his chance to speak.

The PRESIDENT: Order! Firstly, there is too much audible conversation in the Chamber; secondly, too many members are moving around; and, thirdly, Hon Ljiljanna Ravlich is the only member with the call.

Hon LJILJANNA RAVLICH: The Premier, as the Treasurer, in the other place took objection to the fact that *The West*

*Australian* reported the Matrix vehicle fleet contract as a fiasco. In this case, *The West Australian* has done the Premier a favour: It is not a fiasco; it is an absolute disaster. It was being too kind. The Matrix contract and the Government's handling of the vehicle fleet demonstrate what is wrong with its contracting-out program; that is, the lack of accountability and the lack of benefits to the Western Australian community.

I have never seen the Premier work so quickly to distance himself from an issue in the two and a half years that I have been in this place. The minister and the Premier have gone missing. They have sent John Langoulant to the front line to face the fire because they know that this contract is an absolute mess. They are very conspicuous by their absence.

The Premier and the Under Treasurer have claimed that savings will accrue as a result of this contract. However, they have forgotten to inform the State that this contract is currently running at a monthly loss of \$1m. The State Supply Commission's meeting minutes verify that fact; the Labor Party has not made it up. In other words, over a three-year period this contract has led to the loss of \$30m rather than a saving of \$8m to \$10m as originally projected by the Government. The Premier promised that this contract would save \$8m to \$10m, but clearly that has not happened.

It is also evident from this contract, and no doubt from hundreds of other contracts about which we have not obtained information, that it has been set up so that the Government bears the risk. In other words, the commercial contractor, in this case Matrix, has all the benefits, but the risks are borne by the State. A fundamental business principle is that the bigger the risk, the bigger the return. As a result, people take risks because they know that they will get a return on their investment. In this day and age, the Government's entering into a contract that provides that it carries all the risk and enjoys none of the return is preposterous.

The consistently cited key reason for entering into this contract is that the cost of private sector borrowing is lower than that in the government sector. The Auditor General's report clearly stated that to obtain the discounted interest rate, no less than 31 economic assumptions had to remain constant. He further stated that if there were a variation in any one of the 31 economic assumptions, the model would have to be recalculated so that the rate of return to the owners of the cars was maintained. It appears silly to enter into a contract in which the Government promises a profit to Matrix at the expense of Western Australian taxpayers.

The Auditor General also found a number of weaknesses in the management of the contract. For example, vehicles were returned late resulting in penalties, and vehicles were substantially modified in some cases leading to exorbitant increases in leasing costs. A number of other features in the contract caused the cost of the lease to escalate. The biggest risk is that a minimum of \$200m must be drawn from the funding facility, which has a maximum draw of \$250m. The introduction of a goods and services tax, which is another threat or one of the 31 assumptions and a key risk, will lead to changes in the tax structure or rate. That will impose yet another pressure on this contract. The introduction of the GST is an emerging problem, and the contract does not provide the Government with any flexibility to manage these changes.

The Under Treasurer argued that the Government was not locked into a 10-year contract. The Auditor General's report was clear: If the Government chose to exit the 10-year rolling contract - that is, it includes a nine-year notice provision - it would cost several million dollars. Therefore, there is a cost associated with early termination of the contract. A key reason that early termination is not a viable option is that it would make it difficult for the Government to recoup the \$30m lost to date as a result of the deterioration of the second-hand car market. Terminating the contract would mean that the Government could not have its agencies absorb that \$30m loss in increased leasing costs. That is how the Government intends to get around this problem; it will amortise the loss. The Treasurer has argued that it is wrong to represent the \$30m as a loss because it will be absorbed in higher leasing costs for government agencies. The bottom line is that that \$30m must be paid. If the Government were to quit the contract immediately, Treasury would be required to pick up the \$30m tab. The alternative is to stay in a bad contract so that government agencies can absorb that loss. Invariably, that diverts resources that would otherwise go to health, education, community programs, policing and so on. Instead of spending money on those programs, which would deliver benefits to the community, that money is diverted by government agencies to pay for increased vehicle leasing costs. Members should keep in mind that the Government has no flexibility within the contract because at least \$200m worth of cars must be maintained.

The Under Treasurer further argued that even if the Government had continued to own its vehicle fleet it would have had to fund the full impact of the deterioration of the second-hand vehicle market, including the \$30m loss. To some extent I accept that the Government could not have avoided the full impact of the soft market. However, if the Government owned its vehicle fleet, it would not be locked into a \$200m funding agreement and would be able to cushion the impact of a soft second-hand vehicle market by substantially reducing the size of the vehicle fleet. If it needs only \$100m worth of cars, why maintain \$200m worth? The number of public servants has decreased by about 15 000 people since 1993. At the same time, the number of cars in the fleet is increasing, and this is all driven by the need to maintain that level of funding. If the Government owned its cars, it would have control over the size of the vehicle fleet, the fleet mix and the life cycle of the cars. Instead of turning over 5 500 cars annually, it might turn over only a couple of thousand cars annually, because it might say that it is economically viable to have a car with a life cycle of six years as opposed to a life cycle of two years.

By virtue of this rigid contract, the Government now finds itself with limited options to control the financial impact of the changing market. It has locked itself into this facility and it has nowhere to go. The Under Treasurer has claimed that the state benefit from interest rate savings is around \$5m a year and that using motor vehicle proceeds to retire debt is an asset. I cannot see an asset there, given that the Government valued its fleet prior to sale in 1996 at \$23.4m, I think, for 12 000 vehicles. That is the amount for which it sold the fleet. Then it borrowed \$250m to fund the purchase of 9 500 vehicles. I do not know how that adds up, but one does not have to be a mathematical genius to realise that something is wrong with the formula.

The Under Treasurer also claimed, as did the Premier, that the good old days of the Government selling vehicles for more than it could purchase them have gone due to the removal of the wholesale sales tax exemption. This is a furphy. The Under Treasurer failed to mention that this exemption still applies to all government vehicles which are primarily used for business purposes. As at April this year, only 2 800 of the 9 000 government vehicle fleet would not have been eligible for that exemption. Therefore, the bottom line is that it is up to the Government to determine how it will use its vehicles. That is a policy decision; that is not a decision driven necessarily by other considerations.

Hon Kim Chance: Are you saying the majority of the fleet has an exemption?

Hon LJILJANNA RAVLICH: Yes. The simple fact is that the Matrix Finance Group fleet is placing new pressures on the Government, and that is why the Government recently reviewed its vehicle fleet.

I am rapidly running out of time. The Government is of the view that it had this so right that it borrowed more money from Matrix to purchase new buses. I could not believe it. I received information in my office saying that if I thought the vehicle fleet issue was bad, I should have a look at what was happening with Matrix and the buses. I thought, no, the Government would not be that stupid. Someone gave a tip-off and, yes, it was that stupid. I cannot believe that the Government is so silly. Time and time again in this place I have asked for contracts to be tabled. The Government will not table them. However, section 58C of the Financial Administration and Audit Act concerning secrecy of operations prohibited states -

The Minister and the accountable officer of every department, and the Minister and the accountable authority of every statutory authority, shall ensure that -

- (a) no action is taken or omitted to be taken; and
- (b) no contractual or other obligation is entered into,

by or on behalf of the Minister, department or statutory authority that would prevent or inhibit the provision by the Minister to the Parliament of information concerning any conduct or operation of the department or statutory authority in such a manner and to such an extent as the Minister thinks reasonable and appropriate.

There is a legislative obligation to provide information to this place about the Government's contractual arrangements. This notion of hiding dealings behind a veil of secrecy and commercial confidentiality has gone on for long enough. I will not stop until the Matrix contract is tabled in this place, along with the contract that relates to it, which is the fleet managers contract, and the WA Auto Auctions contract. Those three contracts are interrelated. The WA Auto Auctions contract alone has an annual turnover of over \$100m. If the Government is spending that much taxpayers' money, the taxpayers and members in this place have a right to know how it is being spent. Anything less makes a joke and a mockery of this Government's claims of being accountable.

**HON TOM STEPHENS** (Mining and Pastoral - Leader of the Opposition) [3.55 pm]: I am pleased that Hon Ljiljanna Ravlich has pursued this matter so vigorously, both in this Chamber and in the wider debate in the community. I am particularly impressed by the quality of the work that has been done by *The West Australian* journalist Michael Southwell, who has pursued this matter in collaboration with people who have a genuine interest in the wellbeing of Western Australia's economy and the financial management of this State. He has clearly identified a significant problem that this Government has caused for this State by locking it down to such an inflexible contract that has left the taxpayers of Western Australia so disadvantaged. It seems wrong-headed that when a journalist does his work in pursuit of a story, he is then chastised and berated by the Premier of the day for doing his job. The Western Australian community is lucky to have journalists such as Michael Southwell.

Several members interjected.

The PRESIDENT: Order! Hon Ljiljanna Ravlich and Hon Simon O'Brien should cease interjecting. When Hon Ljiljanna Ravlich was speaking, I tried to allow her to speak interjection free so that I could hear what was being said. I would appreciate the same for the Leader of the Opposition.

Hon TOM STEPHENS: This State is lucky to have journalists who will pursue the public interest, despite being berated and chastised by the Premier of the day. It is to Mr Southwell's credit that he has pursued this issue in collaboration with the hard work that has been done by members, such as Hon Ljiljanna Ravlich, on this question.

I have seen no evidence to suggest that other large fleet operators across Western Australia have been as disadvantaged by their contractual arrangements as the Government, and in turn the taxpayers of Western Australia, have been disadvantaged by the contractual arrangements in this case. There are many players in the community with large fleets. Industry has large fleets, and contracting and leasing arrangements, which have not produced for it such significant costs as a result of a soft market for used cars. I have seen no evidence to suggest that the local government constituency of Western Australia, which has a large car fleet and is similarly faced with contractual arrangements, is locked down to contracts as bad as those impacting upon the taxpayers of Western Australia as a result of the contractual arrangements that have been entered into by this Government. Likewise, I have heard no complaints from AlintaGas, it being free of the obligation to lock down to the Matrix contract arrangements. A number of people have not complained because they are free of the problems that have arisen as a result of this inflexible contract, which has produced such damaging results for the Government and taxpayers of Western Australia.

It is a simple plea that comes from the Labor Opposition: Table the contract. The Government says this contract is good for Western Australia. It should table the contract. The Government says this contract is flexible and can be renegotiated. It should table that detail and make it clear how the contract can be renegotiated. Why can the Government of Western

Australia not reorganise its affairs so this contract is renegotiated to limit the adverse exposure being felt by the taxpayers of Western Australia? When the Government owned the fleet, it had the flexibility of lengthening the period for which it held the cars. That way, if the used car market softened, the Government could extend the period for which cars were held by its departments and agencies. It appears that that flexibility is no longer available, yet the Government argues that this contract is flexible. If it is so flexible, the Government should table it and show how it is flexible. If the contract is so flexible, it is time for the Government to utilise that flexibility and renegotiate its terms so there is no obligation for the Government to release vehicles onto the used car market through this contractual arrangement which exposes taxpayers to such risks. It seems odd that the Government is imposing on the taxpayers of Western Australia the huge cost associated with the increase in the number of cars made available to ministerial officers as a way of eating up the number of cars required to be utilised by government. We have seen an exponential growth in the number of government ministerial advisers who have cars under this arrangement, but there is no return, there are no savings, from this contract. Why was it necessary for this Government to find someone in the east to benefit from its largesse, for it to throw money at a Sydney-based company?

Hon Max Evans: The largest part of the money is coming from BankWest.

Hon TOM STEPHENS: However, the Sydney-based Matrix Finance Group is receiving a great return at the expense of the taxpayers of Western Australia because of the Government's largesse. The Minister for Finance has refused in all previous debates to come clean and show the details of the contracts. This is another opportunity for him to rise and tell the House that he will present the details, that he will table the contract, and that he will show why *The West Australian* journalist has it so wrong and why he deserved the chastisement he received at the Premier's press conference this morning and why Hon Ljiljanna Ravlich is so wrong. The minister has that opportunity. Prove it to us. Show us the contracts. Table the details. Show where those details are wrong. Substantiate the claims government members made in the other place today that there is a cash flow benefit to the taxpayers of Western Australia of some \$39m from this facility.

The PRESIDENT: Order! The Leader of the Opposition is probably referring to some public statements because he surely could not be referring to matters in the other House.

Hon TOM STEPHENS: I am referring to a brief ministerial statement, a copy of which I have been handed and which I understand was made in the other place today.

The PRESIDENT: That is the problem.

Hon TOM STEPHENS: I will not refer to it further other than to say that a claim has been made that a cash flow benefit of \$39m is coming from the facility compared with the position the Government would have faced had it continued to own the vehicles. I ask the minister to table the calculations and prove to members that the figure has not been plucked out of the air. The Government will not table the contract or the calculations; it just produces figures and does that little twostep which the minister has just demonstrated with his hands.

Hon Max Evans: I did that.

Hon TOM STEPHENS: That is what the minister says to the taxpayers of Western Australia; he gives them the two-fingered salute he has just given me.

Hon Max Evans: I was saying two minutes to go.

Hon TOM STEPHENS: That is one minute, 14 seconds. The Minister for Finance should not tell fibs; he was giving me the two-fingered salute.

The PRESIDENT: Order! I did not see whatever sign is being discussed. If it was an indication that there were two minutes left on the clock, I would understand that signal, so to speak. If it was anything else, I would ask that member to apologise. However, I did not see it and I can only assume that that was not the case.

Hon TOM STEPHENS: It is sure to have been a reference to two minutes and I hope the clock is adjusted. I accept the minister's assurance.

It is important for the Minister for Finance to realise that this type of contract is impacting adversely on the ordinary Western Australian community, which is entitled to government services through all the government departments and agencies required to deliver them. Since this contract has been in existence, the small agencies and departments which operate around regional Western Australia have had to reduce the quality and level of the services they are providing to regional Western Australians. I am thinking of the schools of the air, the health services and the other departments and agencies whose capacity to deliver services has been restricted and restrained by the costs -

Hon N.F. Moore: Who has?

Hon TOM STEPHENS: If the Leader of the House does not understand that, he does not understand anything. These are agencies which have been begging to be freed of the responsibilities of having to fork out for this ridiculously expensive contract which is diminishing their capacity to deliver services - the schools of the air, the health services, the Education Department and all those other agencies.

**HON MAX EVANS** (North Metropolitan - Minister for Finance) [4.06 pm]: I will try to stick to the subject as other members have not.

The PRESIDENT: Order! That might be the minister's view but I listened to both the mover of the motion and the Leader

of the Opposition and both spoke within the scope of the motion. The motion contains four areas which the mover wanted to talk about: First, the Matrix contracts; second, some car leasing agreements; third, finance for new buses; and fourth, the tabling of documents. Both speakers spoke within the scope of the motion.

Hon MAX EVANS: I have never seen Michael Southwell mentioned as a finance editor or writer from *The West Australian*. He has written on many subjects and many years ago did some writing. I tried to get this message over last time: Matrix is a financing deal. As I tried to say a minute ago, Matrix is a middleman. Other States have used different groups. Matrix came to the deal, but the money comes from BankWest, Barclays Bank and ABN Amro - it is a financing deal. If the Government was buying \$250m worth of cars itself, it would have done its financing through the Reserve Bank of Australia in former days and the Commonwealth Bank of Australia today.

We are told by Hon Ljiljanna Ravlich that this is another contracting-out fiasco. Borrowing money is not a contracting-out fiasco; it is what one does in business. Is it any different from borrowing from BankWest, Barclays Bank, ABN Amro or the Reserve Bank then and the Commonwealth Bank now? That is the money business.

Matrix is all about borrowing money. Matrix got an Australian Taxation Office ruling - as did other States with different financiers and middlemen - that it could get a certain tax deduction for depreciation in the value of the cars over the two years. It could therefore charge a lower rate for the money than the Western Australian Treasury Corporation could. Members opposite know from their days in Government that the Treasury Corporation can borrow very well and cheaper than most other people on most deals the Government does. However, when a depreciation factor is involved, a company like Matrix can get a tax deduction and do a better deal. I have asked Hon Murray Criddle about the financing of the Transperth electric rail system. That is about \$270m under the previous Government and I am not certain whether it was cross-border leasing.

Hon Ljiljanna Ravlich: Is that being funded by Matrix?

Hon MAX EVANS: No, the Labor Government was not clever enough to do that, although I think it might have done another deal, what is called cross-border leasing. The Labor Government borrowed about \$270m but when we came into government we started to do cross-border leasing. Many of these deals are done out of Sweden and Germany because they get a better depreciation factor than Matrix is getting from the Australian Government. They can do it cheaper. The Government was enticed to swap that deal from the previous lot to Sweden or somewhere like that and save another \$16m a year. That is what is called cross-border leasing and these things have been done for a long time. Yes, it is at the expense of the Federal Government's tax bill. There used to be a deal with the South Australian battery company. It put a building on lease land and got a tax deduction. Yearling Powerhouse in New South Wales was done the same way as were the antediluvian buses.

The Federal Government put an end to those deals. They were good financial deals at a better rate than that which the Government could obtain. As I said earlier, the previous Government bought and sold government vehicles from its consolidated fund budget, at which time a small profit could be made. Obviously when a profit was made it was spent on something else. In the previous Government's second last year, 1991-92 -

Hon Ljiljanna Ravlich: You should talk about the situation at this time.

Hon MAX EVANS: I am trying to explain why the Government used Matrix Finance Group. At that time the vehicles purchased by the previous Government were allocated to departments under capital expenditure items. The profits were also listed under the departments' budgets. A \$50m profit was shared among departments against capital expenditure. This Government ended that arrangement during its first term so that the purchase of all government vehicles was financed and shown as a balance sheet item. As a result, the Matrix deal, which I believe was very good, was entered into.

The accounting firm of PricewaterhouseCoopers wrote a letter to the Under Treasurer on 8 October which reads -

**Subject: WA Government Fleet Transaction**

We have completed an analysis of the WA government fleet transaction as requested. Our analysis includes a review of the transaction from inception, July 1996, to June 1999. This involved a comparison of the fleet transaction versus a purchase/sale alternative whereby the government would own the vehicles.

Hon Tom Stephens: Will you table the analysis?

Hon MAX EVANS: I will table this letter, but not the analysis.

Hon Ljiljanna Ravlich interjected.

The PRESIDENT: Order! Hon Ljiljanna Ravlich has had her turn. A right of reply is available as long as she does not interject so much that we run out of time.

Hon MAX EVANS: The letter continues -

Over the period of investigation, the transaction has produced a positive benefit in comparison to a purchase/sale alternative.

The benefit of the transaction has two components:

- \* A cashflow benefit resulting from the payment of rent rather than a lump sum purchase payment. This benefit is immediate.

The benefit results from purchase of the vehicles some time before the money is returned. In the first place \$200m was paid up-front for the vehicles which were financed by Matrix and the banks. To continue -

- \* The accumulated value of sale price shortfalls incurred upon disposal. It is expected this will be recovered over the remaining term of the transaction.

This has nothing to do with the financing. Losses have been incurred and shortfalls have arisen due to the price of vehicles for disposal being less than their purchase price. Three or four years ago, circumstances were different when the vehicles could be bought and sold at a profit. To continue -

The overall benefit as at 30 June 1999 is \$6 million. The components can be quantified as follows:

	\$ million
Cashflow benefit	39
Sale price shortfall	(33)
	----
Net benefit of transaction	6

If we had not been involved in this financial deal and entered into the same arrangement as the previous Government, we would be \$39m worse off.

Hon Ljiljanna Ravlich interjected.

Hon MAX EVANS: No, I am not. PricewaterhouseCoopers has more credibility than members opposite will ever have.

Hon Tom Stephens: You should table the analysis.

The PRESIDENT: Order! The Minister for Finance is trying to make a point and I cannot hear him.

Hon MAX EVANS: The letter continues -

Our analysis also includes a forecast of the benefit resulting from the ongoing transaction. Based upon trends which are now evident and affecting the transaction, the benefits gained to date are likely to diminish over time as the transaction is currently structured. A major factor leading to the diminution of the benefit arising from the transaction is the downturn in the secondhand car market.

Hon Tom Stephens: Is this bloke on the government payroll?

Hon MAX EVANS: PricewaterhouseCoopers is one of the favourite auditors of the previous Government. Members opposite should examine the deal between Northern Mining Corporation NL and PricewaterhouseCoopers.

Hon Tom Stephens: Who signed the letter?

The PRESIDENT: Order!

Hon MAX EVANS: To continue -

While the full extent of the GST impact is uncertain, it is expected to lead to further deterioration.

We understand that these matters are currently being addressed by the government. Our detailed report, to follow under separate cover, will assist you in this process.

An independent firm has analysed the figures. As the Auditor General explained, further problems will arise due to the price of cars, GST and the second-hand market which we can do nothing about.

The contract includes an option for the State to terminate the facility early if the ongoing economic benefit falls below a specified level. This option was included at the Government's insistence, recognising that in a long term deal such as this, circumstances can change.

We did not get information of this nature from the previous Government when it financed Stateships. We lost \$50m on the deal.

Hon Tom Stephens: What is the specified level?

Hon MAX EVANS: We will work it out in time. If the specified level evens out, we will ask whether we can borrow the money more cheaply from Treasury Corporation than from Matrix. If the reverse is the case, we will revert to borrowing the money from Treasury Corp.

Hon Ljiljanna Ravlich: After three years?

Hon MAX EVANS: Hon Ljiljanna Ravlich does not listen. We are a mile in front after three years. We should be grateful that Kevin Minson agreed to the deal.

Hon Ljiljanna Ravlich interjected.

The PRESIDENT: Order! The minister should address the Chair and not worry about the interjections, which are out of order.

Hon MAXEVANS: Members opposite are so thick that I must help them understand the difference between leasing vehicles and financing them.

No money has gone through Matrix, banks or anything else to finance the buses. I do not know where Hon Ljiljanna Ravlich got that notion from. They are financed by the Western Australian Treasury Corporation, which is a government agency. The old buses were financed in the same way. If Hon Ljiljanna Ravlich got her facts right, her speech would have much more credibility.

**HON HELEN HODGSON** (North Metropolitan) [4.15 pm]: I attended a briefing in May last year when the Auditor General examined the report titled "Selecting the Right Gear" and discussed the funding arrangements in place at that time. That report is useful in this debate because it identifies a number of the risks attached to the contract into which the Government entered. In hindsight the major risk identified by the Auditor General was a tax issue. As it turns out, that is not the problem. The problem has been with the terms describing the sale of the vehicles and how it is factored into the new purchases and the contract arrangements.

From a purely financial perspective, every business or person who acquires assets that are used in a business or in a commercial context must decide how to finance it. That is basic accounting; everybody knows it is part of a business plan. One must decide whether a lease will be more beneficial to a business than a purchase arrangement. It is a matter of requiring cashflow as much as anything else. It also becomes a matter of timing and when the cash flows in and out. On those grounds it is possible to see why a lease is attractive to the State Government in this situation. However, I have a couple of reservations about the terms of the contract. Governments must be above ordinary commercial considerations. I identified a concern last year that has just been confirmed by the minister; that is, cheaper finance arrangements are available because a private financier is eligible for tax concessions for which the Government is not eligible. As the Government does not pay tax, it does not receive depreciation allowances as does the private financier. That is what allows the Government to receive a cheaper rate of finance. Although it is legally correct, I do not like it for ethical and moral reasons. It is a case of switching funds from one pocket to the other. The Government does it regularly in relation to cost shifting between Federal and State Governments.

The second issue I question is the policy of sale and lease back, a common commercial practice which is generally used when overcapitalisation has occurred and cashflow is required. It is not appropriate for the Government to sell its assets to a commercial middleman and lease them back. It is one thing for the Government to fund an enterprise by raising funds through a lease contract. However, for the Government to change midstream and in the process provide a benefit to a commercial enterprise concerns me. Although arrangements may initially appear to be cheaper to the State due to a cheap rate of finance, that may not be the most ethical way for a Government to be doing business.

However, the main issue I wish to raise is commercial confidentiality and the extent to which these matters could be dealt with in a far more civilised way if people had access to the terms of the contract. The debate in this Chamber and interjections have not been particularly edifying this afternoon. Many of them appear to be based on rumour and innuendo rather than on fact. If the full terms of the contract were available, that would not be an issue; we would be able to analyse it and decide whether the terms were commercially viable or whether something had gone wrong in the process.

I have an article that was written by Mr Tom Brennan of Corrs Chambers Westgarth. I cannot see a date on the document but I received it late last year. It is entitled "Undertakings of Confidence by the Commonwealth. Are there Limits?" It addresses the issue of commercial confidentiality and states among other things -

. . . where the information concerned is material to the operation of government, it is inconsistent with the responsibility of the Executive to the Parliament for the Executive to enter into enforceable obligations of confidence which would prevent such disclosures to the Parliament. If this position is right, the Executive does not have the power to enter into an obligation with such an effect.

It goes on to say that there are grounds for those dealing with State Governments to be concerned about the legal capacity of those Governments to maintain the confidentiality of those dealings. The paper concludes that on the current state of authority, it is impossible to say how far the consequences of the implications might reach for the executive power of the State.

When the Government enters into a contract, I can understand the need for some level of confidentiality during the tendering stage because it must make sure that it is getting the best deal and that competitors are not aware of what others are offering. That is the only way to prevent collusion. However, once a contract has been entered into, this Parliament has the right to the details of the contract and to examine and scrutinise its terms. I have some serious concerns about terms that have been included in the Auditor General's report or in a wide range of newspaper articles over the past couple of days. I want the opportunity to satisfy myself about some of the issues; for example, the terms of the arrangements when a car is sold. It was clear in May 1998 that the resale value of cars was declining. At that stage an interesting graph was included in the report which shows that the government fleet value was about on a par with the trade retail level of prices, but it was clear that with commercial vehicles the value was below that. I want to ask what the Government has done about the Auditor General's recommendation that this be addressed by the Department of Contract and Management Services, because the report specifically said that it should consider strategies to deal with the retail issue. However, that is an aside. The trend was apparent.

With these arrangements we have a system whereby rather than having cash transactions where a car is sold for less than its estimated value, a rollover effect occurs, so that it accumulates onto the replacement vehicle, the agency's vehicles or the fleet as a whole, as I understand it as it is written in the document. I am not aware of those sorts of terms existing in normal



commercial arrangements. I want to know why they are there and whether they can be sustained in the case of the government fleet. What was the trade-off? Was this bargained or simply something imposed and accepted? We need to have that sort of information available.

The Auditor General's report also mentions that economic assumptions underpin the contract. They always will because inflation, interest rates and so on are always talked about. I want to know the extent to which those economic assumptions have locked the Government in. How flexible is the system? The Opposition is claiming that there is no flexibility and the Government is claiming that it is still the best deal around, but there are issues to do with the size of the fleet that must be maintained. Is there any scope to review the need for the number of vehicles or must that number of vehicles and the value of the fleet be maintained anyway? We need to see the contract to identify these issues.

I am not here merely to criticise this leasing deal. We do not have a lot of information that might allow us to determine whether these claims are correct, but ultimately decisions must be made on the information available at the time. People dealing with financial issues must make a decision that they think will give the best outcome. However, they must make sure, first, that it is open and transparent, and second, that should the contract later look to be going bad, escape routes exist. It does not look as though such escape routes have been incorporated into this contract.

**HON M.J. CRIDDLE** (Agricultural - Minister for Transport) [4.25 pm]: I welcome the opportunity to clarify the position with regard to the Transperth buses. I refer to the statements on the financing and purchasing of buses for Transperth. This issue is not new; it has been around for quite some time. The Government is not selling its bus fleet or giving the Matrix Finance Group a mandate to buy or lease back the bus fleet. What really annoys me about this is that we have a new bus fleet coming on line which will improve our transport system over the next 12 years. We are putting in place a revolutionary transport system. We are upgrading our transport system to a position where Perth people will be proud of it. However, we have these criticisms which take away from the focus of the provision of a very good system. I get disturbed when these issues come up. It does not matter what project is put up these days, the first thing that seems to happen is that the good initiative gets criticised.

Matrix has developed a financial structure to support the acquisition of the new buses but it will not be involved in the finance. The structure will need to be supported by a binding taxation ruling with the Australian Taxation Office before the Government can agree to any financial arrangements. The State Supply Commission guidelines were certainly observed in this instance. Representatives from the state Treasury, the Western Australian Treasury Corporation, the Department of Transport, the Department of Contract and Management Services and the Crown Solicitor's Office made up the assessment panel. The probity auditor was from PricewaterhouseCoopers. The deal is to do with the financial structure that is in place. It was carried out in the correct manner.

Members opposite continue to use opportunities like this, which are not justifiable, to try to denigrate what the Government is putting in place. The Government owns the whole of the Transperth bus fleet with the exception of two Denning double-decker buses, which are provided for the Perth-Mandurah express service, and two mid-sized Dennis darts, which are servicing the northern suburbs. Those two services are not included in the present financing structure.

Hon Ljiljanna Ravlich: What about the new ones?

Hon M.J. CRIDDLE: I have already explained that to the member. The Western Australian Treasury Corporation loan will cover the cost of the buses as we purchase them. That financing arrangement is in place at this time. As I said earlier, the other arrangement must be agreed to by the Government as we move forward and deal with the issues. I have said that we have representatives of various agencies to testify that this deal is done correctly.

Hon Ljiljanna Ravlich: Does that mean that the other one was not?

Hon M.J. CRIDDLE: I have not mentioned the other one. There the member goes again. This is typical of what happens: Opposition members rush off to another deal to denigrate a deal that has been done properly. The opposition spokesperson for Transport does it all the time. We put out a tender the other day, which will finance an extension of the freeway to the south, involving a \$127m deal. The first thing we got was criticism. It will be a major asset for Western Australians. Members must give credit where it is due. They must recognise that some people out there like to see these new infrastructures put in place and to get a real benefit out of them.

Hon Ljiljanna Ravlich: You claim to be an accountable Government!

Hon M.J. CRIDDLE: I have just explained our credibility in this arrangement that we are putting in place.

Hon Tom Stephens: I think you need more time to put your case!

Hon M.J. CRIDDLE: I have certainly won the deal so far. Hon Ljiljanna Ravlich has not said a word for two seconds!

Motion lapsed, pursuant to standing orders.

## CENSURE MOTIONS INVOLVING ASSEMBLY MINISTERS

### *Statement by President*

**THE PRESIDENT** (Hon George Cash): On Wednesday, 15 September, the Attorney General asked me to rule whether or not the use of the word "censure" in three motions on the Notice Paper was appropriate in as far as it was intended to apply to ministers who are members of the Assembly. In a bicameral Westminster-type Parliament, it is a fundamental principle that neither House involves itself in, or formally notices, what occurs in the other. Standing Order No 94 reflects

that principle, as does the expression "another place" rather than referring to the Assembly by name in debate. As well, and also in accordance with longstanding principles, Standing Order No 97 forbids unparliamentary references in debate to a member of either House, not merely members of this House. These, and related principles, are intended to maintain "comity between the Houses" and avoid deleterious relationships between the two.

However, there are two reasons why the principles I have outlined do not apply to the motions under consideration. First, the proscriptions apply to debates; that is, to what is said. They do not apply to the terms of a substantive motion expressing the sense of the House on a given subject. For example, it is disorderly for a member in the course of debate to use the occasion to attack a judge or a judicial decision. It is a different matter where the debate proceeds on a substantive motion brought forward for the express purpose of criticising a judicial or other public officer. So, too, the motions under consideration are substantive and directed towards censuring various public officers. In that sense, the forms of the House have been observed.

Second, applying the comity principle, the motions do not purport to express an adverse opinion about a member of the Assembly so much as about the performance of the ministers' portfolio responsibilities as members of the Government. To that extent, the motions cannot be said to upset the comity principle that could come into consideration if they dealt with the activities of a member of the Assembly who is not a member of the Executive.

That Governments are maintained in office for as long as they command majority support in the Assembly is indisputable both constitutionally and politically. Want of confidence in a Government or the Premier would normally cause the resignation of the then Executive, and, depending on the state of the Assembly, may bring about a dissolution.

Some commentators go as far as to equate a successful censure of the Government with a want of confidence. The effect is the same. For example, in the House of Commons, a no confidence motion is referred to as a "vote of censure". The question then is whether a censure motion confined to an individual minister should be treated as seriously. I am aware, as the author of *House of Representatives Practice* points out, that -

Once rare, want of confidence and censure motions in the Senate against Ministers or the Government are now a relatively common occurrence.

The Senate has not confined itself to ministers who are senators but has censured House of Representatives ministers as well. Conversely, in this Parliament, censure motions are still a rare event, because, I suspect, both Houses in Western Australia attach greater significance to their meaning and the implications for ministers subject to such motions.

A censure motion expresses a want of confidence in a named minister. If carried, the Premier must decide whether to retain the minister or terminate that minister's commission. Clearly, it is highly unlikely that such a motion would succeed in the Assembly if it were employed merely as a political tactic. Were such a motion to have substance, it is just as likely, for obvious reasons, that the minister would go before debate commenced.

As far as this House is concerned, the Government discharges its responsibility to Parliament through the ministers who sit in this Chamber. It is they who answer for the acts of the Executive, both collectively and as individual ministers. Ministers who sit in the Assembly are not compellable by the Council, and the same is true in reverse. That immunity arises because each House has no jurisdiction over members of the other.

Accordingly, it seems to me that a censure motion passed by the Council in relation to an Assembly minister is nugatory. It expresses a want of confidence in, our strong disapproval of, a minister, who is not otherwise subject to the jurisdiction of this House. For that reason alone, a Premier would be entitled to disregard such a censure, particularly in a jurisdiction where the House in question had the expectation that the end result would be the minister's resignation or removal.

In my view, this House should not pass resolutions that are incapable of having any consequence because it lacks the power of enforcement were it of a mind so to do. The unintended consequence of censuring Assembly ministers will be to lessen the importance and seriousness of these resolutions to the point where censure will mean no more than mild criticism.

Although I cannot uphold the Attorney's point of order, I suggest that members who wish to register their disapproval of ministerial actions restrict censure or want of confidence motions to those ministers who sit in this House. Unless that is done, the inevitable consequence will be a dilution of the seriousness attaching to such motions, to the point where they become a meaningless exercise.

#### ADDRESS-IN-REPLY

##### *Motion, as Further Amended*

Resumed from 23 September.

**HON KEN TRAVERS** (North Metropolitan) [4.37 pm]: It gives me great pleasure to speak in this debate. Recently I looked at my first speech in this place, and it was interesting to realise that a number of the issues that I raised in that speech require to be raised again this afternoon, along with a number of new areas. To kick off, I will place on record some congratulations for the Government. I am sure the leader of this place will be pleased to hear -

Hon N.F. Moore: I nearly passed out when I heard you say that!

Hon KEN TRAVERS: Congratulations are in order for the Minister for Transport, and I have given those congratulations publicly, with regard to the decision to spend extra money on widening Wanneroo Road. I have followed this matter closely for some time. That road widening is long overdue, and I congratulate the minister for responding in the way that he has.

I note from the minister's press release that some further consultation will take place about the fine details. I am sure the community in that area will be pleased to hear that and is looking forward to that consultation. The general principle of putting extra passing lanes between Wanneroo townsite and the Yanchep Beach Road turnoff is good, and hopefully we will not continue to have the many tragedies that have occurred in that area in the past. I am sure all members of this House will join me in expressing condolences to those who have lost family and friends to tragic accidents on that stretch of road. It has brought me no pleasure to pursue this issue. I place on the record my support for the Government's position and the way the minister has gone about achieving this goal.

The next issue I now raise I also raised in my maiden speech. I refer to the Government's commitment or otherwise to the development of regional centres. The Stephenson plan of 1955 illustrates a longstanding view that the future development of Perth requires the establishment of regional centres that provide employment so that we do not create dormitory suburbs with everyone commuting to the central business district.

The major greenfields regional centre in Western Australia is Joondalup. The development of that area has had bipartisan support for many years. It was proposed by Sir Charles Court's Government, which undertook the concept planning. It was progressed through the 1980s and has been continued by the current Government.

The Government's performance in the Joondalup area during its first term in office was lamentable. However, I must confess that since the last election the Government has commenced a number of good projects in the CBD. I am sure that activity is a result of my maiden speech.

Hon N.F. Moore: Undoubtedly!

Hon KEN TRAVERS: I am sure I can claim the credit. The Government Media Office has issued many press releases extolling the Government's commitment to the Joondalup regional centre and to the creation of government employment along with private sector employment.

When I first moved into my office in the area I could have fired a gun down the middle of the street and I would not have hit anyone. In the past two or three years, the level of activity has increased. It is still not a vibrant and thriving metropolis such as Fremantle, but it is growing. A number of shops have been vacant for some time, and the rents originally charged have fallen over the past three or four years as a result of the problems in attracting tenants. Investors in the area would have to be looking at a long-term return. A number of people bought in the area expecting to make good money quickly, but there was no doubt that that would not be the case. I am confident that with the Government's commitment and correct planning, landowners in the CBD will make significant profits on their investments in the long term.

That brings me to an issue that shocked me in early September. On a Friday afternoon I received a letter at my electorate office from the chief executive officer of LandCorp advising me that as of the following Monday the authority's head office would be transferring from the Joondalup CBD to the Perth CBD. As members can imagine, that came as a shock not only to me but also to many other people in the community, including the many landowners and property developers who had invested significant sums of money in the area. I proceeded to ask a number of questions in this House.

As I said, the Government has moved a number of agencies to the area and made other investment decisions affecting the area. For development to continue, we must maintain commercial sector confidence. We must make it clear that the Government still believes regional centres can work as alternative employment generators to the Perth CBD. I was extremely concerned that the Government was moving a major agency that has had extensive involvement in the development of the area. Although that involvement has lessened in recent times, LandCorp still has a significant role to play. In fact, it will have a significant role in the future development of the Alkimos area to the north of Joondalup, which is the next significant greenfields development in the greater Perth area. The development will be a major long-term Perth metropolitan project. I recognise that LandCorp has industrial land development responsibilities. However, I hope most of the industrial projects will occur in country areas, because we need to move jobs to those areas. In any case, most of the industrial land development in Perth has been completed.

I was very concerned that the decision to move LandCorp would have a devastating effect on business confidence. It would send a message to the private sector that the Government was changing its view about its ability to locate agency head offices in those areas. As a result, private sector organisations would start to question whether they should follow suit and locate their head offices in other areas. For Perth to function properly, we must encourage the establishment of not only the branch offices but also the head offices of government agencies and private sector organisations in all regional centres such as Joondalup, Rockingham, Midland, Armadale and so on.

I will make some points about the questions I asked and the responses I received from the minister in this place representing the Minister for Lands. First, I asked whether the minister supported the move. His response was -

(3) Yes; the move was supported on the basis that -

it has facilitated the creation of 225 jobs in Joondalup;

the level of operational activity by the authority in Joondalup is much reduced as that project reaches completion following the sale of the authority's interest in Lakeside Joondalup Shopping City in April 1999;

the focus for the authority is now in its state-wide industrial and major urban core functions;

estimated annual operational cost savings of \$250 000 will accrue from the move to a Perth location . . .

The minister stated that the move has facilitated the creation of up to 225 new jobs in Joondalup. On further investigation that appears not to be the case in the short term or in the long term. From the 225 supposed new jobs that will result from the establishment of the call centre we must subtract the 46 full-time staff equivalents working for LandCorp. I suspect the real impact will be much greater given the number of people moving in and out of the region each day. We must subtract that. We must also acknowledge that when we dig deeper into the call centre that will relocate into the area vacated by LandCorp, we find its target for the end of the first year of operation is only 100 full-time equivalents. The precise number on opening is not known at this stage. Therefore, we may see that in the short term there is no growth, and in the long term it will be only about an extra 175 jobs. At some point in the future, probably in about three years, we will reach the net gain in the Joondalup area of 175 jobs. The question that must be asked is why are we looking at 175 people instead of 275 people located and working in the Joondalup central business district on a daily basis, because I am sure that would go a long way towards encouraging private sector development to follow suit, and some of the shops in that area that are currently vacant would be occupied. In the short term I suspect that there will be little net gain in the numbers of people in that area, and in the longer term we will have lost the opportunity to take two steps forward. What we have done is to take two steps forward and one step back.

The minister's second argument related to the fact that LandCorp is moving out of the Joondalup area. As I said, with the future of the Alkimos development, LandCorp will have a significant planning and development role to play in the northern corridor. The third matter was that an estimated annual operational cost saving of \$250 000 will accrue as a result of the move to the Perth location. I followed up that point that was made by the minister and asked for the basis of the calculation of that figure. The minister's office gave me a copy of a report that was done to work out that calculation. The basis of that calculation was certainly not of the standard that I expected. It involved using people's diaries to calculate the amount of travelling time they spent away from their office, multiplying that out and arriving at a cost saving. I spend a significant amount of my time travelling between Perth and Joondalup. If one manages one's time well, it is fairly easy to travel that distance without wasting a great deal of time. I suggest that one would probably waste more time if one was located in the central business district and was required to travel at various times out of the CBD. No attempt was made for staff to arrange their meetings either early or late in the day.

If it is clear that government agencies will be located in that area for some considerable time; the agencies that deal with them will also eventually move to that area. We have probably seen that with the Department of Land Administration. It reminds me of a matter that arose when I was working for former minister Hon Ian Taylor. At that stage the Labor Government was considering moving DOLA to Midland. A councillor in Rockingham complained about the Government moving an office to Midland, because she said it would make workers' lives and the work in her industry more difficult. I remember the other councillors being horrified and disgusted, because they supported moving government agencies to regional centres.

The key point is that if it is made clear that LandCorp will be in Joondalup for a long time, the other government or non-government sectors that deal with LandCorp will also move to the area. A small office could be located in the CBD so that when people have meetings, they can spend the rest of the day working out of a smaller Perth-based office. Those are the types of things I do on a regular basis in managing my travel time. The matter can be easily resolved. Therefore, the argument that somehow \$250 000 can be saved is a complete nonsense. More importantly, if that is true, it sends a message to the private sector that it is more expensive to locate in places such as Joondalup. That is a sad and sorry message for the State Government that developed the Joondalup area to send to the private sector.

Another issue, which did not form part of the calculation, was the cost of the rents. Again, in response to questions asked of the Minister for Lands, I was advised that basically the cost of the rent on the Joondalup space of about \$330 000 would decrease to \$319 000 when the office was located in Perth. There would also be a reduction in the floor space required. I understand that the rents in the Joondalup area have dropped significantly in recent times. I find it hard to believe the rents are expected to increase in June 2000, as the minister's answer to me suggested. Therefore, there would be a rent advantage in remaining in the Joondalup area rather than relocating to the Perth CBD.

The final matter that was argued was that LandCorp needed to move from Joondalup to make room for this call centre, to which I briefly referred earlier, and that there was no other suitable accommodation in the Joondalup area. That is an absolute nonsense, because a number of developers in the Joondalup area are ready and waiting to develop their sites at the drop of a hat. I have spoken to a number of developers in the area to confirm this point. The developers have clearly stated that if the Government had told them in July that it wanted a purpose-built building - a couple of empty buildings in the area would already be suitable - they could have had it up and running within four months, and certainly within the six months that is required for the call centre.

The reason that the developers need to do that is that when LandCorp sold them land in the Joondalup area, LandCorp required them to get development approval within 12 months of settlement, a building licence approval within 24 months of settlement and a practical completion certificate within 36 months of settlement. LandCorp, the very agency that has moved out of the area, holds caveats, repurchase options and deeds of variation over those vacant blocks in Joondalup that are waiting to be developed. In the order of 20 per cent of the sites in that area have not been able to achieve their development conditions, and a number of people have sought variations to the deeds of arrangement and extensions from the Government of the time within which they are required to complete the development. It amazes me that LandCorp holds these caveats and other mechanisms over private sector developments, that it tells the developers that they must develop the Joondalup area and construct buildings, yet it is getting out of the area. LandCorp is deserting it and walking away from that area. I find that quite distressing. I hope that this decision will not lead to another bout of a lack of confidence like we saw in early 1994, in the first term of this Government, and the Joondalup area starts to go backwards rather than forwards, because we need places like Joondalup to develop in the long term.

I will make another comment about rents. The other day an article in *The West Australian* referred to the vacancy rates in the central business district coming down in the near future from the current rate of 12 per cent to around 6 per cent, and that it would lead to a corresponding increase in the rents charged.

**[Questions without notice taken.]**

Hon KEN TRAVERS: I conclude my remarks on the LandCorp issue by saying it is a great shame and this Government stands condemned for its approach to this matter. It has lost the opportunity to create an additional 100 jobs in the Joondalup area, as a result of its decision to relocate the LandCorp offices. It has dressed it up as a great victory for Joondalup, but it has given with one hand and taken away with the other. There can be no doubt that the Government has fudged the figures to indicate cost savings, but the figures do not stack up. The analysis was simplistic and in the long term this decision will cost money and not save money. The decision has significant potential to affect confidence and the relocation of private sector agencies from that area, at a time when they should be encouraged to go to the area. I find it extraordinary that a government agency which is trying to force private sector people to develop their landholdings in that area, is now saying "See you later". It is a disgrace for the Government to do that to the developers rather than give them the opportunity to provide alternative office space for LandCorp. The Government will be condemned for that. My discussions with property developers in that area indicate that they already hold the Government in contempt for its decision. Any of the good work in that area is undone by decisions such as that. This decision re-affirms this Government's commitment to the central business district of Perth rather than the regional centres in Western Australia, whether they be in the Perth area or country areas. I sound like a broken record when I keep repeating that, but I assure members opposite that the Government will hear it more and more. It has a resonance because people know what this Government is doing. It is building belltowers in the central business district rather than developing the regional areas of Western Australia. It gives with one hand and takes away with the other. For some time in Joondalup there will be no increases in job opportunities.

My second point relates to another sleight of hand by this Government. I cannot believe the media has given the Government the run it has on this issue. I refer to the Government's announcement that pensioners will be given free travel on the Perth bus fleet on Sundays and public holidays.

Hon N.F. Moore: It is a pity you are opposed to it.

Hon KEN TRAVERS: I am not opposed to it, and I think the initiative is good. However, the Government has made out that it is the friend of the pensioners because it is giving them free travel on Sundays and public holidays. When this same Government first came to office in 1993, the cost of an all-day concession ticket was only \$1. That allowed people to use the bus service all day. In 1994 the cost of that ticket was \$1.50, and today it is \$2.80. Concession ticket holders who are not seniors, such as those on disability pensions, must pay that increased amount if they want to travel on public transport on Sundays. Bearing in mind that increased cost, pensioners need take only one bus trip during the rest of the week and they will have well and truly paid for the free travel offered by the Government on Sundays and public holidays.

Hon Bob Thomas: The pensioners will wake up to that.

Hon KEN TRAVERS: I think they already have. People on disability pensions in particular are well and truly awake up to it. One of my previous jobs was driving a bus for Transperth. In those days the pensioners loved the all-day passes and when the price increased from 55¢ to 65¢, all the drivers were blamed for the increase. The concession fare allowed pensioners to get out and about, and it was important to them. If we could afford it, I would like pensioners to have free travel all the time but if that cannot be achieved, I would like the price to be significantly reduced. The cost of the concession ticket for all-day travel, which provides pensioners with affordable mobility throughout the week, has increased from \$1 to \$2.80, and the Government has offered free travel at weekends when there are no buses running. It does not mean anything to residents in the Yanchep area, because they have no bus service on Sundays. What a great bonus for them! They pay a \$2.80 fare during the week, and on Sundays they can travel free - that is, if they can hitchhike to Perth with all the young kids who want to get out of Yanchep and Two Rocks.

Hon Bob Thomas: I am getting telephone calls from people who live in Albany and Bunbury who are saying, "Thanks a lot, we don't have a bus service!"

Hon KEN TRAVERS: Thanks for nothing! It is a case of sleight of hand by the Government: It giveth with one hand and taketh away with the other. I am sure that the Government's response to a question on notice that I have asked will show that revenue it has raised from pensioners in the past few years through upping all the other charges on Transperth will more than pay for this supposed benefit that this mean-spirited Government will give back to them on weekends. Obviously the Government has negotiated a community service obligation arrangement with the private bus contractor. I wonder whether in the long term it will cost the Government more than if it had retained ownership of the buses. In reality, the buses already operate on Sundays, and the Government will pay those bus operators more money to carry the extra load. The Government will probably hand out a bit of extra money to the private operators when, in effect, the buses that were running were empty. Even if this policy increases patronage, no extra bus service will result from that community service obligation, but it will prop up the privatised system that the Government has created. The Government gives with one hand and takes with the other.

I wish to deal with a number of issues that relate to the goods and services tax. I am appalled that the State Government meekly handed over its taxing powers under the GST. I can assure members that I will continue to pursue that issue. The State Government should be condemned for acquiescing so readily to the Federal Government's proposal. We all know the Leader of the House has shown for the Fightback One and the GST.

Hon N.F. Moore: Are you saying that we need more taxes? Do you think that we have given away too many?

Hon KEN TRAVERS: No. I am saying that we do not need a GST. Problems arising from the GST are already starting to flow into our electorate offices.

Hon N.F. Moore: Tell us about these taxes that you think we should be keeping in Western Australia that you say we gave away?

Hon KEN TRAVERS: We should have kept the current tax system and improved it, and not brought in a regressive tax that attacks pensioners and ordinary people. Can the Leader of the House advise me, when it is his turn to speak, what I can say to pensioners who are already getting bills that allow for a GST but who receive no compensation yet? They include people who receive the aged pension and the disability pension. I subscribe to *Choice* magazine. I recently received a very humble letter from the Australian Consumers' Association, which had taken extra money out of my credit card to cover the effect of the GST on next year's subscription. I would have to describe the letter as grovelling. I received a humble apology because it had increased the deduction for the subscription without my permission. I use that example to point out that even groups like the Australian Consumers' Association are already charging the GST to people on pensions. The State Government claims that it is looking after pensioners by providing free buses on Sundays, which is a hoax, but it happily supported the Federal Government's decision to take on board the GST without any compensation for the next 12 months. These poor pensioners are already paying GST bills as we speak. Their insurance premiums have increased.

I have another little beauty, which I will leave for question time, about state government agencies which are already charging a GST on their activities. Pensioners have not received compensation. The cost of living is going up and pensioners do not receive any of the benefits of lower taxes. They would receive a benefit if they were buying expensive whitegoods, but I do not know many pensioners who do that.

The final issue I want to address is the Pangea Resources Australia Pty Ltd proposal for an international nuclear waste dump in Western Australia. I was involved recently in organising a meeting in the Joondalup area with the Anti-uranium Coalition of Western Australia to advise people of what was proposed, and to let people express their views about it. We invited representatives from all the political parties to put their views on a nuclear waste dump in Western Australia. I am proud to say that I am an old warrior in the anti-uranium movement. I am proud to say that the Labor Party in WA has always had a strong position of opposing uranium mining. In all of the time that I have been involved in the anti-uranium movement I have never come across the level of opposition that exists to the Pangea proposal. I have yet to meet anybody who supports it - even in the regional areas of Western Australia where one would expect people to support it. I want the Government, in this place and in the other place, to put its opposition to the proposal firmly on the record.

Hon N.F. Moore: It is. The other House has passed a resolution.

Hon KEN TRAVERS: The people want that resolution in legislation.

Hon N.F. Moore: Pangea is part of the British Labour Party's organisation. It is part of a British Government agency. Why doesn't the Leader of the Opposition ring up his mates over there?

Hon Tom Stephens: What are you talking about?

The PRESIDENT: Order! Leader of the Opposition and Leader of the House. Hon Ken Travers has the floor.

Hon KEN TRAVERS: The Leader of the House has obviously been taking lessons on red herrings from the member for Joondalup. The people of Western Australia have said to me, and made it clear every step of the way, that they do not trust the Government. I do not think members opposite will be in government after the next election. Members on this side of the House are more than happy to put in place legislation that will require the support of both Houses of Parliament for the Pangea proposal to go ahead and if we do not have control of the upper House after the next election we cannot change our minds - not that I think we ever would; I am confident of that.

We have seen how this Government honours its commitments. In 1993 it said, "No worker will be worse off. I am not Jeff Kennett and this is not Victoria." In 1996 it said there would not be a gold tax, and we all know what happened at that time. Former senior advisers of the Premier are pumping up this deal for all they are worth to try it get it up.

Hon Greg Smith: Rubbish.

Hon KEN TRAVERS: Ian Fletcher is doing that today.

Hon Greg Smith: We are totally opposed to it.

Hon KEN TRAVERS: Hon Greg Smith should support legislation. Hon Greg Smith's mates do not trust him on this issue.

Hon N.F. Moore: You tell lies constantly about it. You are doing it now.

*Withdrawal of Remark*

The PRESIDENT: Order! The Leader of the House is not able to use the word "lies" in the manner in which he just used it.

Hon N.F. MOORE: He tells lies out there.

The PRESIDENT: Order! I heard the Leader of the House say, finally, that Hon Ken Travers was telling lies now.

Hon N.F. MOORE: I withdraw that, Mr President.

*Debate Resumed*

Hon KEN TRAVERS: It is the truth.

Hon Greg Smith: He treats the truth very casually.

The PRESIDENT: Order! Hon Greg Smith will come to order.

Hon KEN TRAVERS: There is no doubt that this Government has said that it is opposed to it. Why will it not support legislation to oppose it? Those opposite will not answer that.

Hon N.F. Moore: Who said we wouldn't?

Hon KEN TRAVERS: I am glad to hear that interjection. Does that mean those opposite will support it? They will not say whether they will.

Hon N.F. Moore: It is coming up in the other House tomorrow, as I understand it.

Hon KEN TRAVERS: They will not say that.

Hon N.F. Moore: The member will have to wait and see. He might get a pleasant surprise.

Hon KEN TRAVERS: Those opposite must have had a little talk in the Liberal Party meeting room on how to handle this issue. The member for Joondalup ran exactly the same line at a public meeting in Joondalup. He danced around, ducked and weaved and said it was the Government's decision, not his as a backbencher, and that there were problems with the legislation. He gave every reason under the sun.

Hon N.F. Moore: There is. It is appalling legislation.

Hon KEN TRAVERS: He tried to link Pangea Resources Australia to the member for Victoria Park, through Tony Blair and British Nuclear Fuels Ltd, and all the rest of it. He tried every red herring in the debate that he could find. It is the same as the Leader of the House is doing in here today, although he did not come out with the specific words. I invite him to do so by interjection to say that the Government will support legislation to oppose -

Hon N.F. Moore: Tomorrow when the matter is raised in the other House the member will learn just what the Government's position is to be. I will just tell him to have a good, hard look at his legislation to see whether it does what he think it does. If it doesn't, will he correct it?

Hon KEN TRAVERS: If the Government is prepared to move amendments towards the legislation, we are very flexible. We are more flexible on the legislation the Government brings into this place than are members on the Government's back bench.

Hon N.F. Moore: You sure are flexible. Have a good look at what you are going to do.

Hon KEN TRAVERS: We will be happy -

Several members interjected.

The PRESIDENT: Order! Hon Greg Smith, the Leader of the House and Hon Bob Thomas will cease interjecting.

Hon KEN TRAVERS: If the Government has ways of improving the legislation by tightening it, I am sure no-one will oppose it.

Hon N.F. Moore: To make it worse.

Hon KEN TRAVERS: We will not have this Government dancing around on this issue. It has already put the argument that legislation introduced by the Opposition is not good enough. Those opposite knock it on the head and tell us they will introduce similar legislation. We have seen that in relation to graffiti, medical care for the dying, and a long list of issues; however, it never brings that legislation back into this place. The Government knocked on the head the graffiti legislation we introduced to this place a couple of years ago. It took the Government between 12 and 18 months to get back to us with new, improved legislation, and get it passed. In the meantime the northern suburbs were awash with graffiti.

Hon Greg Smith: Bring on the sentencing matrix.

Hon KEN TRAVERS: Perhaps we should also bring on the traffic code changes for Hon Greg Smith. We want to see owner-onus legislation. We want to see all the legislation that this Government has delayed while Hon Greg Smith and all his mates on the back bench say nothing.

Hon Greg Smith: Not like your good legislation!

The PRESIDENT: Order! Hon Greg Smith will come to order.

Hon KEN TRAVERS: I have never seen the strength of feeling and opposition in the community that I am seeing with regard to the nuclear waste dump.

*Amendment to Motion, as Further Amended*

Hon KEN TRAVERS: I move -

That the following words be added to the motion, as amended -

And further we advise His Excellency that the Legislative Council is opposed to an international nuclear waste dump in Western Australia, such as the one proposed by Pangea, and is disappointed that the Liberal National coalition Government has failed to progress legislation to prohibit such a facility and calls upon the Government to advise when they intend to do so.

Debate adjourned, on motion by Hon Tom Stephens (Leader of the Opposition).

### RAIL FREIGHT SYSTEM BILL 1999

#### *Second Reading*

Resumed from 23 September.

**HON KIM CHANCE** (Agricultural) [5.54 pm]: When I last contributed to this debate on 23 September 1999, which appears in *Hansard* on page 1596, I mentioned a very important issue which had been raised in a talented interjection from Hon Greg Smith when he asked about ideology. I thought it relevant to spend a little time on that matter. I believe even members opposite will agree that, in terms of our position in this debate, at least so far, we have not made ideology a major component.

Hon N.F. Moore: We have already heard about that.

Hon KIM CHANCE: I referred to an issue raised by the member for South Perth, which is recorded on page 9338 of the *Hansard* of 22 June 1999; that is, a Liberal Party ideology of some time past, and quite possibly still held by some Liberals today.

The PRESIDENT: Order! Hon Kim Chance has just identified a page number in *Hansard*, and a date. That date is certainly consistent with this session of Parliament. Does the member intend to allude to debates in the other House? I am surprised that he would mention that.

Hon KIM CHANCE: No, not directly. I am referring to an issue raised in that debate, but only obliquely. I gave the reference because it might be illuminating for members to read it in its context. The issue is generic; that is, whether the concept of privatisation should be restricted to core services of government or whether it should be a general issue on a case-by-case basis according to the organisation the subject of attention regarding privatisation. The issue is interesting. Let us look at just two services in this context - the Totalisator Agency Board and Westrail. Those two examples are broadly different in their structure and make-up, and one is targeted for privatisation. The one targeted for privatisation is the only one of the two which could be described as a core service. The Totalisator Agency Board could never be described as that. I am not advocating the privatisation of the Totalisator Agency Board, but in considering the ideological situation used to underline the attitude of the Liberal Party about which organisations should and should not be privatised, it is strange that of those two, the one being targeted is Westrail, an organisation which was established to provide for the State's continuing development.

Hon M.J. Criddle interjected.

Hon KIM CHANCE: I absolutely agree with both the history and the conclusion the minister has drawn. Clearly it is operating in a very competitive environment, which was not the situation in which it once operated. Similarly I agree with the extension of the conclusion; that is, we must do something about it. We do not have any major differences in that respect. Indeed, the history of former Labor Governments is that they did something about making Westrail more competitive. At that point we start to deviate. The issue is whether it is necessary to progress from corporatisation to privatisation. Allowing for all the minister has said as being totally and absolutely correct, and signifying our agreement to what he has said, we cannot walk away from the key issue that I was trying to point out: Notwithstanding its now competitive basis of operation, Westrail is a core service of government. It cannot be argued that the Totalisator Agency Board is a core service of government. I raise that simply to point to the inconsistency.

#### *Sitting suspended from 6.00 to 7.30 pm*

Hon KIM CHANCE: This issue cannot be addressed to any extent without considering the reasons for the Government's decision to offer Westrail for sale. They are outlined on page 11, chapter 3 of the report of the Standing Committee on Public Administration. They are very much a summary but I believe chapter 3 on the sale of Westrail's freight business effectively and faithfully sets out the Government's arguments in support of the sale. A question must be asked with respect to at least one part of that report about the way in which the Government has managed Westrail during its term in office. It has become apparent that we have been told one thing by the Government about the financial performance of Westrail's freight operations but the truth is a different matter altogether. This element of the debate is not only relevant to the Bill, but also central to the issue. The question is whether the truth of the cause of the sale proposal is that the Government's management of Westrail has been a disaster and not, as we have been told in the past, a huge success story. The Government has told us that Westrail's management, as a result of extensive outsourcing of functions, of the introduction of new industrial arrangements with its staff, in particular its operational staff, and the consequential massive reductions in jobs, has achieved for the first time a bottom line profit.

Hon M.J. Criddle: I thought you guys started that.

Hon KIM CHANCE: We most certainly did, and I am happy to go into that if the minister wants me to do so.

Hon M.J. Criddle: No, I just wanted to clear up that matter; that is all.



Hon KIM CHANCE: The truth is that Westrail is either broke or is rapidly heading to that conclusion. The so-called profits that the Government has been crowing about for years now, through not only this minister but also more particularly through the former Minister for Transport, just do not exist except that they have been artificially constructed by a clever accounting process which we cannot delve into in the normal process of the Parliament during the estimates hearings of the Standing Committee on Estimates and Financial Operations.

Hon M.J. Criddle: I think you are talking about operating profits.

Hon KIM CHANCE: Yes; and talking about operating profits, I recall my first involvement with Westrail in the summer of 1979-80.

Hon M.J. Criddle: I know the situation well because I run a farm and I know what an operating profit is.

Hon KIM CHANCE: Indeed. However, in 1979-80, when Ian McCullough was Commissioner of Railways, I remember he told a very large meeting of farmers then in the Lake Grace hall that Westrail made operational profits. There was no doubt in his mind that notwithstanding - this was the first time I heard the term coined - its colonial accounting system, it did make operational profits. Those profits were hard to get unscrambled from the egg of that colonial accounting system. However, we have seen a redefinition of what "profit" means in respect of Westrail. While Westrail was telling the public that it had turned the corner and become profitable, notwithstanding that by former commissioner McCullough's definition it had been profitable for a very long time, the Government was making a big fellow of itself by cutting freight rates. In fact, Westrail, judged by usual commercial factors, is not profitable.

Hon M.J. Criddle: Don't you agree that the Auditor General signed off on that?

Hon KIM CHANCE: The Auditor General does sign off on it, but we all know that the standards of accounting required by agencies such as Westrail are fairly liberal standards and can be interpreted in any way one likes to interpret them. In the past few days the minister has tabled Westrail's annual report for 1999. It is not bad by annual report standards; however, I defy anybody to get any real, hard information from it, or indeed any other information. Members should try to disaggregate, for example, Westrail's debt between its freight operations and its urban operations. I believe that Westrail's precarious financial position has been exacerbated by rate cutting that was not warranted by Westrail's trading results. The factor - and not some vague hope - that a new United States-based owner can crank up investment is driving the Government's need to sell Westrail. I will illustrate that, and I apologise that I do not have precise figures, but the nature of the accounting mechanism does not allow me to give precise figures. When this Government came into office in 1992-93 and took responsibility for the operation of Westrail, Westrail's freight operations debt was in the order of \$320m. Westrail's total debt was only \$553m or thereabouts. Now, from what the minister has told us, that debt is closer to \$640m. These radical changes, which have been made to Westrail by the Government, have resulted in Westrail's debt doubling.

Hon M.J. Criddle: That is why we are putting in place mechanisms -

Hon KIM CHANCE: That is why the Government wants to sell it.

Hon M.J. Criddle: That is one of the reasons; it must progress.

Hon KIM CHANCE: Yes, and to the minister's credit, he has never hidden that fact. However, let us recognise what we are faced with. Westrail is a trading corporation which, in its freight operations, accumulated a debt of \$320m up to 1992. Between 1992 and 1998-99 the debt doubled, yet during that period we have been told by the Minister for Transport, and his predecessor in particular, of the changes implemented by the Government. Those changes have been in outsourcing, which cut the Westrail work force to 1 600 employees; changes involved in closing the Midland Workshops; changes made in the industrial arrangements which effectively shut out towns like Merredin from their ability to share in the work generated by Westrail; and changes in the implementation of the Right Track program. The minister has claimed that they made Westrail profitable. In fact, they made little difference at all, although they may have exacerbated this increase in debt. The net effect of these changes was to double Westrail's debt in a six or seven-year period. Does that sound like more jobs and better management? It does not sound like good management to me.

I acknowledge that during that period Westrail faced increased pressure from a much more efficient road transport sector, a great deal of which resulted from natural movements in engineering and the wider use of road trains. At the same time, opportunities were available for Westrail to make technological changes as well, which it did. However, some of the changes which could have been made by Westrail, but which were not made, could have enabled Westrail to continue to be a competitor on an equal basis with road transport. The rate cuts delivered were not sustainable. That was clearly the case, because the financial effect on Westrail as a trading entity was to double its debt.

I looked for reasons for that doubling of the debt. I am sure that at the appropriate time the minister will provide me with information which so far I have not been able to access. I attempted to find reasons by analysing the figures in the current balance sheet. I could point to the line item for a debt increase, and even read the accompanying note; however, this did not provide a casual reader with any in-depth information on the reasons for the increase in debt. I can hypothesise on why this occurred.

On the last occasion we were able to ask questions of anybody with anything to do with Westrail in the estimates committee, I asked about items in capital expenditure pertaining to Westrail which seemed to be clearly recurrent expenditure. Two areas were involved: One was a refurbishment of the *Prospector* rolling stock, which amounted to recarpeting and reupholstering seats. That was shown as capital. Second was the re-powering of the *Prospector*'s motor power units. I put to the minister and to the Westrail people that these surely were recurrent expenditure items, but I was told, "No, they're

capital." Why are they regarded as capital items when any other business would take such matters into the accounts as recurrent expenditure? I see an accountant or two in the House who may be able to confirm that point. I was told that that was the way it had always been done, but that is not the case. The provision of services of that nature and the accounting for expenditure of that nature, as far as I am aware, has always been treated as recurrent expenditure. It is not too difficult to manufacture a profit line: One can take items from recurrent expenditure and bury them in the capital line. Is that why we have seen constructed profit figures and an increase in debt? Without means of bringing Westrail into this place to answer questions of that nature, we were not able to determine the facts on that matter.

Hon Bob Thomas: We have the opportunity to bring them in.

Hon KIM CHANCE: We have not brought them into the estimates hearings in the normal course of events. Perhaps it is too late, and I should have thought of that earlier.

Hon Mark Nevill: Does it matter at the end of the day whether it is capital or recurrent expenditure when they cannot be treated differently regarding tax?

Hon KIM CHANCE: That is a good question. If expenditure of that nature is treated as recurrent, the operational accounts can show a profit. It allows one for political purposes to say that Westrail has turned the corner. Its management can show it has been wonderful and the long-term loss-making operation is now profit making. However, that is done by shifting losses into the capital account. Hon Mark Nevill may have missed my earlier comment. The significant blowout in Westrail's debt in its freight operations division during the term of this Government has been from \$320m in 1992-93 to be approximately \$640m at present. I have touched lightly on that area. I am greatly concerned that Parliament, and the public of Western Australia, have been presented with a view of Westrail's performance which can most kindly be described as being seen through rose-coloured glasses.

I now deal with the structure of the Standing Committee on Public Administration's report, which is somewhat unusual in its construction. It was intended to facilitate debate whether one argued for or against the Bill, which I believe the committee achieved as well as it possibly could in the time it allowed itself for the job. The report essentially is split into four components: Chapter 1 is a summary of the findings; chapter 2 is an identification of the key issues; and chapter 3 is an identification of those issues. At the end of almost every chapter, from 3 to 10 inclusive, is a table which sets out, in a very abbreviated form, the arguments on both sides. The fourth part of the report is the appendices.

The first part of note in the report is the identification of the Government's reason for proposing the sale. I refer to chapter 3 beginning at page 11. How the Government intends to go about the sale is dealt with at pages 7 and 8 in "key issues". That sets out the nature of the deal, and identifies what is to be sold and leased. That is a very clear description, albeit in a very brief form, of the nature of what is for sale. The committee thought it was important to feature that point at an early stage in the report. Further, the committee set out the scope of the opposition to the sale occurring at all. Only two bodies gave evidence to the committee opposing the sale completely.

Those arguments in respect of the Western Australian Farmers Federation are set out briefly at page 13, and at more length later in the report. The arguments by the Australian Rail, Tram and Bus Industry Union are set out at page 12. I will deal later with an issue arising from the union's evidence. The scope of the opposition to the vertically integrated model, which became a key turning point in the report, is set out in chapter 5, from page 24, item 5.3 onwards. In that area the most difficult parts of the debate are dealt with. There are some very good reasons for vertical integration and that part of the debate can be found at page 23 of the report, which contains comments from the minister at item 5.2.2, and at page 21 onwards are the arguments from the Rail Freight Sales Task Force. Essentially, the two arguments to the point of vertical integration are set out in those areas.

No analysis of vertical integration can be conducted separately from the question of the access regime, and the matters concerning the access regime are dealt with from page 35. The theoretical and practical competence of the access regime probably lie at the heart of this debate, because that competence will determine whether a vertically- integrated model will or will not become an effective monopoly. That is the issue of the debate.

The rail network in Western Australia, and the regional rail network in particular, is already a natural modal monopoly and probably always will be. I emphasise the word "probably" because there are alternatives. We are unlikely to ever see horizontal separation of the below-rail asset; that is, I do not think we shall ever see competing rail infrastructure in that part of the Western Australian rail system, simply because most of the freight volumes are too low to support any essence of competing infrastructure. It is always possible that exceptions might occur in the future but, even in that case, the vast majority of Western Australia's rail network will remain a natural modal monopoly with the only competition being intermodal, most likely from road transport. Again, there may be exceptions.

Allowing for that natural monopoly, it becomes even more important to get the structure right in terms of the commitment that Westrail, whatever its future will be, will have to serving its clients' interests. This issue was identified by the WA Farmers Federation as a key issue in its opposition to the sale proposal. The Farmers Federation acknowledged that there will always be an effective modal monopoly.

Hon M.J. Criddle: You should not say that everybody who belongs to the Farmers Federation agrees with it.

Hon KIM CHANCE: I certainly did not say that.

Hon M.J. Criddle: I am suggesting that you do not imply that.

Hon KIM CHANCE: When I refer to the WA Farmers Federation, I am referring to the evidence given by the WA Farmers

Federation. I might say, for the information of the minister, that when the report refers to the Pastoralists and Graziers Association having an alternative view, I am sure its view is also not shared in its entirety by all its members.

At least there was some reserve from those giving evidence on behalf of the WA Farmers Federation that in that part of the rail network which serves the Farmers Federation grain grower members, there was a belief that there would probably always be an effective modal monopoly because the greater part of that rail network which serves grain growers is the regional low volume network. The significant exception to that is the eastern standard gauge. Recognising that, the Farmers Federation has always clearly understood that the future rail operation in the majority of the network will be an operational monopoly. It is important to recognise that that will be the truth, whether or not there is privatisation of Westrail. That fact does not turn on that question. WAFF's view is that if we are to have a monopoly rail provider, it must be a publicly-owned provider because only then can the provider be accountable to WAFF's members as clients and as an industry lobby group.

Hon M.J. Criddle: How do you justify that in terms of your earlier statements that freight rates are too low, and how will it benefit people in the country? I know the Farmers Federation should answer that question, but it is a valid question in terms of the competition with road transport.

Hon KIM CHANCE: I have raised the question about the freight rates being too low in the context that the cutting of rates that took place was apparently unsustainable in the light of Westrail's financial situation. It does not necessarily mean I have applied that view to grain freights in particular. I raised this issue at the time, and it becomes readily apparent from one of the factors in the annual report which relates to the breakdown by commodity of the cash flow.

Recognising the importance of the iron ore haul in Western Australia and given that it is a very large contributor in terms of gross tonne/kilometres, it contributes a surprisingly small component of Westrail's cash flow. I raised this issue at the time the agreement with Portman Mining Ltd went through. The Koolyanobbing-Esperance rail haul is in the order of 578 kilometres. It is a very significant rail haul and it has been conducted by and large over line ripped up from the Koolyanobbing-Kwinana line, not in its entirety but in large part, because that line was incapable of carrying the traffic being applied by the then Dampier mining operation. If that line was at the end of its useful life, it was certainly never intended to carry the pressure it now carries on the Koolyanobbing haul. The infrastructure system at best is fully taxed, if not overtaxed, in carrying this freight and it has the makings of a very expensive haul. For that 578 kilometre haul, in the first two years of the Portman Mining contract the freight rate was set at \$9.50 a tonne, and it went to \$11.50 in the years thereafter. Calculated on the basis of the grain freight contract at the time, the freight rate on that haul would have been \$35 a tonne, which is more than the price of the iron ore being exported from Esperance. I am relying on my memory here, but in about 1993-94 I argued that this operation was a doubtful contributor to the net economic benefit of Australia because the rate which had been established for that Koolyanobbing-Esperance haul was subcommercial. It is not possible to carry that volume of iron ore for \$9.50 a tonne. Either that statement is correct or wheat growers have been grossly overcharged, because the price they were charged for that haul was in the order of \$35 a tonne. When we talk about rate cutting, I am referring more to Koolyanobbing Iron Pty Ltd than to grain freights. I was assured at the time by the minister that Westrail was making money out of this deal. I was assured when there was a major derailment close to Esperance, which caused several millions of dollars damage, and was uninsured, that it was okay because there was enough profit in the system to cover that and Westrail would not suffer any long-term losses as a result of that. I am sure that neither of those statements was accurate. Westrail made a commitment to haul the Koolyanobbing iron ore and it cost Westrail a vast amount of money. That is not the only instance in which this has occurred. That is a question that goes to Westrail's management. I regret that Parliament at the time was not able to follow through on the questions that had been raised about that contract.

The view which the Western Australian Farmers Federation put forward is that in order for a monopoly provider to be accountable it must be a publicly-owned provider. The Farmers Federation has made a realistic judgment of the world in putting it that way. Grain growers are not impressed by arguments that, consequent to this deal going through, the strategic plan will be followed and the new owner will be tied to the strategic plan until its end in 2005. Frankly, grain growers regard 2005 in the same way that we regard the day after tomorrow. Grain growers have a much longer-term view of the world and they are interested to know whether post-2005 they will have the kind of service that they would hope to have. Above all, they want a rail provider who is answerable to them in the way that Westrail was answerable to me and other grain growers in 1979-80 when we almost cost the seats of the Deputy Premier and the Minister for Transport at the time on the basis of the minister's dealings with the grain industry. That is political accountability. That is what democracies are about. What chance have grain growers of the future got to exert that kind of political leverage on the owners of a transport service, acknowledging that transport forms if not the largest then a very large proportion of their cost of production per tonne of wheat? The further away from ports they are the greater is that proportion. The Farmers Federation has made an accurate assessment of the facts. Post the guarantees achieved up until 2005, grain growers will have absolutely no control whatever over the new owner of the railroad. The alternative position of a privately-owned monopoly operator whose shareholders reside in the nation which represents Australian grain growers' most formidable competitors is singularly unappealing to the Farmers Federation and most of its members. Frankly, I cannot fault their logic.

Hon M.J. Criddle: The ones leaving?

Hon KIM CHANCE: Can the minister fault their logic? I would not be entirely comfortable as a grain grower.

Hon M.J. Criddle: It is absolutely ridiculous.

Hon KIM CHANCE: As a grain grower whose grain was hauled 280 kilometres to port, at that time grain formed 22 per cent of my net operating costs.

Hon M.J. Criddle: Let us talk about the future.

Hon KIM CHANCE: Transport will always form a large part of the grain growers' operational costs, particularly the further away from the port they are.

Hon M.J. Criddle: That is why we are doing something about it.

Hon KIM CHANCE: A Labor Government began the process in 1979-80. The result of what it did was to put the first contracts in place. From that time onwards the real rate of freight has fallen. This Government has continued the logical process that the Labor Government started in 1980. As I said to the minister informally, we have the same view on this matter until we get to the point of equating corporatisation with privatisation. It is at that point that we begin to separate. It is not only the Labor Party that the minister must convince on this matter. He must also convince Hon Mark Nevill, the Greens (WA) and the Australian Democrats. I have not pressed them on their intentions because they still want to hear what the minister has to say. However, when I have spoken to these people about their intentions they say that it is up to the Government to come up with an argument to justify this change. The minister is proposing a radical, untried and unproved model.

Hon M.J. Criddle: That is what life is about.

Hon KIM CHANCE: Perhaps it is. The more radical, the more untried, the more unproved it is, the greater the responsibility that lies on the minister and the Government in general to show us why it is such a good idea. The minister must convince a number of people. I am doing my best to tell the minister what it is that we need to be convinced about. As a former grain grower and former member of the Grain Freight Steering Committee I am well aware of the value of farmers' political leverage at the time when decisions on rail freight issues went against the Labor Government. Since the corporatisation of Westrail, which roughly coincided with the formation of the Grain Freight Steering Committee and with the first ever industry contract for grain haulage on rail, the construction of grain freight contracts has been a commercial negotiation. While that was a process which contained all of the best elements of commerce - as far as I could tell - and while it produced some very good outcomes, which farmers are enjoying to this day, there were from time to time some important issues which could not be resolved in the commercial context. This was when the public ownership of Westrail proved its value. Because it was publicly owned and operated it was publicly accountable through the minister and the Parliament, and ultimately through the electoral system. On numerous occasions since 1980 political negotiations have saved the grain freight contract. That happened on occasions in which, if we had to rely on the purely commercial outcome, the negotiations might well have floundered. That was certainly the case at the time I was involved with the Grain Freight Steering Committee. I am told by those people who are still involved in the process that it is a process that is as real today as it was in the period I was involved from about 1980 to 1986. Perhaps this is not widely known because we did not talk about those political resolutions very much. I know it has occurred and continues to occur to this day. The concern of the National Farmers Federation is that its ability to broker a deal with Governments of either persuasion would be lost in the privatisation process, and that it would be left to the heavy, blunt instrument of the threat to transfer grain movement to road, which is neither viable nor desirable, let alone an achievable option. Of course, the private owner would very likely want to continue with the standard arrangements that involve contract negotiations with the industry, simply because that makes common commercial sense.

No such arrangements exist in our neighbouring State of South Australia between growers and Australia Southern Railroad, which is an Australian operating name for Genossee and Wyoming. Its negotiations, and it has some, involve the marketers and handlers, but not the growers. A system within the operations of Genossee and Wyoming in South Australia involves negotiation in a formal and commercial process between it, as a rail provider, and South Australian grain growers. Despite that precedent, which I find quite disturbing, I expect that a new private owner - even Genossee and Wyoming - would recognise the commercial value of continuing the very successful, existing contract negotiation system that we have in Western Australia. Having said that, it is possible that there is no grower-to-owner commercial negotiation process in South Australia because nothing of that nature existed when the railways were government owned. Its existence in Western Australia would probably influence the new owner to continue the existing arrangement. I certainly hope that would be the case.

That is not whole point: The National Farmers Federation is not talking about the commercial negotiations; but the ability to influence the outcomes outside those commercial negotiations, and to resolve issues which the commercial process cannot resolve. It is that capacity it fears, as a result of a process of logic, will be lost in the event of privatisation. The National Farmers Federation sees the question as a no-win position for grain growers. Again, there is a common logic about that conclusion: Grain growers already have complete deregulation, the advantage of complete transport deregulation and full and intense intermodal competition. They will not gain a lot on those fronts. Grain growers already have a sound and proved mechanism which has been in operation for 19 years, and contract negotiations on a commercial basis with Westrail. Grain growers already have a fall-back option which permits the use of their potential and real political leverage to correct inefficiencies in the commercial process, and they use it when they have to.

With the open-access legislation, they have a potential benefit from intramodal competition on the east-west standard gauge line, even if nowhere else. With what the grain growers already have, how can they feel they have anything to gain from privatisation? They may have, but it must be very much on the margin. To me it seems very little, and also that the risks are greater. I acknowledge here, for the sake of balance if nothing else, that the Pastoralists and Graziers Association of WA is a supporter of the Government's proposition, and virtually without condition. I think this position is entirely consistent with its generic position on private versus public ownership. The PGA is a staunch advocate of private enterprise, and I respect the consistency of its view. I also respect its view on the matter that I have been dealing with - the loss of the Government's role in rail policy once the sale goes through.

The PGA is under no illusions on this matter. I asked it very carefully whether it thought there would be some residual leverage which it could apply to the Government concerning Westrail becoming privately owned. It was very realistic in its answer. It was under no illusion whatsoever that the Government would, could or should have any influence at all over the operations of the new owner. It understood that very clearly, and it takes a very commercial view of the world. It does not expect that it can go to the Government to sort out a problem in the negotiations for a contract, for example. Logically that is the way it would occur. If there were a problem in the negotiation process between the owner of Westrail and the industry, in its view there would be no scope for the industry to ask the Government to help it out of its difficulties. Although the PGA has opposite views on the possible benefits of the sale, both the National Farmers Federation and the Pastoralists and Graziers Association agree that government accountability for rail freight services will be lost in the event of a sale of Westrail to a private corporation. I do not think there is any doubt at all that both have come to an accurate view.

I go now to a couple of the problems that I can see occurring in the grain haul. It is worth doing that because, in terms of the future of Westrail, the grain haul is by far the most important commodity. I think it is the second largest commodity in terms of tonne kilometres. Beyond that, without the grain haul, the Westrail network would virtually not exist as we know it. The 4 700 kilometres of regional network would be much smaller if that part of it which exclusively hauls grain were taken away. I put to one of the witnesses giving evidence - the Chairman of the Grain Logistics Committee, Mr Jim Flockart - a question relating to the amount of grain which might be diverted from the narrow-gauge network in the event of disaggregation of the eastern standard gauge, which may well cause a reduction in prices on that line and a consequent increase in prices on the narrow-gauge line. His answer was that he was fairly relaxed about that because those who supplied grain onto the narrow-gauge lines, which supplied the lower costs and higher efficiency standard-gauge line, would probably continue to do so. Although they would pay more for the freight component on the haul into the standard-gauge line, that higher price would be offset by the lower price once the grain reached the main line.

I accept his view. He is probably right in the main. However, the real problem occurs when a dedicated narrow-gauge line is not connected to the standard-gauge, because the higher costs which are fed back into the narrow gauge line must be met by that line alone. I know I have dealt with this issue on an earlier occasion over the days that I have spoken about this, so I must be careful not to repeat myself. It is an important issue that probably bears summarising again because it will cause problems in the great southern region in particular.

There is a schematic of the Westrail line system which notes the tonnage carried on each part of the line. For those feeder lines which come into the Perth-Albany main line, I see real difficulty for a private corporation to keep open those lines on the amount of tonnage they have, unless there is some spectacular breakthrough in locomotive or rolling stock technology. I see those lines going the same way as the Beacon-Bonnie Rock line and others, which have fallen into, if not closure mode, disuse mode. That challenge would immediately face a private owner. I sincerely hope that if this proposal goes ahead, issues like that can be dealt with. I acknowledge that those lines will be a problem for a publicly-owned Westrail, and I have always acknowledged that. However, a publicly-owned Westrail has demonstrated a capacity to absorb the losses on those lines, and that is referred to in the report. At some point in the future, Westrail would be forced to do something about either cutting its losses on those lines or making them operate more efficiently. I acknowledge that, so far, Westrail's option has often been to cease using those lines. To the extent that that has happened over the past 15 years, there are not many pieces of line on which we can say that has happened, even when those outer bins and the grain traffic out of those bins have been subjected to full-frontal competition from road trains. Off the top of my head, only three sections of line fall into that category. In the main, Westrail has demonstrated a capacity to keep open most of those lines which are under pressure.

Hon M.J. Criddle: There are a lot of them. Over many years, railways across Western Australia have closed down. There was a rail line where I come from, but there is no rail line now.

Hon KIM CHANCE: We certainly have, and I am familiar with that line. I suppose the most recent example of a major closure would be the Mullewa-Meekatharra line. They are two major closures.

Hon Mark Nevill: The Boyup Brook-Kojonup line is a more recent one.

Hon KIM CHANCE: Yes, and the three that have closed in the past 15 years are Shackleton East, Maya-Buntine and Bonnie Rock-Beacon. It is still not a lot of lines.

Hon M.J. Criddle: How far is it to Meekatharra?

Hon KIM CHANCE: It is starting to get historic.

Hon M.J. Criddle: Of course it is. It is all historic; that is why we are trying to reverse it.

Hon KIM CHANCE: The Mullewa-Meekatharra line closed. Had it been kept open and been extended, we would have had a very different transport situation given what happened north of Meekatharra and at Meekatharra in the next few years. That is history now and I acknowledge that. I am not convinced from the Government's argument that its proposal will improve the situation. I believe that to this point the Government has not been able to show us that this proposal will reverse that process. Rather, it will make the process worse.

Hon M.J. Criddle: Victoria, South Australia and Tasmania.

Hon KIM CHANCE: Obviously we will look at occasions and it is good to be able to look at examples in Australia of what can happen and what did happen. In some of those instances, we have some little experience on which to draw. The difficulty is that there is an essential difference between Australian National's South Australian operations and the rail system

in Tasmania. They were economic basket cases. Even Victoria's railway was not in great shape. The demonstration that they were economic basket cases lies in the prices that were paid for them. They were bought for peanuts. We cannot equate Westrail with them.

The management of the Governments of the two persuasions - this process started with a Labor Government - has generally been good. Our Government's management was demonstrably better in that we achieved greater productivity increases and a lower rate of debt increase than has this Government. Nonetheless, it has followed basically the same prescription. The result has been that Westrail is far more efficient than those rail systems which we have already mentioned could ever have hoped to be. After the conversion from steam to diesel, Westrail actually started with a process in which the rail systems started to go wrong, because some of them, and the South Australian railway was a particular example, never made that transition. It never made the transition in terms of the management structure that was required in a modern diesel locomotive system from the structure it had established under the steam locomotive system. That was faced by Hon Julian Grill in particular as a Minister for Transport in a Labor Government, and Westrail's labour force was effectively halved. Some very tough decisions were made. I wonder whether taking that labour force from that point down to 1 600 has achieved anything like the same kind of labour productivity or regional economic outcomes; in fact, I am certain it has failed to do that.

With those brief comments, I think I have outlined our views on this matter. Far more probably could and should be said, and I certainly do not apologise for the time I have taken to outline our views. Many people have put a lot of work into this, whether they are arguing one side or the other, and I am speaking only about members of this place. However, I know it has been an issue which has involved a great deal of professional effort by people outside this place. I hope that all of that effort results in a conclusion in which Western Australia benefits from whichever decision we make. I am firmly of the view that we should not proceed with this proposal, but we should hear the arguments for both sides and make a genuine attempt to address those areas on which we cannot see eye to eye at this stage.

**HON MARK NEVILL** (Mining and Pastoral) [8.29 pm]: I will not be supporting the second reading of this Bill, and I will outline the reasons for that decision. There is no doubt the Western Australian rail system is in trouble. If I were an employee in that rail system I would see my future as bleak, particularly over the next five to 10 years. We must take some action. Westrail's debt has been accumulating at a rate of at least \$50m a year over the past decade.

The Rail Freight System Bill provides for the disposal of the Western Australian Government Railways Commission rail freight business and other associated businesses. The Bill also identifies railway land corridors and creates a state agency to manage them. I cannot support this Bill because I am not prepared to give this Government a blank cheque to sell Westrail and turn a public monopoly into a private monopoly. In my view, Westrail should be divided into two parts before it is sold. One part is the broad-gauge rail, which is the Kwinana-Kalgoorlie corridor and the Leonora-Esperance rail line, which is standard gauge. The broad gauge railway should be sold to a dedicated track operator who is interested only in getting as many trains running on that track as possible to earn as much money as possible. Both those tracks need to be brought up to Australian track standards as part of the sale. A lot of work is required between Koolyanobbing and Kalgoorlie and the Leonora-Esperance line needs to be significantly upgraded, particularly south of Widgiemooltha. As part of the sale to a dedicated track operator, freight rates should be equalised or brought into line with the Kalgoorlie to Port Pirie rates, which are significantly cheaper than the Westrail rates from Kalgoorlie to Kwinana. I have been told the rates on the western section are about 20 per cent higher than they are across the Nullarbor. The second part of the Westrail system, the three-foot-six, or narrow gauge, railway should be disposed of as a vertically-integrated monopoly. I do not believe there are benefits in splitting the track and the rail operator in the wheat transport rail network. The narrow-gauge system should be leased. The rolling stock and any long-term contracts should be sold. Westrail employees who lose their jobs as part of this reform should be guaranteed a decent redundancy.

I would like to see the Minister for Transport make a detailed statement outlining Westrail's debt situation, debt projections and what he thinks the effects of third-party competition will be on Westrail, particularly when the mineral contracts expire. I would like the minister to give the House some indication of when some of the bigger mineral contracts will expire and what he thinks Westrail's capacity to win those contracts will be. I would also like to know whether, in his judgment, there will be any competition for those contracts from third parties.

Hon M.J. Criddle: The member said he would not support the second reading. What benefit will that have?

Hon MARK NEVILL: This Bill gives the Minister for Transport a completely open hand as to what is done. Both the minister and the Deputy Premier have made it clear on a number of occasions, through answering questions and interjections in Parliament, that the Government is firmly fixed on selling the whole lot in one unit; that is, making a public monopoly a private monopoly. Wherever that has happened in this State, prices do not go down if there is no competition. We must introduce elements of competition into the system that reduce prices. The key issue is not the actual price the community gets for the rail network but the community benefit from the sale; that is, getting those tracks to a standard at which rail can compete with road transport and win back the market share.

Hon M.J. Criddle: Who will fund the member's proposition?

Hon MARK NEVILL: We will see what the expressions of interest are. Does the minister know how much the Government will raise if it sells the system as a monopoly?

Hon M.J. Criddle: The member said he will not support the Bill. Does that mean he will not support it in this form or will he vote against it?

Hon MARK NEVILL: I cannot support the Bill in this form because the Kalgoorlie-Esperance line might close down two years down the track or it might not be upgraded. I would see the future as bleak if I were a Westrail employee. If Westrail

remains in government hands, debt will accumulate, the rail network will gradually run down and employees will be shed. There certainly would not be any prospect of advancement if I were a Westrail employee. The rail operator would slowly but surely die.

The Australian Labor Party must convince me that if it won government it would put significant amounts of capital into the rail network to get it up to scratch for Westrail to go forward. That cannot be done without pumping in funds. If I were a Westrail employee, the Labor Party would need to make some significant capital commitments to the rail system for me to think there was some future. The future is pretty bleak for Westrail employees. There will be a general shedding of jobs if the system stays as it is. However, there will be a reduction in the work force under a private operator if the system is privatised, the rail network leased and the rolling stock sold. The long-term future of the rail network would be better assured under a private operator. The critical question is how the rail system is disposed of. If the Australian Labor Party told me it would put \$100m a year into the rail network over the next 10 years, I would not support the leasing of the network. That would change my mind. Unless such a commitment is made, it can be assumed that neither the Government nor the Australian Labor Party will invest the capital in the rail system to ensure it does not slowly deteriorate and wither so that lines close down and trains travel at slower speeds. Without such a commitment, the rail system will generally become less competitive with road transport, and gradually the less economic routes will be shut down.

Hon M.J. Criddle: That is the basis of my question. It is a matter of what the member suggests should occur and what the Government can do to make that practical.

Hon MARK NEVILL: If the Government puts forward a Bill that breaks up the railway into broad and narrow gauges, then it may have some hope of getting my support. This Bill is too open ended. I must have some idea of what will occur in this area in the future if I am to do the right thing by my constituents. In three or four years I do not want to find there is no rail link to Esperance.

Hon M.J. Criddle: I do not want that either.

Hon MARK NEVILL: That may not be the intention to begin with, but that may occur simply because not enough capital is available to put into that railway to keep it operating. For those reasons I am open to the proposal to lease the rail track. That is about the only future for competitive freight rates in this State and for those Westrail employees. In its present form I cannot support the Bill.

**HON CHERYL DAVENPORT** (South Metropolitan) [8.40 pm]: I will oppose the second reading of the Bill. Along with six of my colleagues on the Standing Committee on Public Administration I spent many hours during the winter recess examining the Government's proposal to sell off the Westrail freight service. I have always been very wary of the notion of privatisation. The committee spent a long time listening to the views of many people on whether this asset should be sold. Only three organisations believed it should remain in public hands. The rest of the witnesses believed it should be privatised. Obviously there were many different reasons for that.

I see this legislation as the beginning of a move to sell off the whole rail system. Once a start has been made on selling off one aspect of an enterprise, the rest of it soon follows. That is what occurred in the United Kingdom. I had the opportunity of seeing an example of that a couple of years ago when the Public Administration Committee travelled to England to examine the whole issue of contracting out. Transport was one area that we looked at.

When the debate began in Australia on the concept of privatisation, Labor was in government. I fought hard within my own party at that time to prevent us from going down that track, but I was defeated. That is the democratic process and I am happy to accept the internal party discipline when those decisions are made. Nonetheless, I have continued to hold the view that once we sell a public asset, we can never get it back. Nine times out of 10 it does not produce the desired outcome, and that has been the case in the UK.

I did a politics unit at university in 1987 when the privatisation debate was in full swing during the Hawke Government years. I found an article in one of my files from *The Age* dated Friday, 16 October 1987. It states -

In fact, of course, inefficiencies and waste *do* exist in the private sector, often on a massive scale. But they are almost invariably not disclosed. This is simply because private enterprises, by definition, are not answerable or accountable in any real way to the public.

Yet, we would strongly argue that working people, honest taxpayers, and not just shareholders, will eventually bear the burden of private sector inefficiency.

One thing we can say about the public system is that it must be accountable. It must provide answers for why it does not achieve outcomes. If money is thrown down a bottomless pit, it must account for that. However, in the private sector that does not always occur. That was borne out by examples in some of the issues that we examined when the public administration committee was in the UK in 1997. Anecdotal information was submitted to the committee from the Centre for Public Services in Sheffield in relation to the private cleaning contracts in the Lincoln area. A contract was won by a Swedish company, the upshot of which was the tender price was too low and the job could not be done in the time allocated by the contractor. The consequence was dirty schools, exploited workers and contract failure. The contract had to be picked up again by the Education Department. That occurred in one of the more rural areas, not in a mainstream city. It was due to the local school's management capabilities. I found that interesting given we have sought to move down that path with our education system. I hope the same outcome does not befall us when we move to local area management capacity in schools.

As members will be aware, the Public Administration Committee decided early in its deliberations not to make any

recommendations in its report, but to examine the issues and make some findings. Given the makeup of the committee it was fairly likely it would be deadlocked; therefore, it proceeded to set out the facts, which I think it has done.

I will not cover the technical facts as I think Hon Kim Chance has done a very good job on that front. However, I found it a very male-oriented committee. Reference was made earlier to modal power, locomotives and so on; nonetheless, the technical arguments have been comprehensively covered by Hon Kim Chance so I will not try to outdo him.

Some observations became clear to me following the many hours of hearings. We received 29 written submissions and took evidence from a total of 16 organisations and individuals. As I said earlier, only three opposed outright the sale; namely, the Western Australian Farmers Federation and the two transport unions. However, many of those who agreed with the sale were part of the rail industry in Australia and overseas and were reliant on private rail for their own living.

Organisations such as the Western Australian Municipal Association had a range of issues that it wanted to have examined in terms of rating railway property, which is dealt with in the report.

Most of the rail industry favoured a vertically separated system rather than a vertically integrated system. I heard many powerful arguments that suggested that the separated model was preferable to the integrated model.

The final evidence given to the committee by the chief executive officer of the Australian Rail Track Corporation was such that if any of us had been dropping off to sleep, we would not have done so at that time. He put forward some very interesting notions and ideas. I turn to the report and refer to the rail track area and concerns raised with us. I refer members particularly to paragraph 6.3 on page 36, which is headed "Potential Inadequacies". Paragraph 6.3.2 reads -

Mr David Marchant, the Chief Executive Officer of ARTC, in his oral submission to the Committee distinguished this interstate network from the narrow gauge intrastate rail tracks which he believes should remain vertically integrated:

*"The argument for separation does not relate to all domestic track in Western Australia. ARTC supports the Productivity Commission's Draft Report on separating interstate track and those regional tracks with high volumes. The smaller regional and single-purpose tracks would not benefit from separation as the cost distortions would not provide market benefits in the competition between road and rail."*

Paragraph 6.3.3 reads -

The ARTC further submitted that a privately operated, vertically integrated interstate standard gauge rail line would lead to access difficulties. Mr Marchant expressed the view that while access regimes could prevent exploitation, they did not promote competition. He also expressed a view that while there were legitimate ways in which a below rail manager could disadvantage above rail competitors, there are also a wide range of less ethical options available.

Some of those are covered in paragraph 7.1.4. At paragraph 6.3.4 he continued -

*... an operator of the above and below rail network may endeavour to squeeze out competitors while still satisfying the access requirements. This could be achieved by charging the ceiling price (the highest price allowed under the access regime). The price of accessing the track would therefore be unattractive to competitors in the current commercial environment in which intra-modal competition is intense.*

One of the things that struck me is that he purported to say - correct me if I am wrong - that a private company under this system would need to back-carry rail freight only an extra 10 or 20 per cent to satisfy the shareholders, by having done a better deal than the public system is doing now. That may be a simplistic argument but it certainly struck a chord with me, with corporate interest passing public interest in that instance.

Another company that expressed concern was G13 Pty Ltd. In relation to the inadequacies of an access regime to enable adequate third party access under a vertically integrated rail system, the company's director, Michael Purcell, is reported at paragraph 7.1.4 as saying -

*"G13 is well familiar with the ability of an operator in control of an asset to frustrate entry by another party notwithstanding strong legal and political direction to be cooperative. Tactics available during access negotiations include demands for commercially sensitive information, procrastination, un-competitive timetables and other operating constraint, un-commercial warranties and insurance, protracted legal drafting, and ambit price claims, possibly followed by lengthy and costly dispute and arbitration before regulatory authorities. If an access agreement is achieved, implementation will then be accompanied by continual 'unavoidable' aberrations and inefficiencies which will cause the other party's business to be more costly and less customer friendly than the alternative service offered by the vertically integrated owner."*

Those are a couple of areas that I see, with my limited knowledge, as being problem areas in a privatised system, with the potential ability of a private owner to be able to frustrate access for other competitors in the field.

During the course of the hearings our colleague Hon Jim Scott gave all of us a copy of an article called "Britain's railways - the rail billionaires". This article is not from any raving, left-wing publication but appears in *The Economist* of July 1999. *The Economist* is a well-known business magazine. The article deals in some depth with the privatisation of British Rail. It states -

The privatisation of British Rail has proved a disastrous failure. Without big changes, things are going to get worse.



Hon Kim Chance: That was before the accident.

Hon CHERYL DAVENPORT: Absolutely. I also want to talk later about the British railway accident. The article also states -

This privatisation has been a catalogue of political cynicism, managerial incompetence and financial opportunism. It has cost taxpayers billions of pounds and brought rail travellers countless hours of delays. Unless radical changes are made, things will get worse.

Hon M.J. Criddle: It is vertically separated, is it not?

Hon CHERYL DAVENPORT: It may well be, but it is still privatised. The articles also states -

The scandal of rail in Britain is the gulf between the opulence of the rail companies and the oppression of their passengers . . .

The network is not about to improve. The promised investment of £27 billion (\$43 billion) by Railtrack, which owns the track and the stations, is a sham - almost two-thirds of it is routine maintenance. Unless the incentives for the system change to make investment worthwhile, it will stay a sham.

Given the fact that the motive for the Western Australian Government's move to privatise and to lease the track is that it needs an injection of millions of dollars to upgrade it in certain places, where is the incentive for a company to do that when one looks at the British system?

Hon M.J. Criddle: Are you comparing the British system to the Western Australian system?

Hon CHERYL DAVENPORT: No.

Hon M.J. Criddle: What are you saying?

Hon CHERYL DAVENPORT: I am saying that this is what has happened in Britain. The minister is saying that it is a different, vertically separated system as opposed to an integrated system. However, I still fail to understand why there would be an incentive for anybody who does not own a track to put millions of dollars in to upgrade the track. The truth is that the track needs work done on it to make it competitive.

Hon M.J. Criddle: To answer your question, we are suggesting that we get somebody in there who wants to grow the business and who will get more business on the track so that it becomes more profitable.

Hon CHERYL DAVENPORT: What about at the other end, when they get to the end of their lease?

Hon M.J. Criddle: We will have safeguards in place.

Hon CHERYL DAVENPORT: I hope so, because in Great Britain the regulators' powers are not all that good, and I hope the ones the minister is proposing here will be better.

Hon M.J. Criddle: Are you saying that when the NCC ticked this off, it did not know what it was doing?

Hon CHERYL DAVENPORT: I am not necessarily saying that, but this process has not been tried before in Australia. The experience in other countries has not been all that good. The United States system is different, because it evolved and was not the revolutionary system that this will be. In Great Britain, the Government made a decision to sell the rail system, and it broke it up and sold it in bits. In Great Britain, 100 different rail companies are being regulated by two different regulatory mechanisms, and it is not working. The United States system has always been private and has evolved, and the companies have their own rails and do deals to let other companies operate on them. That system cannot be compared with what we are trying to do in Australia or what has been done in Britain.

The article states also -

One train operator, Connex South Central, has challenged Railtrack successfully. Asked to pay £16m under the scheme, it reached an out-of-court settlement last year for half as much. Railtrack is also arguing with EWS, the main freight operator, which claims it is owed millions of pounds by Railtrack for delays it did not cause. Although Railtrack's records disagree, EWS asserts that sample audits suggested that Railtrack had often attributed blame wrongly.

That is another example of where Railtrack's records with regard to freight were not what one would call a great outcome. The article then talks about the assets and investment policy of the company and states -

However, other utilities that also do this have built comprehensive systems to monitor their assets. Railtrack has not - and it shows. For instance, the company extended the life of the track in the Severn Tunnel, through which the line between London and Cardiff passes, from six years under BR to 10 years. Two months ago this resulted in broken rails.

Railtrack undertook to spend a lot of money on that line within six years. It did not do that, and it extended that period for another four years, but the rails broke and emergency track-renewal work had to be carried out, which caused severe disruption to the rail service in that area. I have a lot of difficulty with the notion of privatisation of the rail system, for all these reasons. The final comment is quite telling and states-

The government's transport policy will then be in tatters. Rail travel will be nastier and more expensive than it

ought to be. Britain's railways were sold in haste; the result is now being repented at leisure. Putting matters right will be a formidable task . . .

Two regulators have now been appointed to try to deal with a privatisation that was done very quickly and that caused a lot of problems for both the assets of the companies and the rail track.

I turn now to some of the concerns that were raised by the trade unions during our hearings. It was clear from all the verbal evidence that Westrail operates to world best practice and is one of the best rail companies not just nationally but internationally. I asked the task force and Westrail whether there would be further staff reductions, and whether discussions had taken place with regard to the security of staff, etc. I was basically told by Westrail that the discussions were preliminary and nothing definite had been determined with regard to job security. I can understand that to a point, but this privatisation has been mooted for quite a long time, and if the Government wanted to keep the work force on side to some extent it would make a lot of sense to engage it in ownership of the move to privatisation.

The Public Transport Union gave evidence to the committee and raised a range of other questions, particularly in its submission. It is obviously concerned because of what has taken place in the other States. When Australian National was privatised in November 1997 in South Australia, the work force was halved, and when V/Line Freight was sold earlier this year in Victoria, job cuts of 30 per cent were imposed immediately. That does not engender confidence in a public sector work force that may be looking down the barrel of privatisation. The railways in Western Australia experienced a lot of downsizing during the 1980s. To June of last year, 1 630-odd workers were still employed by Westrail. About 700 workers will be involved in the Westrail freight operations. I am keen to know what is proposed for transferring that work force. I am led to believe that probably all of the locomotive drivers have valuable experience and that the new operator would want to have them transferred. However, in evidence to the committee, Bob Wells from the Public Transport Union cited the experience of the Transperth bus drivers. We all know that a significant number of those drivers are still on the redeployment list.

Hon M.J. Criddle: We are planning to put together a package for this, and it has been well known for some time.

Hon CHERYL DAVENPORT: One of the reasons that many of those Transperth drivers did not go to the private companies was that they could not transfer their superannuation and things like that.

Hon M.J. Criddle: We have heard those sorts of messages, but it is no good our negotiating something if we do not have an understanding that something will happen.

Hon CHERYL DAVENPORT: This cannot all be done in a vacuum.

Hon M.J. Criddle: I am not doing it in a vacuum.

Hon CHERYL DAVENPORT: Think about what happened in South Australia.

Hon M.J. Criddle: I am well aware of what happened in South Australia and Victoria. That is why we are putting together a package to deal with it.

Hon CHERYL DAVENPORT: I am pleased to hear that, because the Port Augusta area in South Australia had to be given a \$20m adjustment package because of the number of people who were put out of work as a result of the move to privatise. A range of questions should be considered.

Hon M.J. Criddle: If Westrail continues to downsize, those people are also in danger. We heard Hon Mark Nevill talking in those terms.

Hon CHERYL DAVENPORT: The Public Administration Committee found in the United Kingdom that at least some certainty was provided for workers in the context of privatisation through the Transfer of Undertakings (Protection of Employment Regulations 1991), which is the European legislation. It is not perfect by a long shot, but at least it provides a 12-month period during which workers are transferred to the new company. I refer to privatisation rather than in-house bids; there is no protection under the TUPE for workers involved in in-house bids, particularly in the local government sector. However, when a private company buys a public asset, there is a guarantee that the employees' entitlements and security of tenure will carry across. While that is not perfect in the context of protection of employees, it is certainly much better than leaving them up in the air.

Hon M.J. Criddle: We had no intention of doing that.

Hon CHERYL DAVENPORT: I am sorry the minister is touchy.

Hon M.J. Criddle: I am not touchy; I am explaining.

Hon CHERYL DAVENPORT: The workers are very important in all of this, particularly if the Government wants to transfer an asset that has a good work force behind it. The European laws provide that certainty for workers.

Most committee members agreed that the submission by Roger Jowett, the national secretary of the Australian Rail, Tram and Bus Industry Union, demonstrated a thorough understanding of privatisation. He has a good knowledge base given that many of the union's members have experienced the impact of privatisation over the past 10 years.

The union felt some questions needed to be addressed, and they are not necessarily about workers' rights or entitlements. The union asked whether a Westrail freight buyer will be required to provide track infrastructure to support the proposed high-speed passenger trains that Westrail intends to run and whether Westrail will supervise track standards on those lines.

I imagine that in time, if Westrail stays in public hands, it will be looking to run faster trains. The union acknowledged that the proposed lease of the rail infrastructure covers 49 years and it wanted to know what obligations will be imposed on the operator to maintain the value of the asset over the life of the lease. It also wanted to know how the Government's guarantees to employees that their employment conditions, accumulated entitlements and right to be members of a trade union will be preserved in the transfer.

I will deal with the recent track record for Governments in respect of privatisation. Will privatisation be effective for rural communities? Has the Government convinced rural communities that it will benefit them? I have not been to any of the meetings held in rural Western Australia, but I am aware that a range of different views was expressed, as was concern about what privatisation might mean for local communities. Is this a politically wise move for the Government to take? Members opposite need only look at the five recent elections around Australia. The Liberal-National Party should have easily won the South Australian election in October 1997, but it is now a minority Government. That Government privatised the water supply and South Australians suffered the well-known "Adelaide pong", because the private owner failed to maintain the water supply cleaning system. One of the key issues in the election campaign was a promise that the Government would not privatise the Electricity Trust of South Australia, but it has subsequently done that.

Hon M.J. Criddle: Why not let us privatise it?

Hon CHERYL DAVENPORT: I do not care; the Government can privatise it. It will reap its reward by being thrown out of government. That is what has happened around the nation. The community generally does not like privatisation.

Hon M.J. Criddle: Even when it is a good business deal?

Hon CHERYL DAVENPORT: Why would we not keep such an asset? If this is a good business deal, it must mean that the entity is a sound public asset. We know it runs at a profit but it needs an injection of capital to continue to deliver a good service.

Hon M.J. Criddle: That is half of it. What about the road system and future freight rates? It is about getting goods off road and onto rail. We are allowing it to grow so that the State can benefit.

Hon CHERYL DAVENPORT: Why can the Government not do that anyway?

Hon M.J. Criddle: What is happening at the present time?

Hon CHERYL DAVENPORT: The minister has not convinced me that this asset must be sold.

Hon M.J. Criddle: The member should look at the other arguments I have put. Not one member has referred to road versus rail.

Hon CHERYL DAVENPORT: The minister can deal with my arguments later.

The Queensland Borbidge Government lost a cliffhanger election and was unable to govern because of the seats that One Nation picked up at the expense of the National Party. Much of that fallout related to the privatisation debate and contracting out and the like in rural Queensland. The coalition also lost seats at the federal election.

Hon M.J. Criddle: So you make all your decisions based on the political outcome.

Hon CHERYL DAVENPORT: I am not making the decision.

Hon M.J. Criddle: You are talking.

Hon CHERYL DAVENPORT: The people have said that they do not want assets privatised. They did not want the extra privatisation of Telstra, but they have it, and they did not want a GST. The minister is talking about economic rationalism. The people lose out in this equation.

Twelve months out from the election, the New South Wales Labor Government was facing defeat. The trade union movement and the ALP State Conference would not allow the Carr Government to sell the electricity authority. That idea was shelved and the Carr Government was returned overwhelmingly. There may have been other contributing factors. The fact that the Liberal Party decided to change leaders a month from the election probably did not help.

I move on to Victoria. Who turned against the Victorian Government? It was country Victoria. There had been wholesale privatisation in Victoria.

Hon Kim Chance interjected.

Hon CHERYL DAVENPORT: Not only that, but also the Victorian railway.

Hon M.J. Criddle: How much information do you have that the Victorian railway has been the problem which caused that?

Hon CHERYL DAVENPORT: I am not saying that it has been a problem. However, the Government sold the asset. The community does not like privatisation and contracting out of core government services. The coalition has done that across the nation. When one looks at the election results, the coalition is in trouble everywhere. Kennett Government might hang on in Victoria after next Saturday, but the bottom line is that he will have been forced to reverse many policies on contracting out and accountability.

I was interested to hear the comments by the Deputy Premier, Hon Hendy Cowan, on the Monday following the Victorian election. Dealing with privatisation, he said that Western Australia is different and that the Government can privatise

Westrail because it is bringing the people along with it; they know and understand why the Government is doing it. I am not sure that the Government is right. It has not convinced me. I make no apology for the fact that I am greatly opposed to privatisation. I do not deny that when in government my party privatised assets that I thought should have stayed in public hands. From my perspective, the Government is ideologically driven and is not seriously examining what assets should remain in public hands.

Hon M.J. Criddle: This is a business decision which has clear benefits for the State. It is about growing Westrail and getting it into a position whereby it can take more off road. The road task is increasing by about 7 per cent a year.

Hon CHERYL DAVENPORT: The Government can do things to stop that happening. As a nation, I hope that we stop privatising our assets and consider what should remain in public hands. As I said previously, the move in Britain to privatise the rail system has left a sour taste.

I did not get a chance to deal with the question of the regulator. However, one matter caught my eye in the article in *The Australian* of 9-10 October concerning the tragic accident in Britain last week. The health and safety executive report that was released a couple of days after the accident revealed that the safety requirements were inadequate. The article states -

The revelations in the report will fuel the already intense debate over the safety performance of Britain's privatised rail operators.

It further states -

The power of the railway industry's four main regulators to take action against the train companies is also in doubt, considerably weakening the Government's hand as it tries to push through rail safety reforms.

I rest my case on that. The British regulators are not strong. They have the ability to ensure outcomes to try to protect consumers, but they do not have any real teeth when it comes to making private companies comply with the legislation. The lack of teeth of the regulators was one of the glaring things that I saw in the British privatisation. In the end, Government must ensure contractors or private companies comply. I do not think the regulators have the teeth to do it. If this legislation is passed, I hope that a better regulatory system will be put in place in Australia to deal with that. I oppose the Bill.

**HON DEXTER DAVIES** (Agricultural) [9.25 pm]: I support the Bill. I acknowledge the work that has been done by the Standing Committee on Public Administration under the chairmanship of Hon Kim Chance, as well as the work done by everybody else during the break. In the short time available, the issue has been examined in detail. Unlike Hon Cheryl Davenport, I have attended many meetings across the country on this issue. As a member for the Agricultural Region, I have also attended many other meetings at which this subject has been a topic of interest for a long time. There is no doubt that there are concerns in the community. There is concern about anything that affects the environment in which the agricultural industry operates and how particular issues can be progressed. However, that does not mean that one should go away and compare something in another country with what we have to ascertain if it has worked there. That is one of the greatest failings, especially in a State such as Western Australia, which is so different from everywhere else. We must design systems that will work here. As happened in the iron ore industry, we must have the courage to develop systems that will work here and not copy what is done in other places. We must make the systems work for Western Australia and take advantage of the special attributes of our agricultural region. That is why we must change what has been done in the past. The way the system is currently structured is traditional and historic. I think people have used those words time and again. However, we have not been able to extract maximum benefit for the agricultural industries in Western Australia because of many of those systems. That is why we must be innovative in working out how we can obtain better value for people working in the agricultural industries.

We must examine all the issues and consider doing things differently. We must examine the weaknesses raised by Hon Cheryl Davenport and work hard to design something that will eliminate all those weaknesses and bring out all the possible advantages for people who live in the agricultural regions to maximise the benefits and the uniqueness of what we have in Western Australia. Western Australia is different. That is why we should not look elsewhere and say that it has never worked anywhere else and therefore it cannot work in Western Australia. That has been one of our greatest failings in the way we have developed our farms. We have copied other systems. We have stayed a long way behind and been used as agricultural producers and price takers instead of being innovative, getting out in front and making good, courageous decisions about how we can develop and make real gains for the people in the unique situation in which we farm in Western Australia. That is one of the main reasons that we must proceed with this Bill.

The transport tasks that must be performed in Western Australia are growing dramatically. Wheat cannot be flown out of the paddocks with helicopters; it is too expensive. We must ascertain how we can cope with the huge increase in that transport task. Transport will be on rail or on road. Even if we take up all the increased transport task on rail, the roads will still only just cope. Therefore, we will have this massive injection of capital into Westrail, yet the roads will still be coping with this massive transport task. We must consider putting all the new transport on rail. A large amount of money will suddenly need to be invested to cope with the huge transport demand. I may be completely wrong, but I hope I am not because I have a significant interest in getting my wheat shifted. Rail transport is crucial for farming people. The nature of the grain industry is such that it is totally integrated with Co-operative Bulk Handling Ltd and the infrastructure of the existing rail system - standard gauge and narrow gauge.

The Grain Logistics Committee has developed that over a long period. It is an integrated rail system in terms of shifting and marketing the grain - the whole thing. Hon Mark Nevill commented about why one would separate them out and conveniently have the mining industry run that bit and have the narrow gauge over there. As Hon Kim Chance knows, how that grain is stored, segregated and delivered is very intricate to ensure it reaches the port at a strategic time to make up

shiploads and to maximise the return to Western Australian grain growers so that we can survive in a competitive world. We must export 90 per cent of what we grow. Everything must be to our advantage for us to achieve that. That is why the Minister for Transport says it is a business decision. It is not an easy decision. The easy political decision for me would be to say, "It's too hard. We won't make these changes; we'll just let it bowl along." There is no longer the sort of fat in farming for one to make those soft decisions. One must make hard business decisions to keep Western Australian farmers competitive or they go broke. Easy decisions have been made about Agriculture Western Australia for far too long. They have been the way out because there has been too much fat in the system. Previously one could get away with making soft decisions because they did not hurt. If one makes soft decisions now, one goes under. One must challenge each day and assess where one will go with those decisions about how to try to maximise the profit one can get out of the agricultural industry. It is important and it is a challenge. It is not an easy decision; it is something we must work through. It is our responsibility to explain to people in country Western Australia that they can sit quietly and have the status quo and let their profits slip away like the wool industry and quite a few other industries did.

Hon Bob Thomas: What do you mean "like the wool industry"? You set the price at \$8.70 a kilo. If the buyers would not buy it, we bought it ourselves and built a huge stockpile. There is no comparison with this issue at all.

Hon DEXTER DAVIES: I will continue my sentence and maybe Hon Bob Thomas will get the drift of where we are going here. That was enlightening economic debate from the member opposite. He is exactly right. The wool industry did not want to change and it stayed exactly as it was and bought the wool itself. The change must be made. One must accept change. When the wool industry did not accept change, as Hon Bob Thomas rightly pointed out, it went down the gurgler. The point is well made. If one does not change and tries to maintain the status quo, one will find oneself in the same position.

Hon Bob Thomas: That was a bad decision, and to sell this is a bad decision.

Hon DEXTER DAVIES: The real task we have in front of us is to ensure that a vast majority of the increased task goes onto rail. I do not think the massive capital injection needed to do that, to provide a high quality service as we used to, to maintain that capital intensive business, is possible when the Government cannot compete anywhere else. It is like being overcapitalised on a small farm. One needs to be able to grow the business well outside the Government's charter, which is just to operate, as Hon Kim Chance said, in a very small environment for rail. In world terms the south west rail system is a very small environment which takes an enormous amount of capital to run. If one overcapitalises on a farm, one goes broke. If a private operator has room to spread, has the expertise to grow the business outside the south west corner, it has an opportunity to maximise the use of the capital payments involved. It is an integral part of running a business, making it pay and getting a good return.

Another way is to subsidise it, but I do not think Governments will subsidise the rail freight business to the extent needed for it to provide the required service. I do not think it is possible when other government services - which are core government business - are screaming out for capital input. Will we say we will magically make this extra money, that the extra money will be put in to do that when it will be overcapitalised, as it must be if it is to provide the service, to shift the grain especially? I have a more intimate knowledge of the grain business than the other parts, but I understand it works the same way in the mining industry. If we do not do that, the real benefits to the State will be lost. Politically, the easy decision for me is to leave it the same and pretend it was not my fault. The rail system is already run down even though considerable gains have been made. The infrastructure required to maintain that level of operation requires massive capital input. I do not think anybody disagrees that that input is needed to keep the business going.

Hon Norm Kelly: About \$40m a year.

Hon DEXTER DAVIES: From now and plus some. The point is well made. We must continue to increase that capital input. We have an opportunity to lease the state-owned asset of the rail and the corridor. We are not selling the assets; we will maintain ownership of the core government assets - the corridor and the tracks - but we will lease them and sell the business which can be run by private enterprise in competition. There will be competition on the rail. There will not be a monopoly in the grain industry because there is good competition. The competition was too good for rail 10 years ago as Hon Kim Chance well knows. We could return to that, but the people who have been out there and seen the number of trucks it takes to shift the wheat would not want those trucks on those roads. Nobody would anywhere. It would be a massive problem for the State.

Hon Kim Chance: It is already a problem.

Hon DEXTER DAVIES: That is right. It is bad enough as it is. We need to get off the road onto rail. Our best chance of doing that is to have a privately run organisation competing with the road transport. The member was right when he said that David Marchant lived things up. I am not sure that I could follow his argument too well. I spent some days trying to analyse it. Some of it was amazing. He talked about how the Australian Rail Track Corporation had upgraded the tracks and overcome all of the problems in V/Line and they did not have any speed problems there. That was fine until one found out that in many cases they do not have any trouble with the speed restrictions because they changed the speed signs back to 80 kilometres an hour so they were meeting all the specifications. He did not tell any fibs but he really did not tell the whole story about how they made those achievements. Much of what Mr Marchant said could be taken not with a grain of salt but with a fairly liberal dose. I put some time into analysing his argument about how to give away 80 per cent of the business and still satisfy the shareholders and I did not come to that conclusion.

Hon Kim Chance: That is not hard to follow. If the share of the market increases from 0 per cent to 20 per cent the shareholders are satisfied.

Hon DEXTER DAVIES: A business would not be run in that manner because that is not how profit is made. It can be done, but it would not be done. It would be a case of trying to transfer the opportunity of making money out of the wrong part of the operation. I fail to see Mr Marchant's logic. Although he made some good points, his argument was very thin. He tried to confuse the issue far too much. If he had put his case much more simply he would have persuaded me. He was very liberal in stretching his argument to make a point very much in his own interests, to put it as diplomatically as I can.

Hon Kim Chance said the grain growers, some of whom are members of the WA Farmers Federation, were not in favour of the sale. Members of the Pastoralists and Graziers Association, Cooperative Bulk Handling Ltd, the Grain Pool, the Grain Logistics Committee and the shires and most other representative groups from the wheatbelt were in favour of the principle, especially as it means taking the task away from road transport. The opportunity to take that haulage away from road transport is an opportunity we must get right. If we do not get it right it will cost the State and industry dearly. Mr Jim Flockart, Chairman of the Grain Logistics committee recognised that. He also supported my point that it is not a simple matter of shifting the grain out of the way, but of storing it, segregating it and marketing it. Cooperative Bulk Handling concurred with that. That is why CBH was confident that anyone who bought the business would maintain that because of the nature of the business. It is not something that could be changed overnight. The logistics must be in place to shift the business and maximise the benefits. There is no point in doing other than that. I made the point to Jim Flockart that if the Grain Logistics Committee did not exist and a private owner bought Westrail, it would establish a committee to maximise the task.

Hon Kim Chance: That is why I made the point about what happened in South Australia, where that has not occurred. There is no grower interface.

Hon DEXTER DAVIES: Cooperative Bulk Handling in South Australia would like to have an interface, but it is more than happy with progress and appreciates that more changes would be to its benefit. It made that point to me personally. I do not know whether Hon Kim Chance has inquired of CBH in South Australia.

I think Hon Kim Chance answered Hon Cheryl Davenport's concerns over the handling by Victoria and South Australia of their labour forces. He said they were basket cases. Those organisations have not had the benefit of the rationalisation that Westrail has had. We cannot compare them even roughly because those management processes were not undertaken. As Hon Cheryl Davenport said, the unions and everybody else acknowledged that Westrail's management of staff was world class. It was unlikely those pressures would be put on the Government or a private operator to make massive changes in staffing because of what is occurring now.

Hon Cheryl Davenport: I am posing the questions.

Hon DEXTER DAVIES: I am answering them. It would be very unlikely. In fact it was made clear even by some of the union people that the opportunities would exist and the expertise would be required by the Government or the owner. As Hon Kim Chance knows, and as I have said ad infinitum, irrespective of whether the Government or private enterprise owns Westrail, these are challenges that must be faced and Westrail's freight operations must be managed very well.

The restriction is that the Government cannot compete and grow the business in the same way as a private company can through utilising and maximising capital because of the restrictions that quite rightly apply to government enterprises.

Hon Kim Chance: That is a very important point. Intellectually I understand what you are saying. However, the Government has not been able to convince people on this side of the House that the dynamics of the deal it proposes to undertake with the private bidder are such that the private bidder will be able to do it. We have not been shown the figures. I guess the Government cannot show them, but that is the problem.

Hon M.J. Criddle: That is what decision making is all about.

Hon Kim Chance: At some point, if not now, you must be able to show us you can do that. At the moment you are just saying that.

Hon DEXTER DAVIES: That must be done at some point. No company would reveal its bid for everybody to see. Hon Kim Chance quite rightly expects to be convinced. However, he knows as well as everybody else that issues such as costs cannot be revealed. People cannot be expected to bid in that environment. It is a problem; it is not without challenge. However, if we keep the status quo and do not accept the challenge because it is difficult and risk is involved in moving forward, we will not go anywhere. We take risks every day when we get up and move around. The Government accepts totally that risk is involved. In our judgment the way to go forward is to take the risks in full awareness of what they are.

The Minister for Transport and I have businesses that will be greatly affected by this sale. We have known Westrail Freight intimately all our lives. Everyday when we farm we take risks. We accept that that is the best way forward for us, as did the PGA, CBH and the Grain Pool, which make up the vast majority of the leaders of the grain industry in this State. Those progressive people who manage CBH, the Grain Pool, the PGA, the Grain Logistics Committee and the shire councils believe we must take that step. I concede that a percentage of WAFF -

Hon Kim Chance: Let's be fair, the WAFF represents the vast majority of grain growers.

Hon M.J. Criddle: Not recently.

Hon DEXTER DAVIES: Until recently I was on the executive of the WAFF and I still attend many of its meetings. That representation could be disputed. Admittedly, it represents a group of grain growers. I refer to the Wheat Board debate when 1 500 people across the State turned out as grain growers and passed a motion 1 499 to one and the WAFF passed a

motion 50 to 20 and suggested that its result was more representative. There is conjecture about the vast majority of opinion, and there is dispute within those ranks. A number of Western Australian Farmers Federation members said it. The vast majority of others said the opposite. The heads of all the other organisations had a different view to WAFF's.

Hon Kim Chance: Certainly at the round of your country meetings which I attended, they were not supportive of it.

Hon DEXTER DAVIES: I have said that concerns were expressed. Not everybody jumped up and said yes. People mentioned the concerns that they wanted addressed. Those concerns have been addressed. The terms of the lease and safeguards have been put into the Bill. The Government has not gone out and asked what is the highest price that it can get for the rail freight system and then flogged it off for the cash. The safeguards the Government has put in place have reduced the potential sale price. The Government listened to the concerns expressed out there, which was the purpose of consulting with people. The Government has taken on board many of their concerns, including those to do with the regulator and the staff.

Hon Norm Kelly: That was brought about by the National Competition Council.

Hon DEXTER DAVIES: The issue was brought up many times. Nobody has any claim on any of the issues that were brought up. The issues that were brought up, taken on board and considered in many cases were incorporated into the legislation. They were modified for the package. It is essential that we go ahead with this legislation. As Hon Cheryl Davenport has said, the easiest thing for Hon Murray Criddle and me to say is that it is too hard for us and that we will not make the decision. We are worrying about the industry in which we have been involved, the agricultural area in which we live and the opportunities that will avail themselves through making the decision to try to maximise the opportunities for people in the communities out there. The vast majority of grain growers need this opportunity to enable them to go forward into the future. I support the Bill.

**HON BOB THOMAS** (South West) [9.53 pm]: I was one of the opposition members who attended some of the meetings, which were also attended by the steering committee and the minister. The Government said the object of the meetings was to consult the community, but basically it was to put a proposition, because I think it had already made up its mind where it was going with this sale. I attended two of the meetings, one in Bunbury immediately after I came back from overseas and another in Albany about a fortnight later.

Hon Ray Halligan: You were overseas?

Hon BOB THOMAS: Yes, I am a member of the Standing Committee on Estimates and Financial Operations and we were dealing with the prisons inquiry. I am glad that I came back in time to be able to attend the meetings, because it was a real revelation. Possibly 60 or 70 people attended the Bunbury meeting, very few of whom would have been Labor supporters. Most of them I recognised as being from the other side of politics to me and people with whom I have disagreed philosophically on a number of issues. However, the majority of people at the meeting at Bunbury were very much opposed to the concept of privatising Westrail. They were more steadfastly opposed to it at the Albany meeting than at the Bunbury meeting. I have engaged those people in Albany for longer than I have the people at the meeting in Bunbury, and I know that they were openly hostile to the previous Labor Government and campaigned against us. I have had arguments with many of those people. However, the vast majority of people who turned up at the meeting held at the Esplanade in March of this year were scathing of this proposal.

Hon M.J. Criddle: That is not right.

Hon BOB THOMAS: The minister was there, and he fielded questions.

Hon M.J. Criddle: You said they were scathing, which is not right.

Hon BOB THOMAS: They were scathing. I understand that the reception in the minister's home town of Geraldton was even worse, as he received a fair bucketing.

Hon B.K. Donaldson: What was their main objection?

Hon BOB THOMAS: I am coming to that.

Hon M.J. Criddle: I was at the Geraldton meeting, at which the main opposition came from somebody who had no real connection with the industry.

Hon BOB THOMAS: I was not at Geraldton, but I refer to my feedback.

Hon M.J. Criddle: I was there.

Hon BOB THOMAS: Is the minister trying to tell me that the feedback in Albany was positive?

Hon M.J. Criddle: We had an interesting discussion in Albany.

Hon BOB THOMAS: Interesting discussion! Speaker after speaker jumped up and told the minister that he was wrong, and mostly these people were not from my side of politics; that is, they used to support the National-Liberal Party coalition, but they are very much opposed to what the Government is doing here. That meeting reflects the attitude of people in the country regarding privatisation. I was very pleased to see the meeting raise certain issues: First, it was stated that the Government does not have a mandate for this sale as it did not take this issue to the election.

Hon M.J. Criddle: We brought it to Parliament.

Hon BOB THOMAS: People are also concerned that the Government misrepresented the financial position of Westrail in stating that Westrail was making a profit when it transferred maintenance items out of the budget onto the profit and loss statement.

Hon M.J. Criddle: Can you identify from where you got that information?

Hon Kim Chance: It was the estimates committee - I asked the question.

Hon M.J. Criddle: Hon Bob Thomas should identify his source.

Hon Kim Chance: When speaking in this debate, I said it arose in the estimates committee regarding the *Prospector*.

Hon BOB THOMAS: People are also concerned that the new owner of the privatised facility will have a debt-to-equity ratio of about 50 per cent. The company will probably carry the same debt as the Government's, and no savings will be made in the interest paid, and as a result no reductions reflected in prices charged for the service.

Other people at the meetings wanted the minister to identify the benefits of privatisation, but he was not able to do so. People believe that the Government has a responsibility to regional development. A privatised Westrail would allow a private operator to make decisions on services delivered by Westrail on a profit motive, and this will jeopardise the Government's regional development initiatives. Other people were particularly concerned about third-party access; that is, they believe that third-party access will be less likely under a private monopoly than under a government monopoly. Many of the grain growers at the meeting were concerned that only a five-year guarantee will apply to the maintenance of the grain network. Some people in Albany were concerned that it is more unlikely that a private operator, as opposed to government ownership, will provide the infrastructure so woodchips can be transported on rail rather than road. That is a major issue in Albany.

There is general opposition to privatisation in the community. That is felt most clearly in country areas, where government services are being diminished because of the actions of the Government to privatise those services.

Debate adjourned, pursuant to standing orders.

#### ADJOURNMENT OF THE HOUSE

**HON M.J. CRIDDLE** (Agricultural - Minister for Transport) [10.00 pm]: I move -

That the House do now adjourn.

#### *Sir Stewart Bovell - Adjournment Debate*

**HON BARRY HOUSE** (South West) [10.01 pm]: I want to say a few words tonight about Sir Stewart Bovell, who passed away recently at the age of 92. Three weeks ago today I attended his funeral in Busselton. A condolence motion was moved in the other place, but because I was paired last week, this is the first opportunity I have had to say a few words in recognition of Sir Stewart Bovell and the enormous contribution that he made to his community. His community was particularly the Busselton-Margaret River area, which is also my home community. Therefore, I believe it is fitting that, as a parliamentary representative for that area, I say a few words in this place where he made his mark.

His formal parliamentary record will note that he was a member of the Legislative Assembly from 1947 to 1971. He was a minister for 12 years, from 1959 to 1971, in the Brand Government, being Minister for Lands, Forests and Immigration. It is interesting that we had a state Minister for Immigration. He was also the Minister for Labour. He also held various other roles in the Parliament as Whip, and with the Commonwealth Parliamentary Association. Following his retirement from the Parliament in 1971, he was appointed as the Western Australian Agent General in London. He returned to Busselton in 1974 and was knighted in 1976.

There is much more to his formal record, but, to me, his community service stands out. He was the patron in the Busselton-Margaret River area of about 31 community organisations, ranging from the Bunbury Turf Club to polocrosse clubs, cricket associations, football associations, the Geographe Bay Yacht Club and agricultural societies in Busselton and Margaret River. He was the Life Governor of Bunbury Cathedral Grammar School and was involved in numerous other community organisations.

My first memories of Sir Stewart Bovell go back to the 1960s when I was playing junior football in Busselton. Even in those times as the member for Vasse he was involved with junior sport and often watched the football games and attended presentation ceremonies and the like and the agricultural shows in Busselton and Margaret River. After his return from England in 1974, one of the most common sights around Busselton for the 20-odd years since then was Sir Stewart Bovell in his black Rolls Royce at sporting venues and community organisations, assisting them and performing his official role.

I am also associated with many organisations with which he was involved. I am a vice patron of Geographe Bay Yacht Club and am associated in various ways with many other community organisations which held Sir Stewart Bovell in the highest esteem. Along with Sir Stewart and other people, I share life membership of the Busselton-Margaret River Cricket Association. At the annual wind-ups of this association, Sir Stewart always took great pride in presenting his trophy, the Bovell Bowl, to the most successful club in the association, and also the Barnard Cup, awarded to the A grade premiers, which originated in 1927 and was originally donated by his uncle, who was also a member of Parliament at the time.

On public occasions Sir Stewart Bovell always presented himself with absolute dignity, and he won the respect of people of all ages and backgrounds. He especially had a great rapport with children, and went out of his way to speak to young people. He was a bachelor throughout his life and for some reason had a great affinity with young people.



I grew up in the Busselton-Margaret River area and through sporting and community organisations, and later on through politics, I came to know Sir Stewart very well in the past 20-odd years. When I first stood for Parliament in 1987 he afforded me the honour of authorising my political literature, such as how-to-vote cards, advertisements in newspapers and the like. To my knowledge, it was the first and only time he did that and I took it as a great compliment. He explained the reason he did that, and it was obvious to everyone that it was because he was very much a parliamentary representative, rather than a politician. I am sure most people did not realise that he was a member of the Liberal Party and they did not care either because he was a representative of their community. I know that is the way he saw it, and people respected him for that. He always put his community above all else.

His funeral three weeks ago was a large event attended by many people, including ordinary citizens and people representing the vast number of organisations to which he had made contributions over the years and with whom he had a close affinity. It was fitting that the funeral service was held in St Mary's Church, Busselton, which is historical from a Western Australian point of view. Sir Stewart had a close relationship with the church over his long life, and it was certainly very dear to him. His funeral procession passed through the town that he loved and that loved him. It was fitting that it proceeded past the sporting fields in Busselton named Bovell Park after him, and then to the cemetery at Busselton.

I wanted to say a few words tonight to acknowledge Sir Stewart Bovell's contribution to the Busselton-Margaret River community in particular, and to acknowledge the deep respect with which he was held in the community. His family will be very proud of the mark he has left on this community forever. He has left an indelible heritage in that part of the State that will be respected for many years to come.

Question put and passed.

*House adjourned at 10.09 pm*

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**QUESTIONS ON NOTICE**

Questions and answers are as supplied to Hansard.

**GOVERNMENT VEHICLES, NUMBER LEASED AND OWNED**

122. Hon NORM KELLY to the Leader of the House representing the Premier:

As of June 30, 1999, for all agencies under the control of the Premier -

- (1) How many vehicles are leased or owned by those agencies?
- (2) Of these, how many are -
  - (a) passenger vehicles; and
  - (b) commercial vehicles?
- (3) Of the total number of vehicles, how many are -
  - (a) petrol or diesel powered;
  - (b) LPG powered; or
  - (c) powered by other means?

Hon N.F. MOORE replied:

- (1) 313 vehicles are leased
 

Anti Corruption Commission	27
Government House	5
Parliamentary Offices and Officers	54
Ministry of the Premier and Cabinet	173
Public Sector Standards Commission	5
Treasury	19
Gold Corporation	20
Office of the Auditor General	8
Graffiti Program	2
- (2) (a) 305 are passenger vehicles
 

Anti Corruption Commission	24
Government House	4
Parliamentary Offices and Officers	54
Ministry of the Premier and Cabinet	171
Public Sector Standards Commission	5
Treasury	19
Gold Corporation	20
Office of the Auditor General	8

  
 (b) 8 are commercial vehicles
 

Anti Corruption Commission	3
Government House	1
Ministry of the Premier and Cabinet	2
Graffiti Program	2
- (3) (a) 312 vehicles are petrol or diesel powered
 

Anti Corruption Commission	27
Government House	5
Parliamentary Offices and Officers	53
Ministry of the Premier and Cabinet	173
Public Sector Standards Commission	5
Treasury	19
Gold Corporation	20
Office of the Auditor General	8
Graffiti Program	2

  
 (b) 1 vehicle LPG powered
 

Parliamentary Offices and Officers	1
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 (c) No vehicles are powered by other means.

**GOVERNMENT VEHICLES, NUMBER LEASED AND OWNED**

123. Hon NORM KELLY to the Minister for Finance representing the Treasurer:

As of June 30, 1999, for all agencies under the control of the Treasurer -

- (1) How many vehicles are leased or owned by those agencies?
- (2) Of these, how many are -
  - (a) passenger vehicles; and
  - (b) commercial vehicles?

(3) Of the total number of vehicles, how many are -

- (a) petrol or diesel powered;
- (b) LPG powered; or
- (c) powered by other means?

Hon MAX EVANS replied:

Please refer to the answer given to question on notice 122.

#### GOVERNMENT VEHICLES, NUMBER LEASED AND OWNED

124. Hon NORM KELLY to the Minister for Finance representing the Minister for Public Sector Management:

As of June 30, 1999, for all agencies under the control of the Minister for Public Sector Management -

(1) How many vehicles are leased or owned by those agencies?

(2) Of these, how many are -

- (a) passenger vehicles; and
- (b) commercial vehicles?

(3) Of the total number of vehicles, how many are -

- (a) petrol or diesel powered;
- (b) LPG powered; or
- (c) powered by other means?

Hon MAX EVANS replied:

Please refer to the answer given to question on notice 122.

#### GOVERNMENT VEHICLES, NUMBER LEASED AND OWNED

125. Hon NORM KELLY to the Attorney General representing the Minister for Federal Affairs:

As of June 30, 1999, for all agencies under the control of the Minister for Federal Affairs -

(1) How many vehicles are leased or owned by those agencies?

(2) Of these, how many are -

- (a) passenger vehicles; and
- (b) commercial vehicles?

(3) Of the total number of vehicles, how many are -

- (a) petrol or diesel powered;
- (b) LPG powered; or
- (c) powered by other means?

Hon PETER FOSS replied:

Please refer to the answer given to question on notice 122.

#### ENVIRONMENT, MUNDIJONG PROPERTY

234. Hon J.A. SCOTT to the Minister for Finance representing the Minister for the Environment:

Further to question on notice 1674 of May 26, 1999 -

(1) Will the Minister for the Environment table the 'show cause' response given to the DEP by the owners of the Mundijong property?

(2) If not, why not?

(3) Will the Minister table the remediation strategy agreed to by the DEP and owners of the Mundijong property?

Hon MAX EVANS replied:

(1) No.

(2)-(3) I am advised that this "show cause" response is currently the subject of a review by the Information Commissioner under the Freedom of Information Act. Under these circumstances it would not be appropriate to table such documents.

#### GOVERNMENT DEPARTMENTS AND AGENCIES, STAFF RECRUITMENT

257. Hon LJILJANNA RAVLICH to the Leader of the House representing the Minister for Employment and Training:

For each department or agency in the Minister for Employment and Training's portfolio can the Minister provide the following information -

- (1) How many staff were recruited to each department or agency in the Minister's portfolio in each of the following categories in 1997/98 and 1998/99 -
  - (a) Chief Executive Officers;
  - (b) Senior Executive Service; and
  - (c) Level 1-8?
- (2) Of those staff how many were recruited internally and how many were recruited by, or with the aid of, external recruitment agencies?
- (3) What are the names of the external agencies that were utilised?
- (4) What was the cost of using external recruitment agencies in 1997/98 and 1998/99?

Hon N.F. MOORE replied:

Western Australian Department of Training and Employment  
(Includes the VET Institutions – CY O'Connor, TAFE International and West One)

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – 5                      1998/99 – 4  
 (c) 1997/98 – 151\*                      1998/99 – 173\*
- (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – 5 external                      1998/99 – 4 external  
 (c) 1997/98 – Not readily available  
 1998/99 – Not readily available
- (3) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) CP Resourcing and Gerard Daniels.  
 (c) Not applicable.
- (4) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – \$65,793                      1998/99 – \$32,300  
 \*This figure includes permanent, temporary and contract positions and excludes level 1 officers who are recruited through Premier & Cabinet.  
 (c) Not applicable.

Central Metropolitan College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil                      1998/99 – 3  
 (c) 1997/98 – 29                      1998/99 – 23
- (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 3 external.  
 (c) 52 internal.
- (3) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Gerard Daniels.  
 (c) Not applicable.
- (4) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil                      1998/99 – \$33,864.43  
 (c) Not applicable.

West Coast College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil                      1998/99 – Nil  
 (c) 1997/98 – 17                      1998/99 – 29
- (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.
- (3)-(4) Not applicable.

South East Metropolitan College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil\*                      1998/99 – Nil  
 (c) 1997/98 – 22                      1998/99 – 16
- (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) 35 internal, 3 external.
- (3) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) Lyncroft Consulting and Drake Personnel.

- (4) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) 1997/98 – Nil 1998/99 - \$4,100  
 \*In 1997/98 the College acquired a position in the Senior Executive Service category via the reclassification of a previously existing post.

#### South Metropolitan College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 - Nil  
 (c) 1997/98 – 28 1998/99 - 30  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

#### Midland College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 - Nil  
 (c) 1997/98 – 8 1998/99 - 11  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

#### South West Regional College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 - Nil  
 (c) 1997/98 – 28 1998/99 – 29  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

#### Great Southern Regional College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 - Nil  
 (c) 1997/98 – 25 1998/99 - 27  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

#### Central West College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 - Nil  
 (c) 1997/98 – 39 1998/99 – 45  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) 83 internal, 1 external.  
 (3) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) Information Enterprises Pty Ltd  
 (4) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) \$1,926.24

#### Hedland College

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 - Nil  
 (c) 1997/98 – 50 1998/99 - 99  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

Karratha College

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 – Nil  
 (c) 1997/98 – 22 1998/99 – 24  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

Kimberley College of TAFE

- (1) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) 1997/98 – Nil 1998/99 – Nil  
 (c) 1997/98 – 16 1998/99 – 25  
 (2) (a) Recruitment of Chief Executive Officers is managed by Public Sector Management – Please refer to the answer given in response to question on notice 52.  
 (b) Not applicable.  
 (c) All internal.  
 (3)-(4) Not applicable.

HEATHCOTE SITE, MELVILLE

354. Hon J.A. SCOTT to the Attorney General representing the Minister for Planning:

- (1) Is the Minister aware that Point Heathcote is listed under Bushplan, System Six and by the National Trust?  
 (2) Is the Minister aware that the City of Melville is planning to rezone part of this public reserve for urban development?  
 (3) Is the Minister aware that the Environmental Protection Authority refused to assess this proposal and as a consequence the public had no way of commenting to the EPA on the environmental aspects of this process?  
 (4) Is the Minister aware of widespread concern by residents of Melville about the actions of the Council and the EPA over this heritage listed site?  
 (5) Will the Government take action to ensure that the entire Heathcote site is reserved for Parks and Recreation in view of its environmental and cultural significance?  
 (6) If not, why not?

Hon PETER FOSS replied:

- (1) Only the existing Parks and Recreation reserve encompassing the immediate river foreshore and river banks is designated as a System 6 and Bushplan site.  
 (2)-(3) Yes.  
 (4) The Minister is aware of concern over this site, as follows: of the 12 submissions made in respect of the proposed amendment to the Metropolitan Region Scheme, 5 comprised objections to the amendment; of the 9 submissions made in respect of the proposed amendment to the City of Melville town planning scheme, 2 comprised objections to that amendment. The Minister is also aware that further concerns have been raised, in the form of a petition lodged with the City, and at a Special Meeting of Electors of the City held on 25 August 1999.  
 (5) No.  
 (6) All of the values of the site have been taken into account in preparing the development concept plan. The System 6 and Bushplan foreshore reserves are protected, the cultural and heritage values of the site and listed buildings are protected and will be enhanced. The public will have greater access to and enjoyment of the unique location.

GOVERNMENT DEPARTMENTS AND AGENCIES, INFORMATION TO PEOPLE OF NON-ENGLISH SPEAKING BACKGROUNDS

381. Hon LJILJANNA RAVLICH to the Leader of the House representing the Premier:

- (1) For all Government departments and agencies under the Premier's control, what was the budget allocation for the provision of information to people of non-English speaking backgrounds in -  
 (a) 1994/95;  
 (b) 1995/96;  
 (c) 1996/97;  
 (d) 1997/98; and  
 (e) 1998/99?  
 (2) Have any Government or departments under the Premier's control utilised the services of radio 6EBA non-English print media as media to provide information for people of Cultural and Linguistic Diverse backgrounds?  
 (3) If not, why not?

(4) If yes to (3) above, how much was spent on -

- (a) electronic media; and
- (b) print media, in -
  - (i) 1994/95;
  - (ii) 1995/96;
  - (iii) 1996/97;
  - (iv) 1997/98; and
  - (v) 1998/99?

Hon N.F. MOORE replied:

This question was previously asked as question on notice 1319. The following answer was correct as at 6 August 1999, when it was forwarded to your Electorate Office.

[See paper No 239.]

#### REGIONAL PARKS, EMPLOYMENT OF CONTRACTORS

440. Hon J.A. SCOTT to the Minister for Finance representing the Minister for the Environment:

- (1) What is the process used to employ contractors to carry out work in regional parks?
- (2) What insurance and liabilities do these contractors have?
- (3) Have any contractors quit since appointment and for what reason?
- (4) Has any pensioner or unemployed people been employed in maintenance of regional parks and if so what insurance liabilities do these people have?
- (5) Were these people employed through recognised employment agencies?
- (6) If yes, which ones?
- (7) If not, why not?

Hon MAX EVANS replied:

- (1) CALM employs contractors to carry out works within regional parks in accordance with the guidelines issued by the Department of Contract and Management Services (CAMS). In the initial review of the former contracts managed by the Ministry for Planning (MFP), CALM employed a consulting firm which, with CALM's assistance, assessed all of the maintenance and new works tasks, advertised for expressions of interest and reviewed all applicants. A final list of conforming, cost effective tenderers was then forwarded to CAMS. With CAMS input the contracts were awarded as a CAMS contract. The result is each task has a panel of contractors available to complete that task. The number of contractors on each panel depends on the number of conforming tenders. This review process is ongoing as new lands and contractors are passed to CALM for management and/or new tasks as required.
- (2) Conforming tenders require public liability, third party, workers compensation and comprehensive insurance.
- (3) Yes. Two contractors contacted CAMS and advised they wished to withdraw their services. The first withdrew because he was not the number one panel member for a contract and was concerned there would not be enough work. The second withdrew because he did not agree to the contract conditions.
- (4)-(7) It is not a CALM requirement to keep records of pensions or unemployment details of contractors appointed to carry out works.

#### REGIONAL PARKS, MANAGEMENT

441. Hon J.A. SCOTT to the Minister for Finance representing the Minister for the Environment:

- (1) Which regional parks are managed by the Department of Conservation and Land Management (CALM) and do these regional parks have management plans in place?
- (2) How many of these regional parks have been vested in the National Parks and Nature Conservation Agency?
- (3) What action can CALM take to control illegal buildings, dumping and clearing in regional parks, and have any prosecutions taken place in any regional park over such activities in the last three years?

Hon MAX EVANS replied:

- (1) The Department of Conservation and Land Management (CALM) is responsible for coordinating the management of the following regional parks:

Canning River  
Yellagonga  
Herdsmen Lake  
Beeliar  
Woodman Point

Jandakot  
Rockingham Lakes  
Darling Range

The Canning River Regional Park Management Plan was completed in 1997. Management plans are currently being prepared for the other regional parks.

- (2) Parts of each park, except Canning River, have lands vested in the National Parks and Nature Conservation Authority (NPNCA) in the form of conservation reserves and national parks. Additional lands will be vested in the NPNCA in each regional park upon completion of the management plans.
- (3) CALM can act against illegal activities within regional parks using relevant regulations either directly or through the agency which owns or has the vested control of the land. Over the past two years since CALM took on the management of regional parks, there have been no prosecutions.

#### GOVERNMENT DEPARTMENTS AND AGENCIES, LAND SALES IN EXCESS OF \$500 000

547. Hon TOM STEPHENS to the Minister for Finance representing the Minister for Housing:

Can the Minister for Housing provide the following details of land sales in -

- (a) rural and metropolitan; and
- (b) commercial and residential,

undertaken by departments and agencies in the Minister's portfolio areas, since September 1, 1998, which had a sale value of \$500 000 or more -

- (i) name and location of the land sold;
- (ii) date sold;
- (iii) nature of sale and name of buyer;
- (iv) the names of any non-Government agents involved in the sale;
- (v) proceeds received from the sale;
- (vi) associated revenue from the sale, such as stamp duty; and
- (vii) any associated costs incurred in the sale process?

Hon MAX EVANS replied:

The Ministry of Housing has sold the following parcels of land for more than \$500,000 since 1 September 1998:

- (1)
  - (i) Lot 57 Dianella Drive, Dianella.
  - (ii) 2 March 1999.
  - (iii) Public tender. Australand Holdings Limited.
  - (iv) Agents – Stanton Hillier Parker, Valuers – Chestertons, Christie Whyte Moore.
  - (v) \$6.892 million.
  - (vi) The Ministry of Housing did not receive any associated revenue.
  - (vii) Valuation fees of \$5,750.00, selling fees of \$18,000.00 and acquisition of closed roads \$965,650.00.
- (2)
  - (i) Lots 44, 45, 1184 and 1187 Wright Street, Bayswater.
  - (ii) 18 January 1999.
  - (iii) Public tender. Beamish Property Group trading as Carnegie Park (No 3) Pty Ltd.
  - (iv) Valuers – Chesterton International, Solicitors – Phillips Fox.
  - (v) \$1.45 million.
  - (vi) The Ministry of Housing did not receive any associated revenue.
  - (vii) Valuation and solicitors fees of \$4,926.00.
- (3)
  - (i) Lot 576 Parkway Road, Bibra Lake.
  - (ii) 15 January 1999.
  - (iii) Public tender. Home Satterley Bibra Lake Pty Ltd.
  - (iv) Valuers – Chesterton International, Solicitors – Phillips Fox.
  - (v) \$3.765 million.
  - (vi) The Ministry of Housing did not receive any associated revenue.
  - (vii) Valuation and solicitors fees of \$3,904.00.
- (4)
  - (i) Part Lots 304, 305, 306, 307, 308 and 312, Lots 309, 310, 311, 1, 497 Minningup Road, Dalyellup.
  - (ii) 9 September 1999. It should be noted that a beneficial interest of 50% in the land has passed to the Joint Venture Participant at this date.
  - (iii) Home Satterley Dalyellup Pty Ltd.
  - (iv) Valuers – Chestertons, Valuer Generals Office, Christie White Moore and Cape Naturaliste Valuation Services.
  - (v) \$3,549,500.00.
  - (vi) The Ministry of Housing did not receive any associated revenue.
  - (vii) Valuations of the land for the Joint Venture purposes \$25,375.00.

#### GOVERNMENT CONTRACTS, CHAMBER OF COMMERCE AND INDUSTRY OF WA

583. Hon KEN TRAVERS to the Minister for Transport representing the Minister for Primary Industry:

- (1) Have any of the Government agencies for which the Minister for Primary Industry is responsible had contracts with, or made payments to, the Chamber of Commerce and Industry in each of the following years -
  - (a) 1996/97;
  - (b) 1997/98; and
  - (c) 1998/99?



(2) If yes, what was the nature of each of the contracts and what was/were the payments made?

Hon M.J. CRIDDLE replied:

The following payments were made to the Chamber of Commerce and Industry of Western Australia by departments/agencies under my Ministerial control:

Agriculture Western Australia				
			Contracts	Payments
(1)	(a)	96/97	No	Yes
	(b)	97/98	No	No
	(c)	98/99	No	No
(2)		96/97		\$240 for seminars and publications
		97/98		N/A
		98/99		N/A

Fisheries Western Australia

(1) (a)-(c) Nil.

(2) Not applicable.

### QUESTIONS WITHOUT NOTICE

#### BUS FLEET LEASE, MATRIX FINANCE GROUP

#### 304. Hon TOM STEPHENS to the Minister for Transport:

I refer to reports of a contract proposal with Matrix Finance Group to buy and lease back the Government's new bus fleet.

- (1) When was the minister first made aware of this proposal?
- (2) What role has the minister played in the development and negotiation of this proposed arrangement?
- (3) What public announcements were made in relation to Matrix Finance Group being awarded a mandate for an involvement in this contract proposal?

Hon M.J. CRIDDLE replied:

(1)-(3) I do not recall being involved in any direct negotiations with regard to that issue.

#### BUS FLEET LEASE, MATRIX FINANCE GROUP

#### 305. Hon TOM STEPHENS to the Minister for Transport:

I refer to Transperth's plans to lease its bus fleet from Matrix Finance Group.

- (1) What is the current value of Transperth's bus fleet?
- (2) How many of the current Transperth bus fleet are owned and leased?
- (3) What is the sale price of the bus fleet in the deal being negotiated with Matrix Finance Group?
- (4) Can the minister confirm that the lease payments are based on a total commitment of \$250m?

Hon M.J. CRIDDLE replied:

I thank the member for some notice of this question. I point out to members that the Government has no plans to lease the bus fleet from Matrix Finance Group.

- (1) At the time of the tender the fleet was valued by Arthur Andersen at approximately \$98m inclusive of 16 central area transit buses. New Mercedes Benz buses have been purchased and added to the fleet at a cost of approximately \$12.7m.
- (2) All buses in the Transperth bus fleet are owned by the Government, with the exception of the two Denning double-decker buses providing the Perth-Mandurah express service and two mid-size Dennis Darts servicing the northern suburbs.
- (3) The fleet is not being sold.
- (4) The Government does not lease the bus fleet.

#### GOODS AND SERVICES TAX, PASSENGER AND COMMERCIAL VEHICLE RENTALS

#### 306. Hon N.D. GRIFFITHS to the minister representing the Treasurer:

- (1) What impact will the Taxation Laws Amendment Bill (No. 5) 1999 of the Commonwealth have on the State Government fleet funding transaction if the Bill is passed in its present form?

- (2) Has the Treasurer, or a representative of the Government, made representations to the Commonwealth in order to claim exemptions?
- (3) What will be the average monthly increase of passenger and commercial vehicle rentals to government agencies as a result of the goods and services tax?

**Hon MAX EVANS replied:**

I ask that the question be put on notice.

#### TOWER BRICK PROPOSAL

**307. Hon J.A. SCOTT to the minister representing the Minister for Health:**

- (1)
  - (a) Has the Health Department held discussions with the Shire of Swan regarding solutions to the planning dilemma caused by the recent Supreme Court decision on the Tower Brick proposal?
  - (b) If so, what was the outcome of the discussion?
- (2) What action will the Health Department take in response to the Supreme Court's decision on the Tower Brick proposal?

**Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1) No. The Health Department is not responsible for planning matters. However, a Health Department representative attended a meeting with representatives from the Shire of Swan, the Ministry for Planning, the Department of Environmental Protection and the Environmental Protection Authority.
- (2) As the Tower Brick decision has implications for the offensive trades provisions of the Health Act, the executive director of public health is in the process of organising a meeting with relevant parties to assist its consideration of the need for legislative amendments to the Act.

#### WESTRAIL SURVEY, TENDERS

**308. Hon NORM KELLY to the Minister for Transport:**

I refer to the University of Melbourne-International Social Science Surveys Australia survey for Westrail.

- (1) Who made the decision not to call for tenders for the contract?
- (2) What efforts were made to determine the availability of Western Australian-based organisations able to do the research?
- (3) Which Western Australian-based organisations were contacted to determine their ability to do the research?
- (4) In relation to question without notice 279 asked on 22 September, what was the "specific area of professional advice" sought for the research?

**Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question.

- (1) The Acting Commissioner of Railways.
- (2)-(3) General inquiries were made to determine whether appropriate expertise existed in Western Australia. However, feedback confirmed that the University of Melbourne, in conjunction with International Social Science Surveys Australia, had unique expertise in the study of employees' values and priorities in respect of employment conditions. The organisation chosen is the only organisation to possess the extensive database required for comparative purposes.
- (4) Expertise in effectively evaluating employees' values and priorities in respect of employment conditions and job security.

#### MARRON SEASON, REDUCTION

**309. Hon MURIEL PATTERSON to the minister representing the Minister for Primary Industry:**

Can the minister confirm that Fisheries WA is looking at reducing the marron season in the south west in line with pressure on current river stocks?

**Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question. At this time, Fisheries WA is not proposing any changes to the existing management arrangements for the recreational marron season which will commence on 8 January 2000.

#### GOVERNMENT VEHICLE FLEET, FUNDING FACILITY

**310. Hon LJILJANNA RAVLICH to the minister representing the Treasurer:**

I refer to the funding facility for the Western Australian Government's light vehicle fleet.

- (1) Has the early termination of the funding agreement been calculated by Treasury?
- (2) If so, how much would the State have to pay in wind up costs and administrative expenses?
- (3) Would the State incur any other penalties if the funding agreement were terminated early by the Government?
- (4) If so, will the minister itemise the penalties?

**Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1)-(4) Calculations for termination costs would depend on the specified date of termination. As there is no prospect of a termination at present, no specific calculation is available.

#### PASSENGER AND LIGHT COMMERCIAL FLEET NUMBERS

**311. Hon J.A. COWDELL to the minister representing the Treasurer:**

- (1) Can the minister advise the total number of passenger and light commercial fleet vehicles?
- (2) Does the figure include vehicles leased by the 33 government trading enterprises?
- (3) If not, how many vehicles are leased by the government trading enterprises?
- (4) What is their value and are those vehicles financed by Matrix Finance Group?

**Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1)-(2) As at September 1999, 9 542 passenger and light commercial vehicles were leased under the state fleet funding facility. A record of vehicles outside the fleet funding facility is not centrally maintained.
- (3)-(4) As at September 1999, 842 government trading enterprise vehicles were leased through the state fleet funding facility with a total value of \$19 143 461.

#### NATIONAL PARTY FOREST POLICY, MS JO HOCKING

**312. Hon MARK NEVILL to the minister representing the Minister for Primary Industry:**

- (1) Has Ms Jo Hocking had any direct involvement in drafting the forest policy of the National Party of Western Australia while working for, and in the office of, the Minister for Primary Industry?
- (2) Has Ms Jo Hocking used any of the resources or facilities of the minister's office in her role of formulating or contributing to the policy of the National Party of Western Australia?
- (3) If so, what involvement has the officer had while working for the minister and what office resources or facilities have been used by the officer?

**Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question.

- (1)-(3) Ms Jo Hocking is employed as a research officer in accordance with the requirements of a circular to members of Parliament dated 14 July 1997. Her time is shared between the following members of the Legislative Assembly and the Legislative Council: Hon H. Cowan, MLA; Hon M. House, MLA; Hon M. Montgomery, MLC; and Hon M. Criddle, MLC.

#### PEEL INLET AND HARVEY ESTUARY MANAGEMENT STRATEGY, CONDITION 13

**313. Hon CHRISTINE SHARP to the minister representing the Minister for Water Resources:**

With regard to condition 13 of the statement that a proposal may be implemented for the Peel Inlet and Harvey Estuary management strategy stage 2 of January 1989, I ask -

- (1) (a) Was the baseline monitoring data collected prior to construction of the Dawesville Channel?  
(b) If so, what type of information was monitored?
- (2) What monitoring programs have taken place since construction of the Dawesville Channel to monitor its effects?
- (3) What monitoring programs are still being pursued?
- (4) Is there any specific date after which the legal requirements of condition 13 are no longer applicable?

**Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1) (a) Yes.
- (b) Tidal levels; water circulation; water quality; sediment quality; phytoplankton; macroalgae; seagrass; fringing vegetation; and fish, bird and mosquito populations.
- (2) Tidal levels; water circulation; water quality; sediment quality; phytoplankton; macroalgae; seagrass; fringing vegetation; and fish, bird and mosquito populations.
- (3) Tidal levels; water circulation; water quality; sediment quality; phytoplankton; macroalgae; seagrass; fringing vegetation; fish, bird and mosquito populations; and shoreline erosion.
- (4) No.

#### PYRTON SITE, ETHNOGRAPHIC STUDY

**314. Hon HELEN HODGSON to the minister representing the Minister for Aboriginal Affairs:**

- (1) Has an ethnographic study been carried out on the Pyrtton prison site?
- (2) If so, when was the study conducted and by whom?
- (3) If not, why not?
- (4) Has the minister or the department ever given an undertaking that such a study would be conducted?
- (5) Has the Aboriginal Cultural Material Committee received an application under section 18 of the Aboriginal Heritage Act from the Ministry of Justice in respect of the Pyrtton site?
- (6) If so, has the committee submitted notice of the application and its recommendations to the minister for consideration?
- (7) If no to (6), when does the minister expect to receive them?

**Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question.

- (1) Yes.
- (2) May 1999 by McDonald Hales and Associates Pty Ltd.
- (3) Not applicable.
- (4) No, the responsibility for commissioning an ethnographic study lies with the landowner-developer.
- (5) The Aboriginal Cultural Material Committee has received an application under section 18 of the Aboriginal Heritage Act 1972 from T & Z Architects and Planners on behalf of the Disability Services Commission and the Ministry of Justice.
- (6) No.
- (7) The ACMC has deferred further consideration of the section 18 application lodged by T & Z Architects and Planners until its meeting in December 1999.

#### GOVERNMENT VEHICLE FLEET, CONTRACTS 619A1994 AND 677A1994

**315. Hon E.R.J. DERMER to the minister representing the Minister for Works:**

I refer to contracts 619A1994 and 677A1994 in relation to the government vehicle fleet and ask -

- (1) Why did the period of contract change from two years in contract 619A1994 to 10 years in contract 677A1994?
- (2) Why was the clause exempting government from responsibility for the residual value of the vehicle at the end of the lease period which was included in the tender documents for 619A1994 not in the tender documents for 677A1994?
- (3) On what date was the decision made to separate the fleet funding and fleet management functions?

**Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1) Tender No 619A1994 related to the tender of the Department of Land Administration's motor vehicle fleet. This comprised about 40 vehicles for a two to three-year period. Tender No 677A1994 was for the total state government motor vehicle fleet.
- (2) Both tenders were effectively for operating leases. The wording of the two contracts was not materially different.
- (3) Treasury assumed responsibility for the fleet funding arrangements on a progressive basis from July 1998.

## TRANSPERTH, MATRIX FINANCE GROUP CONTRACT

**316. Hon KIM CHANCE to the Minister for Transport:**

I refer to Transperth's plan to lease its bus fleet from Matrix Group Limited and ask -

- (1) Was the decision to offer Matrix Group Limited a mandate to buy and lease back the Government's bus fleet in line with State Supply Commission guidelines?
- (2) Who were the members of the assessing panel who made this decision?
- (3) Did the members of the assessing panel sign off their agreement?
- (4) If not, who made the decision to continue with the deal with Matrix Group Limited?

**Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question.

- (1) The Government is not selling the bus fleet and has not given Matrix Group Limited a mandate to buy and lease back the bus fleet. Matrix has developed the financial structure to support the acquisition of the new buses but will not be involved in the financing of the fleet. That structure will need to be supported by a binding taxation ruling from the Australian Taxation Office before the financial arrangements are agreed to by the Government. State Supply Commission guidelines were observed.
- (2) Representatives from State Treasury, the Western Australian Treasury Corporation, the Department of Transport, the Department of Contract and Management Services and the Crown Solicitor's Office constituted the membership of the assessing panel. The business of the panel was overseen by a probity auditor from the firm PricewaterhouseCoopers.
- (3) Yes.
- (4) Not applicable.

## WANNEROO RACEWAY, PLANNING RESTRICTIONS

**317. Hon RAY HALLIGAN to the Attorney General representing the Minister for Planning:**

What subdivision planning restrictions, if any, exist around the Wanneroo raceway?

**Hon PETER FOSS replied:**

I thank the member for some notice of this question.

The Wanneroo raceway is located in the Pinjar locality in the City of Wanneroo. Any subdivision proposed in this location would require the consent of the Western Australian Planning Commission pursuant to the Town Planning and Development Act. The site itself is situated on land reserved for parks and recreation under the metropolitan region scheme. The land adjoining the site to the east and north is also reserved under the MRS. The land adjoining the site to the west is zoned rural under the MRS and the land to the south is zoned industrial. Subdivision of land in these zones is guided by the city's operative town planning scheme and policies adopted pursuant to it. These policies do not envisage intensive subdivision of the land. In considering any subdivision application, the Western Australian Planning Commission would also have regard to its Statement of Planning Policy No 4: State Industrial Buffer Policy.

## KEEP AUSTRALIA BEAUTIFUL COUNCIL, ADVERTISING BOARDS

**318. Hon GIZ WATSON to the Minister for Transport:**

In respect of a proposal by the Keep Australia Beautiful Council to promote advertising boards along our freeway, does the minister condone the council's proposal to sell advertising space on visually polluting billboards which would thus adorn our freeways?

**Hon M.J. CRIDDLE replied:**

I can assure the member that there is no intention to allow our freeways to become cluttered with advertising signs. The aim of the Adopt a Highway scheme, recently launched by Main Roads and the Keep Australia Beautiful Council, is to enhance and beautify the main roads of Western Australia in both rural and metropolitan regions through the planting of local native flora, as well as ensuring that the roadways are kept free and clear of litter. By erecting appropriate signs, awareness of those issues can be raised in the public domain. The signs will be limited in number and size and be at least five kilometres apart. The businesses contributing funds towards the clean-up of state roads through this valuable program will have their logo displayed on the signs. The road verges are currently cleaned by Main Roads; however, only limited funds are available to continually beautify and clean these road reserves. By encouraging corporate sponsorship for application in some of the worst litter-affected areas, money saved can be redirected into the roadworks program.

## GOVERNMENT VEHICLES, LEASE TERMS

**319. Hon TOM HELM to the minister representing the Treasurer:**

- (1) Have agencies in consultation with fleet managers and the Department of Contract and Management Services considered extending the lease term of extensively modified vehicles to optimise the whole-of-life costs?

- (2) Has the Department of Contract and Management Services developed and implemented systems to provide agencies with information about the likely impact of current market conditions on vehicle rentals?

**Hon MAX EVANS replied:**

- (1) Lease terms of up to five years are now available.  
 (2) Fleet managers are provided with up-to-date information so they can advise agencies on such matters.

GOVERNMENT VEHICLES, GOODS AND SERVICES TAX

**320. Hon KEN TRAVERS to the minister representing the Treasurer:**

I ask this question on behalf of Hon Ljiljanna Ravlich, who is out of the Chamber on urgent parliamentary business. I refer to the funding facility for the Western Australian Government's light vehicle fleet. Have Treasury, the State Supply Commission and the Department of Contract and Management Services investigated the impact on the funding agreement of including the cost of a goods and services tax within the amount funded?

**Hon MAX EVANS replied:**

As GST will be recovered from input tax credits, it will not be necessary to include GST in the amount funded.

GOVERNMENT VEHICLES, MATRIX FINANCE GROUP CONTRACT

**321. Hon JOHN HALDEN to the minister representing the Treasurer:**

I refer to the Government's vehicle fleet contract with the Matrix Finance Group.

- (1) What government agencies have not entered into the leasing arrangement?  
 (2) What reasons have been given for this failure to do so?  
 (3) What alternative arrangements have these agencies made?

**Hon MAX EVANS replied:**

I ask that the question be placed on notice.

GOVERNMENT VEHICLES, LEASE CONTRACTS 619A1994 AND 677A1994

**322. Hon CHERYL DAVENPORT to the minister representing the Minister for Services:**

Some notice of this question has been given. I refer to contracts 619A1994 and 677A1994 in relation to the Government's vehicle fleet.

- (1) Can the minister advise which companies submitted tenders for contract 619A1994?  
 (2) Can the minister advise which companies submitted tenders for contract 677A1994?  
 (3) If the Matrix Finance Group submitted a tender for contract 619A1994, on what date was the tender submitted?  
 (4) If no to (3), at what point did Matrix express an interest in financing the sale and lease-back of the Government's vehicle fleet?

**Hon MAX EVANS replied:**

I ask that the question be placed on notice. We are looking back to items from 1994, and Matrix became involved in 1996, so one must go back a long way to find the information.

GOVERNMENT VEHICLES, STATE SUPPLY COMMISSION

**323. Hon BOB THOMAS to the minister representing the Treasurer:**

Some notice of this question has been given. I refer to the Government's vehicle fleet contract with the Matrix Finance Group.

- (1) How many vehicles has the State Supply Commission failed to return on time?  
 (2) What costs have been incurred to date as a result of the State Supply Commission's being unable to return vehicles on time?

**Hon MAX EVANS replied:**

I ask that the question be placed on notice.

WESTRAIL, UNIVERSITY OF MELBOURNE REPORT

**324. Hon NORM KELLY to the Minister for Transport:**

On 22 September 1999, the minister stated that the final report on the University of Melbourne-International Social Science Surveys Australia survey for Westrail was due "imminently".

- (1) Has that report now been received?

- (2) If not, why not?
- (3) Will the minister now table a summary of the results?

**Hon M.J. CRIDDLE replied:**

- (1)-(2) I am advised by the Acting Commissioner of Railways that he has yet to receive the final report.
- (3) As indicated in my response to the member's previous question on the matter, I will table a summary of the results when the report is received and after the employees have been advised accordingly.

#### ABROLHOS ISLANDS, COMMERCIAL AIRCRAFT OPERATIONS

**325. Hon KIM CHANCE to the minister representing the Minister for Fisheries:**

Mr President -

Hon N.F. Moore: An independent question! He might have worked it out for himself.

The PRESIDENT: Order! The member is trying to ask a question through me, but I cannot hear what is being said.

Hon KIM CHANCE: Thank you, Mr President.

- (1) What legislative authority is claimed by the Minister for Fisheries and which specific regulation is he using to support the claim made on his behalf by the Executive Director of Fisheries in his letter to Cocks Macnish barristers and solicitors dated 24 August 1999 to the effect that aircraft operations and the use of landing places in the Abrolhos islands reserve should not occur without the minister's expressed permission?
- (2) If the Minister for Fisheries currently has such powers, what was the purpose of the introduction of Fish Resources Management Regulation 105A, which was subsequently disallowed by this House?
- (3) Is the minister aware that by attempting to restrict commercial aviators from the Abrolhos trade, he is causing financial losses to local businesses and is possibly acting in contravention of national competition policy?
- (4) Will the minister now clarify this matter by advising the House that he accepts that the proper and appropriate authority which governs civil aviation in Australia is the Civil Aviation Safety Authority, not the Western Australian Minister for Fisheries?

**Hon M.J. CRIDDLE replied:**

As the issues raised by the member relate to correspondence from the Executive Director of Fisheries, the Minister for Fisheries will be happy to provide a response should the member place the question on notice.

#### EDUCATION DEPARTMENT, YEAR 2000 COMPLIANCE

**326. Hon E.R.J. DERMER to the Leader of the House representing the Minister for Education:**

Some notice of this question has been given.

- (1) Has the Education Department's PeopleSoft human resources management computer system been fully examined for year 2000 compliance?
- (2) If this examination has been completed, what was the result of the examination?
- (3) If this examination has not been completed, why not?
- (4) Has a year 2000 contingency plan been prepared for the human resources management system?
- (5) If a contingency plan has not been prepared, why not?

**Hon N.F. MOORE replied:**

- (1)-(2) Yes, comprehensive compliance testing has been undertaken. Several minor issues were identified, which have now been rectified.
- (3), (5) Not applicable.
- (4) Yes.

#### COURTS, WAITING AREAS

**Hon HELEN HODGSON to the Minister for Justice:**

- (1) Is the minister aware of recommendation 47 of the report "Gender Bias and the Judiciary" presented to the Chief Justice on 30 June 1994 which addressed the need for re-definition of waiting areas in court precincts for applicants and respondents in respect of restraining orders, particularly when new courts are designed?
- (2) Does the Ministry of Justice include the need for separate waiting areas in the design specifications of new courthouses?

- (3) When was the design of the new Port Hedland courthouse finalised?
- (4) Does the design of the new Port Hedland courthouse incorporate physical separation of the waiting areas, and if not, why not?

**Hon PETER FOSS replied:**

- (1) Yes.
- (2) Yes, discrete access and waiting rooms are provided.
- (3) Design development was finalised in 1998.
- (4) Yes, see (2).

#### WATER CORPORATION, LOAN REPAYMENTS

**327. Hon KEN TRAVERS to the minister representing the Treasurer:**

- (1) What was the total amount of loan repayments made by the Water Corporation to the consolidated fund in 1998-99?
- (2) When were these repayments made?
- (3) Were these payments budgeted and, if so, where are they shown in the budget papers?
- (4) If no to (3), why were the payments not budgeted for, and why were they made in the 1998-99 financial year?

**Hon MAX EVANS replied:**

I ask that the question be placed on notice.

#### CULTURAL TOURISM

**328. Hon TOM STEPHENS to the Minister for Tourism:**

- (1) Did the minister give approval for EventsCorp and the WA Tourism Commission representatives to pull out of the cultural tourism working group?
- (2) Have the minister and the Government given up any commitment to value adding to arts and tourism products through cultural tourism?
- (3) If not, what steps is the Minister for Tourism taking to make sure that he and his departments and agencies are promoting cultural tourism, to add value and returns to the cultural products available in Western Australia to maintain their economic viability?

**Hon N.F. MOORE replied:**

- (1)-(3) I thank the member for the question, of which no notice was given. That is fair enough. It is interesting that the Leader of the Opposition has discovered culture. Now that he is shadow minister for culture and the arts, he talks about it.

Hon Tom Stephens: They call me Les Patterson over here.

Hon N.F. MOORE: I think that is a gross insult of the worst sort to Sir Les Patterson. The member should withdraw that in deference to Sir Les Patterson's character! I understood the first part of that very long question to be whether I had directed the Tourism Commission.

Hon Tom Stephens: I asked whether the minister had given approval for the withdrawal of the representatives from the cultural tourism working group.

Hon N.F. MOORE: No, I have not. They have obviously made their own decision about that, but I will follow up to ascertain why that is the case, if that information is correct. I have noticed in recent times that many of the things said by the Opposition are the exact opposite to the truth. Unfortunately, I must always take with a grain of salt any questions asked in this place by the Leader of the Opposition which he purports to be based on fact.

In fact, Hon Peter Foss and I, together with the federal minister, launched a significant cultural tourism policy a year or two ago.

Hon Ken Travers: Just before the federal election?

Hon N.F. MOORE: It may well have been. Cultural tourism is an important part of the work of EventsCorp and the Tourism Commission as a whole. We acknowledge that culture is one area in which Western Australia can attract a great deal of tourism. EventsCorp has been involved with bringing to Perth *The Phantom of the Opera*, which was a significant tourism event, and a significant cultural event, if people regard it as culture. *Les Miserables* was another event with which EventsCorp was involved.

Hon Ken Travers: What about Rally Australia?



Hon N.F. MOORE: I suspect Rally Australia would be a cultural event for the member!

Hon E.R.J. Dermer: We did not get to experience the culture of Global Dance.

Hon N.F. MOORE: The member should read very carefully what the Global Dance Foundation is about, so that he understands that it was a very good attempt to bring to Western Australia a cultural event of some international significance. It was unable to be put together by the person who sought to make it work. However, WA applied for 13 international events that year, and missed out on only one - Global Dance. Twelve international events were held in Western Australia that year and it would be nice if occasionally the Opposition acknowledged that. It was a very good series of international events. The Government is enthusiastic about cultural tourism, and I will check the details of the question asked by the Leader of the Opposition.

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