Parliamentary Debates
(HANSARD)

THIRTY-FIFTH PARLIAMENT
THIRD SESSION
2000

LEGISLATIVE ASSEMBLY

Wednesday, 14 June 2000

Legislative Assembly

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THE SPEAKER (Mr Strickland) took the Chair at 12 noon, and read prayers.

NOTICE OF MOTION No 12

Removal from Notice Paper

THE SPEAKER (Mr Strickland): I advise that private members' Notice of Motion No 12 submitted on 27 October 1999 will lapse and be removed from the next Notice Paper unless written notice is given to the Clerk requiring this notice to be continued.

ELECTORAL AMENDMENT BILL 2000

Introduction and First Reading

Bill introduced, on motion by Mr Shave (Minister for Parliamentary and Electoral Affairs), and read a first time.

Second Reading

MR SHAVE (Alfred Cove - Minister for Parliamentary and Electoral Affairs) [12.05 pm]: I move -

That the Bill be now read a second time.

The Government is amending the Electoral Act to put into effect recommendations of the Western Australian Electoral Commissioner to tighten disclosure provisions relating to political finance, and to make a number of other commonsense reforms. This Bill will provide for the formal registration of political parties; it will enable greater efficiency and convenience in the casting and processing of absentee and postal votes, and in candidate nominations; it will remove a number of obsolete provisions from the Electoral Act; and it will carry through several other sensible housekeeping changes.

Now that the finances of political parties are subject to regulation under the Electoral Act, it makes good sense that political parties operating in Western Australia be formally registered with the Western Australian Electoral Commission. Currently under section 113C of the Electoral Act, approval must be given for the printing of names of political parties on ballot papers. This creates an unofficial recognition of the parties, but it is not the same as registration. Formal registration will enable any new parties to know that they can satisfy all requirements in advance of an election, rather than waiting until the writs are issued - when it may be too late to comply.

The Electoral Commissioner has recommended that Western Australia follow the same system of registration of parties as operates in Queensland. Part 9 of this Bill provides for a new part IIIA of the Electoral Act. This will enable the registration of all political parties now represented in the Parliament of Western Australia, and any other political party that provides a list of names and addresses of at least 500 members who are electors. The Electoral Commissioner will be able to refuse registration of a party name that comprises more than six words, that is obscene or offensive, that includes the words "royal" or "independent", that is already a party or public body name, or that so nearly resembles a party or public body name that it is likely to cause confusion. In this regard, proposed new section 62J will follow the existing rules under section 113C governing the printing of names on ballot papers.

The Electoral Commissioner may cancel registration of political parties when they are not represented in Parliament and when they have fewer than 500 members; when they fail to contest a seat at a general election; and when the returns they are obliged to lodge in part VI of the Act are overdue for more than 12 months. Political parties that fail to lodge disclosure returns can be deregistered. Decisions of the Electoral Commissioner will be subject to appeal to the Supreme Court under proposed section 62N of the Act.

Other amendments regarding political finance are contained within part 8 of this Bill. The definition of electoral expenditure will be broadened to include the production and distribution of mail-outs. Candidates will be given more time to appoint agents - until 6.00 pm on the day prior to polling day, rather than at close of nominations. The Electoral Commissioner noted in his "Political Finance Annual Report" tabled in 1998 that fewer than 27 per cent of candidates at the last election had appointed agents, so this extra time will be important. The agents of political parties must now identify and lodge returns for associated entities of their parties. A political party cannot now avoid compliance by dissolving itself.

I shall now deal briefly in turn with the remaining parts of the Bill. Following the preliminary part 1, part 2 amends numerous sections of the Act together with six other Acts in order to remove reference to the positions of clerk and deputy clerk of the writs and simplify the entire process of issuing and returning writs. Part 3 continues this updating process by removing another obsolete position, that of registrar. We need to remember that the Electoral Act was first drafted when there was no permanent, professional Electoral Commission. A revised section 25 of the Act will give the Electoral Commission greater flexibility in providing copies of the electoral roll to the public. Modern technology now makes it possible for an up-to-date roll for any seat to be printed out on request. Visitors to the Electoral Commission no longer need view outdated printed copies of the roll, but have access to the electoral roll by computer.

The process of nominations is streamlined in part 4 of this Bill. The nominations of candidates of a registered political party can be lodged in bulk with the Electoral Commissioner. Candidates of non-registered parties will need to contact the local

returning officer to lodge their nomination. A "place of declaration of nomination" will replace the current "place of nomination" that must be a polling place. This will mean, for example, that if a returning officer is a clerk of courts, he can receive nominations at the courthouse rather than at the school that may be the main polling place.

Changes to postal voting are made in part 5 of the Bill. The processing and checking of postal votes will now commence three days prior to polling day, so that the actual votes will be ready to be scrutinised and counted at the close of polling. Not a single actual ballot paper will be inspected or counted before 6.00 pm on election day. This practice has already proved its efficiency in the conduct of local government postal ballots by the Electoral Commission. Carers of sick and infirm people, together with silent electors, will gain the right to become general postal voters.

Under the Commonwealth Electoral Act, polling places attracting large numbers of absentee votes can be designated as super booths, where these voters can lodge ordinary votes rather than time-consuming absentee votes. Part 6 of the Bill brings this same flexibility to the Western Australian Electoral Act by enabling voters to cast ordinary votes outside the boundaries of the district for which they are enrolled. One 'super booth' will be set up in a central location. In other polling booths with a high rate of absentee votes, electors outside their districts will also be able to cast ordinary votes through the online provision of a computer-based roll.

Part 7 of the Bill clears up an anomaly regarding the filling of vacancies in the Legislative Council. Currently, if a member resigns after a general election and prior to the expiration of his term, there is doubt about the meaning of the "most recent election in the region". Does this mean the election at which the member was elected, or the election just passed? This doubt is put to rest by reference under section 156A to the "original election".

In part 10 of the Bill, the transmission of electoral matter is brought into the new century. Reference to "written or telegraphic return" will be replaced by "communications", and under section 210 electronic communication is specifically authorised. This will have the effect of enabling the enrolments of absentee voters to be verified by computer linkage.

Finally, a number of timely amendments to the Electoral Act are included in part 11 of the Bill. Section 5F is amended to give the Electoral Commissioner the option to conduct elections for public and community organisations as well as for statutory bodies, as presently occurs. Spoilt ballot papers will no longer be destroyed on the spot, but will be formally cancelled and retained for reconciliation at the close of polling. There will no longer need to be formal printed authorisation at elections for small promotional items, such as business cards, T-shirts, lapel buttons, pens or balloons.

Some of these amendments may be minor but none is trivial. They have all been recommended by the Electoral Commissioner to enable the smooth running of the Electoral Act and the conduct of elections. They make for an Electoral Act that is more efficient and modern, and that makes disclosure that much more effective. They have been put forward in a bipartisan spirit, and it is my understanding that the Opposition supports the Bill and its passage through the Parliament. I commend the Bill to the House.

Debate adjourned, on motion by Mr Cunningham.

RESTRAINING ORDERS AMENDMENT BILL 2000

Second Reading

MRS EDWARDES (Kingsley - Minister for the Environment) [12.16 pm]: I move -

That the Bill be now read a second time.

I am pleased to present this Bill to the House. The Bill expands the protection afforded by the Restraining Orders Act 1997 with regard to children and proceedings in the Children's Court. It also grants power to courts exercising family law jurisdiction to make restraining orders under the Act. Finally, it clarifies the transitional provision of that Act in relation to the status of orders made previously under part VII of the Justices Act 1902.

Jurisdiction of the Children's Court: With regard to children and proceedings in the Children's Court, the current provisions of the Restraining Orders Act provide that when a person to be protected by a restraining order is a child, application is to be made by a parent or guardian of the child. Experience has shown that this approach is too restrictive. In many cases the parent or guardian is either not prepared to make the application, cannot be located, or it is their conduct which has placed the child in the circumstances which warrant protection. This problem is particularly evident when a child has come to the attention of child welfare officers as being a person in need of care and protection. The Bill therefore seeks to amend the Act to expand the category of persons who can apply for an order on behalf of a child.

Currently a legislative void exists in regard to the guardianship responsibility for a child in the period between when a child comes to the attention of a welfare officer and when an order is made by the Children's Court making that child a ward of the State. There is also a period between when a child is apprehended under the provisions of the Child Welfare Act, as being a person in need of care and protection, and the making of an order by the court when a restraining order is necessary or appropriate. It is in this period that the current restraining order legislation requires the parent or guardian of the child to make the application. However, this is usually impractical.

It is therefore appropriate that a child welfare officer, being a person appointed as such under the provisions of the Child Welfare Act, be authorised to make an application for a restraining order on behalf of a child. The provisions of the Restraining Orders Act are also limiting in the circumstances under which a court, during the conduct of other proceedings, can make a restraining order. The Bill extends those circumstances to include the conduct of proceedings in the Children's

Court when it is hearing care and protection applications. Under the Bill, the court will be able, on its own motion or on the application of a child welfare officer, to make a restraining order under the Act. A child welfare officer will also be able to apply on behalf of a child, to vary or cancel a restraining order, or to register an interstate or foreign restraining order.

Family law jurisdiction: The Bill seeks to extend the provisions of the Restraining Orders Act to a court hearing proceedings under the Family Court Act or the Family Law Act of the Commonwealth. Under the Bill, a court exercising family law jurisdiction may make a restraining order on its own motion, or on the application of a party to the proceedings or of a person who gives evidence in those proceedings. Importantly, the Bill limits the making of an application for a restraining order in the Family Court, or a court exercising family law jurisdiction, to situations in which the court is actually hearing family law proceedings; that is, parties will not be able to apply to the Family Court generally for a restraining order or to commence proceedings by filing such an application. This approach is reflected in the Bill because a well-established process exists in the jurisdiction of the Court of Petty Sessions to deal generally with the applications for restraining orders.

Situations often arise in family law proceedings when it becomes apparent that a restraining order is necessary or appropriate. The purpose of the amendments is to provide a court hearing family law proceedings with the ability to grant a restraining order, and provide the parties and others involved with the ability to apply for such an order. The Bill provides that a court exercising family law jurisdiction, when making a restraining order during the conduct of other proceedings, may make an interim order in lieu of the normal final order. Such an approach is a practical necessity, as there is a potential for many applications for restraining orders to be made to the Family Court during the disposition of lengthy lists of family law applications. In these situations, there is insufficient time to hear the evidence of both parties and to make a final order. An interim order addresses this problem, with the matter then being adjourned for a final hearing on a date available for the taking of the evidence.

Breaches of restraining orders made by a court exercising family law jurisdiction will be instituted in a Court of Petty Sessions because a breach of a restraining order is an offence.

Transitional provisions of current Act: The Restraining Orders Act provides that orders made previously under Part VII of the Justices Act are deemed to be misconduct restraining orders under the Act. However, the recent evaluation of the Act highlighted concern as to the willingness of Courts of Petty Sessions to exercise authority to vary such "old" orders. This concern was based around the beliefs of a number of magistrates that such orders were not "final orders" within the meaning of the Act. This is not the case, and certainly not the intent of the Act. Although the Act does not specifically make reference to these "old" orders within the definition of "final order", these "old" orders should be treated as such. The Bill therefore seeks to amend section 86 of the Act to provide that these old orders are final orders within the meaning of the Act. Such an amendment will afford a greater degree of protection to those people who have the benefit of these old orders.

As I indicated earlier, the purpose of the Bill is to extend the coverage of the current legislation in a number of important ways. In extending the coverage of the current restraining order legislation, the Bill gives practical effect to the Government's commitment to increase the effectiveness of, and accessibility to, restraining orders by victims of family and domestic violence. I commend the Bill to the House.

Debate adjourned, on motion by Mr Cunningham.

LIQUOR LICENSING AMENDMENT (PETROL STATIONS AND LODGERS' REGISTERS) BILL 2000

Second Reading

MR BARNETT (Cottesloe - Leader of the House) [12.21 pm]: I move -

That the Bill be now read a second time.

The main purpose of the Liquor Licensing Amendment (Petrol Stations and Lodgers' Registers) Bill 2000 is to amend the Liquor Licensing Act 1988 to prevent the liquor licensing authority from approving the grant or removal of a licence that would authorise the sale of packaged liquor from any premises if there is a petrol station on the premises and the premises are -

(i) in the metropolitan area; or

(ii) in, or within a prescribed distance outside, a country townsite in which there is a packaged liquor outlet.

The Bill will also prevent the establishment of a petrol station on licensed premises that are authorised to sell packaged liquor and located in the metropolitan area or in a country townsite, subject to the director of liquor licensing being empowered to exempt premises in a country townsite. The exemptions in the Bill enable a petrol station to be established together with a packaged liquor outlet in a country townsite, thereby ensuring that residents of isolated country townsites are not disadvantaged.

In addition, to avoid any potential negative impact on businesses that currently operate both a packaged liquor outlet and a petrol station from the same premises, the Bill provides that the liquor licensing authority will not be prevented from considering an application for the removal of a liquor licence where the operator of the business desires or is required to relocate both the liquor and petrol components of the business to other premises situated not more than 500 metres away.

However, it is important to note that the determination of such applications will, as usual, be based on the individual merits of the application. This provision has been included in the Bill following a committee amendment in the Legislative Council.

The Bill is in response to the 15 January 1999 decision of the Liquor Licensing Court to refuse the application for a liquor store licence by Gull Petroleum (WA) Pty Ltd at a roadhouse on the Great Northern Highway, Upper Swan. The judge's refusal to grant the application was based upon the particular location of the premises, at the start of a major highway, rather than because the premises were a petrol station. In his decision, the judge made the following comment -

> . . . this application should not be determined by the application of preconceived policy. This is particularly so where the legislation is silent about such policy when it was open to Parliament to legislate against the sale of liquor from service stations and it has not done so.

The Bill will reinforce the State's drink-driving campaign by preventing impulse purchasing of packaged liquor at petrol stations. Members will note that the opportunity has also been taken to reduce, from six to two years, the period that a hotel licensee must retain a register of lodgers. Presently, hotel licensees are required to retain a register of lodgers for a period of six years after the last date occurring in the register. This requirement can represent an onerous task for large four or five star hotels, where up to 60 000 guests can be registered a year. I commend the Bill to the House, and provide for the benefit of members an explanatory memorandum for the Bill.

Debate adjourned, on motion by Mr Cunningham.

BULK HANDLING REPEAL BILL 2000

Declaration as Urgent

MR HOUSE (Stirling - Minister for Primary Industry) [12.25 pm]: In accordance with Standing Order No 168(2), I move -

> That the Bill be considered an urgent Bill.

This Bill was introduced on 25 May this year and is one day short of the required three-week period prescribed under Standing Order No 168(1).

Question put and passed.

Second Reading

Resumed from 25 May.

MR GRILL (Eyre) [12.26 pm]: I indicate at the outset - as I endeavour to do with most legislation that I handle on behalf of the Opposition - the Opposition's position on the legislation. The Opposition will not oppose this legislation. My colleague in the other place, Hon Kim Chance, has given an undertaking to Co-operative Bulk Handling Ltd that the Opposition will endeavour to expedite this legislation. I note the motion just moved by the minister which designates this legislation as urgent; the Opposition has no problem with that. The Opposition has indicated to CBH, and to the minister via his officers, that it will endeavour to get this legislation through as quickly as possible. It is prepared to do that so that certain time lines are abided by. The time lines are extraneous to the legislation, but they are tied up with events that need to take place as a result of the legislation. The primary event is the approval by the growers that own CBH of the major changes within the legislation. That approval must be given by not just a simple majority of growers, but a majority of 75 per cent. That level of approval is pursuant to the current legislation.

The Opposition appreciates that a substantial campaign will need to be waged by CBH to get these proposals over the line. A substantial campaign is needed because growers are becoming nervous about deregulation. Growers are becoming gun-shy about the way in which their major industries are either being privatised, corporatised or deregulated. As a result, there will be a lot of conjecture in the wheatbelt as to whether the growers will vote down, or vote in favour of the proposals CBH will put before them in due course. The time lines are fairly tight. The minister indicated in the second reading speech that these questions need to be put before the growers by August or at the latest, by October. If they are not put during that period, CBH will be overtaken by events; the major event is the harvest. Once the harvest commences and the grain begins to be delivered, there is a whole new structure with respect to entitlements in relation to shares.

Consideration of this type of legislation has been going on for some time. Although CBH had other ideas about demutualisation of its organisation some time ago, those plans have changed over time. They have changed as a result of events happening more generally in the grain industry in Australia, not just necessarily in Western Australia. CBH has kept the Opposition informed. The legislation has come on quickly in this House. However, pursuant to the motion just carried, it is now urgent. The Opposition is prepared to deal with it as quickly as possible both in this House and in the other place. The minister has kindly arranged for briefings to be provided to me and Hon Kim Chance in the other place. I thank him for arranging for Aileen Murrell from his office and Terry Cunningham from CBH to brief us on these issues.

Members on this side understand the timetable, the events that have given rise to it and the difficulties that will be involved in having this legislation passed within that time frame and in obtaining grower support at the appropriate level over the next several months. The Opposition has made a commitment to support the passage of this legislation through this Parliament during the current session; that is, prior to 30 June. I am not sure about that date, but I know that the August-October date is important.

Having said that, I do not want to give the impression to the minister, CBH, this House, the growers or the public generally that the Opposition necessarily supports the proposition set out in the legislation. This debate has a long way to go before the Opposition will support those propositions. Much more consideration should be given to the questions before the House and the more general questions. The grain industry of Western Australia is a very big industry. We are not dealing only with storage and handling of grain; we are dealing indirectly with the entire picture when we pass this legislation. The growers will be dealing with the entire picture when they vote on the propositions that in due course will be put before them as a result of the passage of this legislation. Many issues must be taken into account. We have a comparatively simple task before us; that is, to pass legislation. We will then throw the hard questions at the growers. The growers will have to decide whether they want to change the structure of CBH and grapple with the associated problems. As I indicated earlier, those problems do not relate simply to whether CBH should be a cooperative or a company under the Companies Code. That is the simple part. If only those questions need to be addressed, the growers would not have a hard time. However, they are dealing with much bigger questions about the likely future structure of their industry and the relationship between CBH, which is a storer and handler of grain, and the Australian Wheat Board, which is a privatised and deregulated former statutory body. They will also have to make decisions about the relationship CBH will have with the Grain Pool of WA, another grower-owned body that has served Western Australia well.

While the parliamentarians here today are addressing the easy questions, those questions lead to some very difficult issues that growers will be forced to grapple with in due course. While the legislation will go through this place in a relatively expedited manner, the same degree of cooperation may not be displayed in the wheatbelt. It is for those reasons that the Opposition does not want to express any strong views about the ancillary but very important questions that will arise following the passage of this legislation.

Before I address some of the specific difficulties, I will make a few general remarks about the legislation. For the information of the uninitiated, this legislation repeals CBH's monopoly on grain handling in Western Australia. Average city dwellers know nothing about CBH or its monopoly and, if they do, they probably do not know what it does.

Mr Trenorden: Or who owns it.

Mr GRILL: That is a very sophisticated question. However, our quality of life in the city is predicated on how well these organisations perform in the bush. It is a pity that city people do not understand much about this procedure. If they realised just how important these organisations are, they would take more interest. At least I hope that is the case.

As I have stated in this place previously, it is not many years ago that the economic welfare of this State was bound up in the wheat crop. I can remember the days of the short-lived Tonkin Government - it was in power for three years between 1971 and 1974. At that time the economic future of the State rested very much on the returns from the wheat harvest. I was a candidate at that time, and I know that although the election date was not dictated by how well the harvest went, it was taken into account. That is not the case these days.

Mr House: Before you came to power in 1983 the Parliament scheduled sittings so that the farmers could get home to plant their crops.

Mr GRILL: That is correct.

Mr House: You changed that.

Mr GRILL: I was around in those days and I was a part of it. The point I am making is not that it was convenient for us but that it is a very important industry and that those outside the wheatbelt have very limited knowledge of it. We are making important decisions today. There will probably be very few speakers on this subject, as there normally are on agricultural matters. Nonetheless, these matters are important and they deserve fair consideration by the Parliament.

I said previously that this legislation will remove the monopoly powers currently enjoyed by CBH. Those powers would have expired in any event.

Mr House: CBH's monopoly powers were removed about 10 years ago, but it does still handle about 95 per cent of the grain harvest.

Mr GRILL: It certainly enjoyed a monopoly situation.

Mr House: It did.

Mr GRILL: I will be corrected by the minister and accept that that monopoly may have expired about 10 years ago. Nonetheless, monopoly powers or not, CBH has handled most of the grain in this State for a long time.

The Bill will not only change the structure of CBH but also remove a range of restrictions - that is one of the major features of the legislation - on the operations and activities of CBH. It will remove the restriction on CBH specifically with regard to marketing. That is a very big factor, and, once that has been done, a handler of grain such as CBH, which is well established and well regarded by the farming community, will be in a situation where it can be in competition with, firstly, the Australian Wheat Board and, secondly, our Grain Pool.

Mr House: This will not be so, because wheat is prescribed by the Australian Federal Government's legislation, barley is prescribed by our legislation to the Grain Pool, and lupins and canola are at the minister's discretion. However, other products are being grown now, like baby beans, peas and sunflowers, in which CBH could trade.

Mr GRILL: And it does. What effect will the removal of the restrictions on CBH have on the monopoly powers of the Grain Pool in respect of barley?

Mr House: That is a good question; I will answer that when I respond.

Mr GRILL: The minister will want to deal also with lupins and canola, because that is very important. My understanding is that if we were to remove the restrictions on CBH by repealing this legislation, the monopoly power which is enjoyed by the Grain Pool with regard to barley, canola and lupins, with the consent of the minister, would also be removed.

Mr House: No.

Mr GRILL: I do not know whether this is right, but the question I have in my mind is that by removing these restrictions in this legislation, and with this legislation being the latest in time, this legislation will probably prevail over the Grain Pool legislation; and the minister will, no doubt, address that.

Mr House: Yes.

Mr GRILL: CBH is a cooperative and was set up in 1967 to regulate the bulk handling of grain in this State. It is owned by the growers, and the directors believe that the entity should be restructured to become a company under the companies legislation. This change that we have been invited to sanction is more than just a simple demutualisation but will require the approval of 75 per cent of the shareholders of CBH, which is a pretty high hurdle to overcome. The Opposition is allowing that question to be debated and decided upon by the growers. At this stage we do not want to give any direction to the growers, and we do not want our consent for this legislation to be construed by the growers as being our approval of the steps that will be taken or the questions that will be put to the growers.

We are dealing here with a much larger picture; namely, the requested deregulation of grain marketing and handling in this country. That is taking place against the backdrop of an even bigger picture; that is, globalisation and the more universal competitive pressures that will inevitably arise from that globalisation. The Australian Wheat Board has already gone through a similar process. The AWB was a statutory body, as distinct from CBH which is not a statutory body but is a cooperative under the cooperatives legislation, but it derives its powers and existence from the legislation that I mentioned earlier. The Australian Wheat Board is now a company limited by shares under the companies legislation, and it has been privatised. It has two types of shares: A-class shares, which are grower shares, and B-class shares, which are investor shares.

The Australian Wheat Board has a monopoly on the marketing of wheat internationally for Australia, and for the time being it will continue to have that power. It is called colloquially a single-desk operation for wheat, and I venture the opinion that it has served Australia pretty well over the years. The Howard Government is not wedded to the concept of a single desk and would not necessarily support that concept if all the options were open to it, but I think it realises that the reality of the situation is that there would be a revolt among farmers if the single desk were abolished. However, I do not think we can say necessarily that just because we have a single desk for the export of wheat in Australia at this time, it will be there forever, given all the pressures I mentioned earlier. The privatisation of the Australian Wheat Board has led to a situation where it does not have the same restraints upon it that it had previously. It has now decided that it will become also a bulk handler of wheat, and I presume it will become also a bulk handler of other grains. It has set up a large handling facility in Dimboola in Victoria, I believe mainly as an object lesson to the rest of the industry to indicate that if it really wanted to flex its muscles and get into the business of grain handling in a big way, it could. At this stage, however, most of the people to whom I have spoken have indicated that the likelihood of that is remote, and that although the Australian Wheat Board is flexing its muscles to indicate that it has the potential to become a pretty good operator in the handling of the business, if it can do the right sort of deals with other elements of that industry, it will not get into that field in a big way.
The AWB has endeavoured to do some deals, and it has done a deal in Western Australia with the very entity that we are considering today - CBH - and there is an understanding or alliance between those two organisations in respect of the handling and marketing of wheat. I am not sure how much the State Government had to do with the putting in place of that agreement or alliance, and perhaps the minister can indicate that in his response.

As I have already indicated, there is another successful body in this State which is also owned by growers and which has a very big international reputation and is involved in the marketing of grain, not of wheat, but of grains such as barley, lupins, canola, oats and pulses. That body is the Grain Pool of WA. It may be that I have a slight misunderstanding of the threat to the Grain Pool from this legislation, but my reading of the legislation is that Co-Operative Bulk Handling Ltd could become a competitor of the Grain Pool as a result of this legislation we are passing today; there could be competition between the two agencies in due course. I look forward to being corrected on that, but I thought it was interesting that the minister's second reading speech had no reference anywhere to the Grain Pool. I thought that was a little surprising and I really would like an explanation from the minister as to why he did not mention the Grain Pool. It might be that the Grain Pool is not affected, but, quite frankly, I must say that I would be surprised if it were not affected.

I tell the minister that we need some strategy for the whole of the industry in this State. Either the Government takes the bull by the horns and sets up such a strategy or it leaves it to the market. If it is left to the market, I think we will have agencies like the Australian Wheat Board, the Grain Pool and CBH in conflict. I do not know whether we want to see these agencies in conflict because the general consensus is that, over the years, these agencies have served Australia well. We have marketed wheat well and we have handled grain well. CBH has an enviable record, as does the Grain Pool and the Australian Wheat Board. Although the services are somewhat fragmented at the moment, they are not in competition. If

they are further fragmented and put into competition with one another, I am not sure whether they will serve Western Australian growers and the Australian industry as well as they might. That is why I suggest to the minister that, rather than deal with this legislation today in isolation and perhaps other legislation dealing with the Grain Pool at a later date, we really should be dealing with legislation covering both entities, and in conformity with some strategy. I cannot see any strategy at the moment. I cannot see any strategy at the national level and I cannot see any strategy at the State level.

We need to have a strategy because Western Australia is not the only operator in the grain market. Western Australia is not the only exporter of grain in Australia, although it is by far the biggest. Australia is not the only exporter in the world. There are other agencies which are more than willing to take our markets - particularly our premium markets. We need to be very careful about the way we husband and support our premium markets. I would rather be here today talking about a vision for the future for the grain industry and some strategy that we could agree on with the Government over the issue. As I said before, these are big issues and the way in which we go about deciding them will affect the economic welfare of a large part of the State, and that includes a lot of people who live in the cities.

I said before that some of the growers are getting a bit gun-shy about deregulation and corporatisation. I think that manifested itself when the Australian Wheat Board put a proposition before the growers in this State that the shares in the new privatised Australian Wheat Board should be listed on the Australian Stock Exchange. The farmers overwhelmingly rejected the proposition. One would have thought that quite a few of them would have said, "Well, list the AWB shares on the stock exchange; we can then trade on them and make ourselves rich because they will have a value and we can pocket the value." We have seen with the demutualisation of a lot of the financial institutions in Australia that when the financial bodies have been corporatised the former mutual shareholders have rushed in with their hands out in order to pick up the premium. That did not happen with the Australian Wheat Board. The growers did not want to do it because they are becoming a bit gun-shy about deregulation. They are worried about the way in which their market is going to be handled and I think they are worried about the way in which the Australian Wheat Board may operate in the future. I think a lot of these questions can be transferred across to CBH and to the future of the Grain Pool. I do not think it will be an easy matter with respect to the questions that will be allowed to be put to the growers following the passage of this legislation through the Parliament; it will not be easy to pass the 75 per cent hurdle. It is a big hurdle and I think the growers are gun-shy and will not necessarily give their consent. I do not know where we will be left if the growers do not give their consent. It is a pretty good even-money bet that they will not. I do not know whether there is a contingency plan in place in the event of the ultimate rejection by the growers of the pertinent questions to be asked pursuant to this legislation.

Earlier on, one of the plans of the directors of CBH was to list the shares of the new CBH - that is, the company itself - on the Australian Stock Exchange. That plan has been dropped, presumably as a result of the experience of the Australian Wheat Board. I presume also that it has been dropped because CBH realised that if that were included in the questions to be put to the growers, the chances of getting the basic question through would be diminished quite considerably. CBH is endeavouring to give itself the best chance of jumping the 75 per cent hurdle for the demutualisation of the entity itself.

I indicated before that regulation has served the industry well because it has allowed it to get some sort of handle on quality. As a result of that, it has allowed the industry to pick up price premiums. It has also allowed the industry generally to penetrate some of the best quality markets. I do not know whether it will happen in the event that CBH and some of the other companies deregulate completely. Other factors may well be at work. I will deal with those factors shortly. One factor that is sure to be very fresh in the minds of growers is the recent experience of the dairy industry. The jury is still out in relation to the deregulation of that industry in this State, but all the indications are that the major players in the industry - that is, the farmers - will be very detrimentally affected. The indications are that the prices they currently have for their produce will fall quite dramatically; their high value markets will be destroyed and many of the people currently in dairy farming may be forced out of the industry. All of that is apparent against the backdrop of no guarantee of lower prices for domestic consumers.

Four features emanated from a regulated dairy industry: A stable domestic market, good farm returns, a healthy share of the international dairy produce market and reasonable prices for consumers. As a result of legislation passed in this place a few weeks ago, nearly all those aspects of the dairy industry are in jeopardy. Every member who spoke in this place, including the minister, lamented the course we are taking with this legislation.

I spoke previously about a vision for the grain industry. There is no vision nationally for the dairy industry. It is being driven by fear and loathing emanating from Victoria. In the corridor of this place yesterday, the minister said that he wondered why the growers in Victoria had been talked into going down this track. There appears to be no national leadership of the dairy industry. This is a catastrophe which might take years to sort out. Why has the dairy industry in Victoria been deregulated? Is it to garner the consequences which now appear to be staring us in the face; that is, diminishing returns to the industry and no net benefit to the consumers? It is a huge concern. What is the Federal Government doing? Why has it allowed this situation to be implemented at the behest, I presume, of a few large processors in Victoria? It is a crazy situation. I am concerned about the demise of the dairy industry as we know it. The wool industry has been ruined. Will the wheat industry also be ruined?

One does not have to go back too far to remember a situation that existed in Australia when my father was a young man and farmers were regarded as little more than peasants. I remember my father making a strange statement to me when I was young which may sound bizarre today. He said, "Hitler saved the agricultural industries." If one considers that statement, made at a time of major economic events which were played out around the Second World War, he might well have been right. Until then, in almost every country in the world, especially in the United States and Australia, graziers

and farmers were reduced to peasants. Currently, farmers who have remained on their land wish they had left and are trying to get off. Some lucky farmers in the goldfields have sold their properties to the mining industry and have done all right. However, other farmers are locked into their land and must carry on, struggling to make a profit and hoping that the price of wool will increase sufficiently for them to make a living. However, even with recent increases in the price of wool, their profits are still marginal. In the long term, wool will not return enough for them to replace their infrastructure. That is the wool industry.

The dairy industry is not looking good. Are we doing the same thing to the grain industry? I do not believe we know. There is no leadership coming from Canberra. I would like to believe there is decent leadership coming from Western Australia. Can the minister spell out his vision for the grain industry, if he has one, as the Opposition would like to be a part of it. These are important industries and we want them to prosper. However, we lament what has happened to the dairy industry and we are concerned that it could happen to the grain industry. We would be grateful if the minister could help us in that respect.

I mentioned previously that we need good marketing in Australia; Western Australia has had that in the past. The Grain Pool of WA is an excellent marketer of the grains under its jurisdiction. The Australian Wheat Board has been a good marketer. However, a great deal of pressures and strains exist to fragment those organisations. I do not believe those pressures and strains will disappear; by passing this legislation we will add to those pressures and strains. Many big international companies emanating from the United States and Europe, such as Cargill Foods, would be more than happy at the demise of single-desk selling in Australia. Single-desk selling has been Western Australia's saviour. Why should we weaken and diminish single-desk selling now by the steps we are taking with this legislation? Why should we put one element of a good system in Western Australia at the throat of another element? I fear this is what we are doing.

I shall remark on the proposed shareholding of the restructured company Co-operative Bulk Handling Ltd. CBH will issue A-class non-transferable growers' shares which will confer major voting rights but carry no dividends. It will also issue B-class investors' shares which will confer restricted voting rights but will carry dividends. As time passes, the A-class and B-class shares will probably be owned by different groups of people. The model that we are adopting today is similar to the Australian Wheat Board model. The Australian Wheat Board must consider whether it is building up unnecessary conflicts in its organisation. At the end of the day, and possibly well before then, growers will have different interests from investors' interests. I have no doubt that a conflict of interest will occur between the A-class shareholders, the growers, and the B-class shareholders, the investors. It will be interesting to see how the directors handle that situation. More fundamentally, we must now ask: Is it a good idea to have A-class shares owned by growers and B-class shares which will be owned by investors? Putting it simplistically, in the operation of the new CBH, greater returns to growers will result in a lower profit to investors. Lower profit to investors will result in lower share prices. I do not know how that conflict can be resolved. We may be better off by not going down that road in the first place. A few members have questioned the structure of the Australian Wheat Board which is run along similar lines to the proposal before us today. Growers interests are different from investors interests. Often, growers have a vested interest in maintaining quality and restricting production. That vested interest ensures that high quality produce enters the premium markets and restricts produce entering those markets in order to garner premium prices. Investors in some circumstances might well want to emphasise quantity, rather than quality, and to not restrict production.

Growers have been well-served by single-desk operations in Australia and Western Australia and may well have a vested interest in controlling the market through single-desk operations well into the future. I have expressed my fear that passing this legislation will add pressures to - if not destroy - single-desk marketing of barley, lupins and canola. I do not believe that fragmentation and deregulation is the way to go. I do not know whether it is in the interests of the growers, especially as regulation in this arena has served us well in the past and as the cartels of this world are placing a lot of pressure on the Federal Government to do away with the single desk. Why would the cartels want to do away with the single desk in Western Australia and why would they seek the support of the United States Government to put pressure on the Australian Government to do away with it? The answer is obvious: The single desk is a good competitor. A fragmented situation in Western Australia would suit the cartels. This arena has enough difficulties: Corrupted world markets; low commodity prices that go down further each year; a Federal Government imbued with the principles of laissez-faire market economics, which might not necessarily be the best attitude for this country; and the failing research capacity of Agriculture Western Australia, a venerated research institution.

Mr House: Sorry?

Mr GRILL: That is the anecdotal information I am hearing. I would like to be corrected, but too much anecdotal information indicates that the research capability of Agriculture Western Australia is diminished.

Mr House: Who do you hear that from?

Mr GRILL: I hear it from a range of sources. It is not something that I want to believe, but that is the information coming through. Fragmentation of market capability has also occurred in Western Australia and the nation. The Opposition supports this legislation and is happy to expedite it because it believes the growers should decide these questions. The Opposition has been well briefed by the minister's department and Co-operative Bulk Handling Ltd. It has no complaints in any of those areas. However, whether the Opposition endorses the questions that will be put to the growers is another matter. It is concerned that there does not seem to be any national vision for the grain industry and that it might go the way of the other big primary industries in this country. We want to see some leadership coming out of Canberra and a blueprint from this minister. The Opposition would be happy to play a part in shoring up the grain industry through some sort of blueprint.

MR HOUSE (Stirling - Minister for Primary Industry) [1.12 pm]: I thank the Opposition for its support of this legislation. I reiterate the point, which was made by me during the second reading speech and by the member for Eyre, that this is enabling legislation. It will enable the grain industry participants in Western Australia to make their own decision about their future through the structure of Co-operative Bulk Handling Ltd. The member pointed out that it will be an interesting debate. CBH will need the support of 75 per cent of participants. It is not easy to get 75 per cent support for anything. CBH will need a good and cogent argument if it is to win the day out in the bush. The bush is a bit gun-shy and nervous because of the things that have been foisted on it. Farmers are suffering the most ordinary start to a season in a long time. That might sound like an aside, but those things affect people's view of how the future ought to be. The directors and advisers of Co-operative Bulk Handling Ltd will need to put some good arguments to the meetings in the bush after the enabling legislation is passed. Nonetheless, the Bill will enable the debate to take place. As a grain grower, I welcome that debate. It will resolve some of the issues that have been raised, not only in the Parliament today but also by growers over a long period of time.

These issues include: How I identify my contribution to Co-operative Bulk Handling Ltd's structure; if I should have a right to identify or withdraw my contribution; my future investment in the structure of CBH; how much investment I need; the costs of handling grain, which are different in some parts of the State; and the association between the handling and marketing authorities. The association between the handling and marketing authorities is an important point, which the member for Eyre raised. All those issues will be debated. The original proposition by Co-operative Bulk Handling Ltd included a proposal to list. After the Australian Wheat Board meeting, CBH's directors revised their position and came up with the A and B-class share model. I favour that model as it gives control to the growers and also enables other things to take place, such as investment in the company through the B-class shareholders. It could be debated whether other people will invest in the handling authority. However, I favour the grower control model and strongly believe that growers will invest in the company to further their own interest in the handling of grain. They will make that decision as a result of the debate. However, it will not be easy to get 75 per cent support for the plan.

Co-operative Bulk Handling Ltd does not have a monopoly on the handling of grain. That was removed about 10 years ago. I smiled to myself when the member for Eyre mentioned that, because I am sure he was the minister who introduced the Bill to remove the monopoly. I am not certain, but the legislation was passed in 1983 or 1984 when he was the Minister for Agriculture. That legislation simply removed the monopoly; it did not remove any other statutory functions of Co-operative Bulk Handling Ltd. This Bill has no impact on the operations of the Grain Pool of WA or its right under the legislation as the sole prescribed marketer of barley. The minister's right to prescribe grains to the Grain Pool is not impacted on by this legislation. Lupins and canola are the current prescribed grains. The Grain Pool is aware of that. It must be clear that this legislation refers to the handling of grain. Under the current legislation, CBH cannot market grain. However, under the new structure it would be able to market products such as peas and beans; those grains that are not prescribed. It would not be able to market wheat as that is prescribed under the federal legislation. CBH would be given the ability to market a fairly minor percentage of the State's grain crop. I do not know the exact percentage of the crop that peas, beans and the minor grains make up, but it is certainly less than 10 per cent and probably less than 5 per cent.

This debate has been in progress for about two years. On numerous occasions, the chief executive officers and chairmen of the Grain Pool, CBH and the Australian Wheat Board have met in my office, both collectively and individually. I met with Robert Sewell, the chairman of the Grain Pool, just last night to discuss issues relating to the grain industry. It is fair to say that there has been a lot of cooperation and nervousness. Positions have changed as the debate has progressed. Debates occur because, based on the evidence put in front of them, people make adjustments to their positions and thinking. At a grain industry breakfast about four years ago, I outlined my vision for the grain industry in Western Australia. My vision was that a more cooperative approach between Co-operative Bulk Handling Ltd, the Grain Pool and the Australian Wheat Board was needed. All those players were at that breakfast and that position has now been largely accepted. CBH and the Australian Wheat Board have entered into an alliance. Ongoing discussions have taken place between the Grain Pool and CBH and other players, and between the Grain Pool and the Wheat Board about reducing costs, making sure services are not duplicated and providing the best possible service.

The vision is there for a united grain industry operating under one umbrella. There is some disagreement about how we will get there, but not major disagreement. Basically, we are heading in the same direction. No matter what the vision, the facts of the matter are that all of those institutions are there for only one reason: To maximise returns to grain growers in the best possible way. That is their brief; they are not there for their own wellbeing or for any other reason. We work in a market that is, to say the least, bastardised by the subsidies in Europe and America. As grain growers, we are price takers after that subsidy is applied by those countries. We must work hard to ensure we have the best structure to enable us to market that grain in the best possible way for those grain growers.

The issue of the monopoly of the Grain Pool in Western Australia's case, or the Australian Wheat Board in Australia's case, is once again under review from a national point of view. It is not under review as far as we in this State are concerned. However, as the member for Eyre said, one of these days, inevitably, someone will put more and more pressure on the Australian Government to break down that orderly marketing system. Indeed, it occurs in this State. It is no secret that members of the Pastoralists and Graziers Association - one of the major farmer organisations - favour the breakdown of that monopoly at the moment. It is not something I support, but they are the facts of the matter. People have different views. Companies, such as Co-operative Bulk Handling Ltd, are trying to make sure they have a good structure in place for the future. To do that, CBH has already indicated it is prepared to strike up alliances with organisations such as the Australian Wheat Board to handle its grain.

I return to the A and B-class share model, because there will be some debate about that at the grower meetings which will be held in the bush in August and September. There will be vigorous debate about maintaining grower control. That is the essential difference. Right now as a grain grower, I have a $2 share in Co-operative Bulk Handling. The exact worth of that company will be determined in the future. Once growers can determine the actual value of their shares, there will be a debate about whether external investment should be allowed into that company. The B-class shareholders will have some influence because there will be an expectation of return on their shareholding. One could argue that people such as maltsters and others might want to take shareholdings for some reason, but I think growers will be adamant that they want to maintain control of that company. I have met with both the Pastoralists and Graziers Association and the Western Australian Farmers Federation. Indeed, the Western Australian Farmers Federation and the PGA will play an important part in the debate in the bush in the next few months.

This legislation is not about the Government forcing its view on the grain growers of this State. To the contrary, it is about enabling the legislation which enforces a view to be removed and putting the future of the handling authority into the hands of growers. I repeat what I said in the second reading speech: The objectives of this legislation are to maintain WA grain grower control over the activities of CBH; to allow CBH to grow and take advantage of business opportunities that would strengthen existing operations, improve the quality of services provided and add value for WA grain growers; to secure ownership of the company for WA grain growers; and to enable grain growers to realise the value of the equity that has been built up in CBH. As this debate ensues, those principles will be of paramount importance. I am pleased to be able to sponsor this legislation, which will allow growers to debate this issue among themselves so they can make a decision about their future. I thank the members of the Opposition for their support and also for their support in expediting the Bill through the House.

Question put and passed.

Bill read a second time, proceeded through remaining stages without debate, and transmitted to the Council.

TREASURER'S ADVANCE AUTHORISATION BILL 2000

Second Reading

Resumed from 13 June.

MR RIPPER (Belmont - Deputy Leader of the Opposition) [1.25 pm]: I am the Opposition's principal speaker on this legislation, although I do not expect to require the full time allocation to which I am entitled. This Bill seeks to authorise the Treasurer to make certain payments and advances and to specify a limit for the payments and advances for the year commencing 1 July 2000. The Bill sets the limit of $300m for the payments and advances for the financial year 2000-01. The Treasurer's Advance arrangements should be seen as a last resort for the provision of funding. For both accountability and transparency reasons, funds should be provided, if possible, through the usual budget process. The Treasurer's Advance should be called upon only to make payments of an extraordinary and unforeseen nature, and to make advances for the temporary financing of works and services and other advances of an accounting nature. I say that because the Treasurer's Advance funding does not allow prospective scrutiny of the appropriations by the Parliament - only retrospective scrutiny. Unfortunately, that retrospective scrutiny can be well after the actual expenditure has been engaged on. Later this year, I imagine we will deal with those appropriation Bills that retrospectively approve the recurrent and capital expenditure advanced under the equivalent legislation for the 1999-2000 year. In many cases we will be dealing with decisions on appropriations for expenditure which might have occurred almost 18 months before the issue is put before the Parliament. The McCarrey report, which was commissioned by this Government, discussed this issue and stated -

> The use of the Treasurer's Advance to meet major new expenditures can enable a government to avoid the need for full disclosure to Parliament of the circumstances of the payment until such time as the supplementary appropriations are submitted with the following budget. The practice of seeking after-the-event appropriations as a schedule to the following year's Appropriation Bill could also have the effect of limiting parliamentary debate on the issues.

The Treasurer, when in opposition, made comments of a similar tenor on the Treasurer's Advance authorisation legislation. In June 1991, the then member for Nedlands and now Treasurer stated -

> The purpose of this account in the first place was to provide funds for extraordinary expenses, such as paying for the damage caused by earthquakes or when the Treasurer needs funds immediately. This legislation is an important part of the operations of this Parliament. However, it has been abused in the past and we want the Government to take a different attitude to its operations.

It is instructive to compare the view stated in the McCarrey report and the views stated by the Treasurer in opposition with the actual practice of this Government. The practice of this Government does not match the approach which was recommended by the McCarrey report or the view taken by the Treasurer when he was in Opposition. It appears as though this Government uses the Treasurer's Advance simply as another form of funding. For transparency and accountability reasons that should not be the case.

It is interesting that this legislation is one of the first in recent years which does not provide a retrospective increase to the Treasurer's Advance authorisation limit. In past years we have not only agreed on a limit for the forthcoming year but we have also been asked as a Parliament to retrospectively increase the limit for the preceding financial year. This is the first year since 1994-95 in which the Government has not sought to retrospectively increase the size of the authorisation limit.

In 1995-96, the Government sought retrospective approval for increases to the initial authorised limit of $210m from the initial limit of $200m. In 1996-97, the Government retrospectively increased the initial authorised limit by $100m from the initial limit of $200m. In 1997-98, the Government retrospectively increased the initial authorised limit by $350m from the initial limit of $200m. Finally, in 1998-99, the Government retrospectively increased the initial authorised limit by $160m from the initial limit of $300m. In four financial years in a row the Government has come to the House and retrospectively increased the limit applied to the Treasurer's Advance Account.

What is the reason for it? It seems to be yet another reflection of two aspects of this Government's financial management. The first aspect is the tremendous increase in revenue growth of 70 per cent which the Government has had since 1993-94. The second aspect is the Government's difficulty in disciplining itself and managing its finances, in particular its expenditure, over the course of the financial year. In each of those financial years, the limit has been retrospectively increased because the Government has needed that higher limit to pay for supplementary funding in which it has engaged because it has been unable to keep its agencies within their budget allocations. Over the four-year period from 1993-94 to 1997-98, the average expenditure on new and excess items, using the Treasurer's Advance Account mechanism, was $285.9m per annum. This figure compares with an average expenditure of $142m for the previous six years. What we have seen under this Government is an increase of more than 100 per cent in the annual average usage of the Treasurer's Advance Account. The Treasurer in Opposition said that this account should not be abused. The McCarrey report said that the account should be used very sparingly. Under this Government, the average use of the Treasurer's Advance Account has doubled compared with the use of the account when the previous Government was in power.

The Court Government's increasing use of the Treasurer's Advance Account is a clear demonstration of budget mismanagement and a clear indication that the Government is not willing to have full public scrutiny of its expenditure program. Although the advance account mechanism is a necessary part of the Government's financial operations, it is not subject to the same scrutiny by the Parliament as the other parts of the budget. The Government has been increasingly relying on the Treasurer's Advance Account to get it through each financial year. Its budgets are simply rough estimates of what it thinks it will be doing during the next year rather than proper plans for expenditure. I shall give an example: At the time of the presentation of this current budget, no mention was made in the budget papers that the Government might have to spend $192m to build a port at Oakajee. There was no provision in the budget and no provision in the forward estimates, and no mention in the section of the budget dealing with contingencies and possible financial risks that the Government might have to spend $192m to build a port at Oakajee. Mr Deputy Speaker, I hope you noted my remarks on this subject when I was in your electorate only last week.

During the estimates committee hearings, I asked the Minister for Resources Development when Cabinet made this decision. He replied that the decision was made on 1 May. That was about 10 days before the budget was presented to this Parliament. The Cabinet made the decision 10 days before the budget was presented to the Parliament and there is no mention of the expenditure or the risk of incurring that expenditure in the budget papers.

Mr Barnett: Cabinet has not made the decision to spend the money. It has made a decision to include government ownership of a port on a design-contract basis and that option has been put to tenderers.

Mr RIPPER: On the minister's own explanation, the Cabinet made a decision which raises the risk of the State spending $192m on a port at Oakajee. At the very least, that is the decision that Cabinet made. That matter should have been dealt with in the budget papers or in supplementary information provided by the Treasurer at the time he brought down the budget. The decision was made before the budget was presented to this Parliament and not reflected at all in the budget information. It became known to the public through an interview conducted by the Minister for Resources Development with a journalist.

This increased use of the Treasurer's Advance Account is not the only evidence of a Government which is having great difficulty in managing its budget. There is other evidence of a deterioration in the Government's financial position and its difficulties in controlling its expenditure. In the mid-year review produced in February, the Government forecast operating surpluses of $76m in 2000-01, $264m in 2001-02 and $313m in 2002-03. This budget shows that the Government is now forecasting much smaller operating surpluses of $42m in 2000-01, $46m in 2001-02 and $92m in 2002-03. The forecasts are deteriorating. We must view that and the next set of forecasts we are likely to see in the midyear review to come early next year or the end of this year with some pessimism. The operating surplus forecasts are not the only forecasts that have deteriorated. In the mid-year review, the Government was forecasting a cash surplus of $6m in 2001-02 and a cash surplus of $102m in 2002-03. The budget forecasts cash deficits of $226m in 2001-02 and $178m in 2002-03.

I turn now to the forecasts concerning net debt across the total public sector. The mid-year review forecasted net debt to be $5 706m as at June 2001, $5 460m as at June 2002 and $4 930m as at June 2003. The budget forecasts are all higher; namely, $5 999m at June 2001, $6 125m at June 2002, and $6 195m at June 2003. I have taken that diversion into the deteriorating forecasts of the government financial position because it is another sign of the Government's inability to manage its finances, particularly to control its expenditure. The Treasurer's Advance Authorisation Bill 2000 is another example of the Government's increasing use of the Treasurer's Advance mechanism; in fact, it has doubled the yearly use of that mechanism when compared to its use by the previous Labor Government. That is a sign of an inability to manage finances. The deteriorating forecast in this budget in relation to the mid-year review forecast is another indication of the Government's inability to manage its finances, particularly to control expenditure.

I am concerned about where we might be headed with the State's finances. The current AAA credit rating is principally based on information provided to the credit rating agencies in November of last year. The Government said that the rating

agencies had the benefit of the mid-year review, which was released three weeks before Standards and Poor's confirmed the State's AAA rating. It is unknown whether Standards and Poor's factored that information from the mid-year review into its consideration of the AAA credit rating award; nevertheless, we know that the mid-year review forecasts were a deterioration of the information given to the ratings agencies in November. The presentation of this budget brings a further deterioration in the financial forecasts. We must be concerned. Rating agencies received one set of information in November, a deteriorated situation in February, followed by a further deterioration with the budget's presentation. If that trend continues, the rating agencies state that our AAA credit rating will be at risk. I want this State to retain its AAA credit rating, and Labor is committed to giving that retention its highest priority in its management of the State's finances. The deterioration of finances under this Government's control places that AAA credit rating at risk.

Let us consider the measure with which the Treasurer asks us to judge the budget; namely, the very slim forecasted operating surplus of $42m in 2000-01. The Premier seems to be proud of the flimsy surplus of $42m, the achievement of which is very uncertain. Revenue growth in 2000-01 is expected to be 5 per cent. If revenue growth were only half a per cent less - in other words, 4.5 per cent - that surplus would become a deficit. We had a deficit on the government operating balance of $60m for the financial year 1999-2000. The Government had a great deal of trouble admitting that deficit: The Premier was very uncomfortable dealing with it from the day the 1999-2000 budget was presented; and the assistant Treasurer did not recognise it a month ago in Parliament.

The Government states that the operating balance is the only measure of the budget's bottom line, but this is the first year in which the Government has presented that figure. It moved to accrual reporting in 1997-98, yet it failed to present the general operating balance to the public until February 2000. The Government did not present this measure when it was in a series of deficits. The Government presented an information paper on accrual accounting with the budget. That document outlined, among other things, the history of the operating balance figure, which was produced for the first time in February. That history indicated that the Government has run an operating deficit in the general government account for the past four years. How much different would public debate on the Government's financial management have been if the public had known that for each of the past four years we were in deficit on the measure the Premier says we should use to judge the Government's performance? The operating balance figure was produced at a time when the Premier was able - unjustifiably I believe - to forecast four years of surplus; however, the history is four years of deficit on the Government's preferred measure. This issue was raised by a conservative financial commentator, Mike Nahan, on ABC radio on 12 May 2000 when he said -

> . . . it shows in a background paper that the Budget has been in deficit each of the four . . . of the four last years, and let's emphasise what this deficit is. It's an operating deficit. It only relates to the running costs and revenues of the government before capital is spent. In other words, they've been borrowing to meet the day-to-day operating costs of government, and, in effect, they were borrowing to meet them and they were forcing today's operating costs . . . the funding of today's operating costs on the future generations. That's typically what is known, in political jargon, as living on the bankcard, and so they've run in the deficit.

I have looked at that history of deficits in the background information paper presented with the budget, and the total deficit on the general government operating account in the past four years is $656m. That total deficit was on the Premier's preferred measure to judge the financial performance of a Government! What a tragedy for public scrutiny and debate in this State that the figure was not produced when the Government was in the middle of that run of deficits. It was produced in February of this year when the Government forecasted four years of surplus. How can we believe that there will be four years of surplus when the Government's history since the last election has been four years of deficit? The Premier has criticised us for talking about the cash deficit. I am not talking about that; I am talking about the accrual deficit on the general government account, the preferred figure about which the Premier would like us to talk. On his preferred figure, we are in the fourth year of a run of deficits. We have not had the financial management performance regarding either deficits or the use of the Treasurer's Advance Account that the Government either promised us when it was in opposition or has claimed to embody when it has been in government.

I will now deal with some ways in which the Treasurer's Advance Account is being used in this financial year. The budget papers for last year and this year indicate that in three core areas estimated actual expenditure will run ahead of the budget estimates produced for the 1999-2000 budget. In Health, the budget overrun will be $20.2m; in Education, it will be $26.3m; and in Police, it will be $4.5m. The usual way of funding these budget overruns is for the agency to approach the Treasury for supplementary funding. If supplementary funding is approved, it will be provided out of the Treasurer's Advance Account. Subsequently, an appropriation Bill is brought to the Parliament, and the Parliament retrospectively appropriates the funds that have been spent from the Treasurer's Advance Account.

If the Government uses the Treasurer's Advance Account for this financial year in that traditional way, the budget overruns in Health, Education and Police will be fully financed. If the Government does not use the Treasurer's Advance Account to provide supplementary funding in the traditional way, these budget overruns will be an ongoing burden on the departments in question; in other words, the departments' expenditures in the forthcoming financial year will be compromised because they have to meet the budget overruns, or part of them, for the previous year. Therefore, it is possible that these budget overruns of $51m in core service areas could compromise the expenditure increases forecast for next year in these core areas. If Education, for example, has to meet part or all of the $26.3m overrun this financial year, that must be taken off the notional $75m increase in recurrent funding in the Education budget for the next financial year.

I raised this issue publicly, and the Premier responded to *The West Australian*, which took up the comments that I had made, with words to the effect that the budget overruns were fully financed. That was a clever answer because it implied that the

budget overruns were fully financed in the traditional way through supplementary funding under the Treasurer's Advance. In fact, the Premier did not mean that; he meant that the money would be provided in one way or another and that, therefore, the budget overruns were fully financed. He did not mean that the budget overruns were to be provided fully through supplementary funding.

I took up this matter with the Premier during the estimates committee process, and I asked him whether supplementary funding had been approved to cover the estimated budget overruns in Education, Health and Police. He said words to the effect that the formal approvals for supplementary funding occur later, as we reach the end of the year. I questioned him further about whether Treasury had yet approved the supplementary funding for budget overruns in Education, Health and Police. He said words to the effect that the formal approvals for supplementary funding occur when the agency has a better idea of what that supplementation might be. I then asked him whether he proposed to approve supplementary funding to cover all of the budget overruns in those three portfolios. He replied that the Government does not always agree with the provision of supplementary funding. I asked how the budget overrun is financed if the Treasury does not agree to it. He replied to the effect that agencies must work out within their own agencies how they will fund it; that is what management is all about. I then put to him the possibility that agencies would have to provide the funding from the following year's appropriation, and he responded to the effect that agencies must work out how they can manage it within the appropriation they are given.

What this means is that the Government is not giving us a definite commitment that those budget overruns will be fully financed from the Treasurer's Advance Account through supplementary funding. The Premier is saying that there is no guarantee that that money will be provided to agencies. When I raised with him the possibility that that means the funding will have to be provided from an offset against the forthcoming budget, I took from his remarks that he was in agreement with that proposition. He said words to the effect that if there is a liability, the department must explain how it will finance that. The position is that there are major budget overruns in three core areas of government service. The Government is not indicating precisely how they will be financed. It is leaving open the possibility that those budget overruns will have to be provided from the appropriation for next year's expenditure, compromising the claimed increases in expenditure, which it paid $104 000 of our money to circulate with the Community Newspaper Group.

This matter was taken up by my colleague the member for Willagee when the Minister for Education appeared before the budget Estimates Committee. The Minister for Education appeared to think that he had full approval for supplementary funding from the Treasury, but when the officials spoke during the estimates committee hearing, a different story came out. One of the officials, a Mr Mance, said words to the effect that $10m of that shortfall will be met by cash balances - the department has money in the bank - and through revenue. However, that $10m is reinstated in the 2000-01 budget, so the department gets that back; it is factored in. Therefore, $10m of the $75m increase in the recurrent budget for Education will reinstate cash balances which have been run down to meet the budget overrun in this year's expenditure. Consequently, the Treasurer's comment to *The West Australian* that the budget overruns were fully financed was very misleading. The Government's claims of a budget increase of $75m for recurrent spending in Education are false and misleading. Ten million dollars of that increase will simply pay for a budget overrun which has already occurred.

The information given to the estimates committee by that Education Department official indicated the situation was even worse, because $10m of the budget overrun was coming from a rundown of cash balances and $7.5m from the proceeds of asset sales. The Treasurer's claim to *The West Australian* that the budget overrun in Education was fully financed is misleading.

[Leave granted for speech to be continued.]

Debate thus adjourned.

[Continued on page 7642.]

[Questions without notice taken.]

MINISTER FOR FAIR TRADING, LACK OF CONFIDENCE

Matter of Public Interest

THE SPEAKER (Mr Strickland): Today I received a letter from the Leader of the Opposition seeking to debate as a matter of public interest the following motion -

> That this House has no confidence in the Minister for Fair Trading in that -
>
> (1) He has failed to act in the public interest in addressing the Finance Brokers scandal.
>
> (2) He has not properly accounted to the Parliament or the public for the abject failure of the Ministry of Fair Trading, under his custodianship, to deal with corruption by finance brokers and related entities.
>
> (3) He refuses to release to the public the legal advice and supporting documentation which he claims supports the inactivity of his Ministry.

If sufficient members agree to this motion, I will allow it.

[At least five members rose in their places.]

The SPEAKER: The matter shall proceed on the usual basis, now detailed in the trial standing orders.

DR GALLOP (Victoria Park - Leader of the Opposition) [2.38 pm]: I move the motion.

This scandal, which the Government has been trying to bury for over two years, will not go away. It will not go away because it is hitting at the heart of Western Australian society, affecting many of our citizens and undermining the reputation of our State. Much debate has been conducted on the State's finance broking industry, what went wrong, why it went wrong and what we need to do about it. There has been a tendency in recent days for the debate to fall into two traps: First, some people have approached this as a problem of the past - something which happened in days gone by and upon which we are now reflecting - rather than a current crisis. Second, we are tending to forget about the human dimensions of this issue - what it means for the Western Australians who have been affected by this scandal and the malpractice and impropriety which has gone on in Western Australia in the past few years and which continues today.

I will tell the House about Jan LeNepveu. Her case is current and tragic. It is all about this ongoing finance brokers scandal - a scandal that has not been addressed by this Government and is still not being addressed by this Government. The member for Fremantle and I visited Jan and her sister this morning. Jan is very sick, but she is a very brave lady. She suffers from a dual misfortune: She urgently needs expensive treatment for her advanced leukaemia; however, she cannot access most of her life's savings, having invested it in a disastrous investment brokered by First Charter Mortgage Services. The circumstances of her loan raise yet another aspect of this scandal that is not being addressed by the inquiry that the Government has set up; that is, the role that has been played by financial advisers. The brokers, the auditors, the developers and the Government - all of these aspects of the issue - have been subjected to some scrutiny. However, the case of Jan and her sister and brother-in-law raises another issue; namely, the role of financial advisers. Jan had the misfortune of taking financial advice from a person who advised her to invest in mortgages to companies with which he was personally associated. Jan explained to us this morning when we met with her in Cannington that her financial adviser had a pecuniary interest not only in the mortgage broking firm itself but also in the development into which the money went.

This matter is not being examined by the Gunning inquiry. These are issues that this Government will not place on the agenda of a proper inquiry in Western Australia. It has been only as a result of the efforts of some fine citizens in Western Australia, such as Denise Brailey and Doug Solomon, and the efforts of the media and of my colleague the member for Fremantle that these issues are now being discussed in Western Australia. The Government has tried to cover up these issues and hope they will just go away. We will not let that happen. The reason we will not let that happen is people like Jan. Jan made an investment in Westonbirt Park Pty Ltd. The company is now telling her it has run out of money. To add insult to injury, it has treated with disdain efforts by Jan to access her money. This is the human reality of the finance brokers' scandal. This is what is happening in Western Australia today to some of our citizens. On 22 November, Jan wrote to the borrowers to inform them of her condition and of her need to access her money so that she could go to America. She received no reply. She wrote again earlier this year and said that her condition had worsened and she had scheduled an appointment in America for 25 July. She again received no reply. Telephone calls have been made, and I believe the media visited the finance brokers yesterday and were turned away.

When did all this happen? Did it all happen in the past? It is happening today. The loans were made last year. The issue has been dealt with in the past 12 months. The Labor Party brought this crisis into the Parliament two years ago, but it was brushed aside by the Minister for Fair Trading. Tragic stories like that of Jan are being played out all over the State. Over 7 000 Western Australians are the victims of this scandal and are suffering stress and trauma as a result of this crisis. The amount of money that has been lost by these people is between $100m and $150m. That is money that had been saved by these people for their retirement and money that has been taken away from them through practices that are not the subject of examination by the Gunning inquiry. Shame on this Government for not setting up a proper inquiry into this issue.

Of course, the finance broking issue in Western Australia today is not just a tragedy for people like Jan and the over 7 000 investors but is playing out its way in Western Australia today as a scandal and a fiasco. The scandal lies in the fact that the Government of Western Australia let it all happen and did nothing about it, and it is still doing nothing about it to this very day. The Minister for Fair Trading must carry full responsibility for that failure of performance. The minister will never escape from one fundamental reality; that is, when the Labor Party brought this issue into the Parliament two years ago, we will never forget, the people of Western Australia will never forget and the victims of this crisis will never forget the sneering put-downs of that minister towards the people who raised this scandal within and outside the Parliament. The minister sneered at them in a disgraceful performance that reflects very badly on the State of Western Australia and the Government of Western Australia. We now know that this scandal was preventable. We now know that steps could have been taken two years ago, but because friends of the Government and Liberal Party connections were involved, nothing was done about it. The people who were entrusted with making sure that our financial system was working properly have let down this State and the citizens of this State, and they should be held accountable for their failure. That is the scandal.

The fiasco is the Gunning inquiry. The Gunning inquiry was set up deliberately with limited terms of reference. The Government did not want a comprehensive inquiry into this scandal to examine who is involved, why it has happened, who are the players and what we need to do about it. That is the last thing this Government wants, because its political party and its friends are up to their necks in this scandal. Therefore, we have an inquiry that has been set up under the Public Sector Management Act. The Gunning inquiry has become a fiasco. It does not have the confidence of the people of Western Australia to produce a report that will deal with all of the issues that have been exposed by this crisis.

The central issue of concern is that this House of Parliament should express, without qualification and without compromise, its lack of confidence in the Minister for Fair Trading. This minister should not enjoy the confidence of this House for six

very good reasons. First, when this issue was raised a number of years ago, it was brushed aside by the minister. Indeed, we now know that action could have been taken then which would have protected people like Jan and the many thousands of investors in Western Australia whose money has been lost over the past two years. Secondly, even when this scandal started to create victims, the Government pursued it only by using the police fraud squad; and that was only after the member for Fremantle had come into this Parliament and made a hard-hitting speech on 16 November 1999. Had that speech not been made, these matters would not have been taken up by the police fraud squad and would not have been put on the agenda of Western Australian politics. Thirdly, we saw the Government's efforts to cover up the scandal, and the efforts of the Premier to stop debate on this issue in the hope that it would not generate publicity, but would go away and be put behind closed doors so that the activities of the finance brokers would not be subject to proper scrutiny. However, despite those efforts by the Government, pressure continued to mount. We then saw the fourth part of this particular drama being played out - the Gunning inquiry - set up with limited terms of reference under the Public Sector Management Act in order to defuse the issue in an election year. The people of Western Australia were not fooled by that, and the truth has come out!

The fifth part of this particular drama, which has added insult to injury, is the Government's pretending to the public of Western Australia that the Gunning inquiry could look into a wide range of matters and report on them. The truth came out about the legal implications of Gunning's establishment under the Public Sector Management Act and the reality of the inquiry. The Gunning inquiry can be best summarised when one notes that not one of the notorious finance brokers and the associated players have been called to give evidence. None of the central players in this drama has been called to give evidence. Why? Because the Gunning inquiry was not set up to look into this issue properly. Sixthly and finally, just as the investors were not given a fair hearing when they went to the Government, and other people inside this Parliament took up the matter, they are not being given a fair hearing today in terms of their chance,as investors, to be represented at the Gunning inquiry. This has been happening in Western Australia over the past couple of years. It is a shameful episode in our State's history, and at the top of the pile we see the Government of Western Australia and the Minister for Fair Trading.

We see a four-act play in Western Australia: A play that involves human frailty and vulnerability exploited by greedy and corrupt people. We see broken promises; a betrayal of trust; greed; incompetence; and mistaken loyalties all playing their way out in this four-act play in Western Australia. On the other side of the equation, we see the fighting spirit of Western Australian people who will not take this; who have stood up against it; organised themselves; rallied their fellows together; taken it up with the media; taken it up with members of Parliament; and taken it up through the legal system. These are people with spirit whose life savings have been taken from them. They will not cop it, and they are standing up against it. In this Parliament the Opposition will stand up for and support those people.

There is the four-act play: Act 1 - the scandal; act 2 - the human tragedy involved; act 3 - the fiasco that is the Gunning inquiry. What then is act 4? Act 4 takes me to some comments that have been made by the Premier of this State in recent days. I refer to today's *The Australian Financial Review*. The Premier was asked whether the finance brokers scandal would be damaging to the Government at the polls. The Premier's response - as complacent and dismissive as was the attitude of this Government two years ago when the finance scandal was first brought into this Parliament - was -

> It won't be damaging at all.

We now know what act 4 is: Act 4 is the day of reckoning and it is coming to the Premier very soon.

MR McGINTY (Fremantle) [2.54 pm]: While the Gunning inquiry continues the process of examining a far too limited range of issues concerning the finance broking industry, all of the pernicious practices of the industry are continuing unabated. In many cases, the effect on victims is severe and tragic. The Leader of the Opposition has today mentioned one such example to highlight the effect that gross maladministration of this industry is continuing to have on many retirees. He referred to the investment that was made by Mrs Jan LeNepveu.

Mrs LeNepveu invested $64 000 12 months ago through the finance broking firm First Charter Mortgage Services. The loan was invested with the security of a second mortgage to Westonbirt Park Pty Ltd, which is a rural development just outside Bridgetown. The company has been undertaking a strata title development of a former small grazing property. Westonbirt Park is not independent of First Charter. It is essentially a joint venture of the First Charter Finance Group and Carlisle Group Pty Ltd, which is controlled by Geoffrey Carlisle. Hence, the directors of Westonbirt Park are Mr Carlisle and three First Charter people: Graeme John Perry, Lindsay Charles Spencer Sanford and Anthony William Robinson.

The Westonbirt project has run out of money; it needs more than $1m to get the development up to the stage at which it can be strata titled. Last month the loan, which is less than a year old, went into default, and interest has ceased to be paid. That is not surprising when one looks at some of the background documents in relation to this deal, and the amount of fees siphoned off for management, administration, consulting and marketing. With all the costs that have been siphoned from this project, it is no wonder that it has run out of money and cannot be completed. At present the second mortgage of $2.5m ranks behind a first mortgage of $1.2m. Unless there is a purchaser who is agreeable to proceed with the development of this project, or the guarantors prove fruitful, a 100 per cent loss is expected for all the second mortgagees. First Charter is pressing the second mortgagees to allow more money to be raised by the National Australia Bank by putting on a replacement first mortgage of $2.5m. That would pay out the existing first mortgage, provide more capital to carry out subdivision works and meet the insatiable desires of the voracious pack of consultants and project managers.

Not only will the second mortgagees face being postponed to rank behind a $2.5m first mortgage rather than the present one for $1.2m, but also Robinson, Sanford and Perry - all directors and managers of First Charter - want all the second mortgagees to sign a document releasing them from their personal guarantees in the second mortgage and agreeing that First

Chartered Mortgage Services will cease to be the mortgage broker for the mortgagees. There is no legitimate reason for Robinson, Sanford and Perry to be released from their guarantees. That advisers should even seek to be released from guarantees, when they introduced the clients to the investment in which those advisers were, and are, personally involved, demonstrates just how vile and predatory the practices in the finance broking industry still are.

Why are people such as those from First Charter Mortgage Services still preying on the most vulnerable members in our society? We have heard of evidence to the Gunning inquiry that many complaints about finance brokers were rejected for years because they were made by lenders. It has been said that there was legal opinion to justify this action. The Ministry of Fair Trading has said that the legal opinions are now with the Gunning inquiry. Neither the minister, the Finance Brokers Supervisory Board nor the Gunning inquiry have released the opinions for public scrutiny and comment. We must ask, why? They all claim the opinion is subject to legal professional privilege, which protects disclosure of legal advice from a lawyer to a client. The advice was, it seems, given to the Ministry of Fair Trading. If that is so, the minister should have waived any privilege in the advice long ago. The failure to deal with complaints by lenders is one of the most significant issues before the Gunning inquiry. While the legal opinions which it is claimed justify this atrocious maladministration remain hidden, because the minister and his ministry claimed privilege over their production, it is little wonder that the public of Western Australia view the Gunning inquiry as totally inadequate. I call on the minister in the House today to immediately waive any legal professional privilege and release for public comment all such legal opinions and related documents, including instructions to give such opinion and memorandums identifying the reasons for obtaining the opinion. If this call is unheeded, the Government should not expect any informed member of the public to believe that the Gunning inquiry is anything but a disingenuous cover up.

Brief details have been related to the House today about how one family had its retirement years destroyed by the vile and callous practices of the First Charter Finance Group. No doubt many other investors are in similar predicaments. The fact that First Charter is still in business preying on vulnerable retirees, despite the level of publicity about the pernicious practices of finance brokers, is a complete indictment of this Government's handling of the finance broking fiasco.

I had cause the other day to reflect on dealing with this finance broking issue in the past year or so and I compiled a list of what I refer to as the dirty dozen of the finance broking industry. Many people should hang their heads in shame over what has occurred in this State in the past half a dozen or so years in the finance broking scandal. I picked out only the worst cases that I have come across. The interesting thing about this list is that significant complaints have been made in the Parliament about every one of these 12 companies or individuals. Every one of them is subject to police major fraud squad investigations. However, most interesting is that not one of them has been disciplined by the Finance Brokers Supervisory Board. Not one of those people who have wrought such havoc among this State's self-funded retirees has been disciplined by the industry watchdog and not one of them has been called to give evidence before the Gunning inquiry.

For the record, I will remind the House of the members of the dirty dozen, the people who have wrought the worst havoc and caused the most damage to the investors. I will start with Graeme Grubb Finance Broker who is in liquidation, has been banned for life by the Australian Securities and Investments Commission and is facing criminal charges. Global Finance Group Pty Ltd, headed by John Margaria, is in liquidation having left an enormous trail of damage and losses to the mainly elderly, self-funded retirees in this State. Blackburne and Dixon: Kaye Blackburne is out of business and Ken O'Brien has been banned by ASIC for life. Clifton Partners are in the process of selling their business and may have already completed the sale. Significant civil action is currently being taken against Clifton Partners. MFA Finance Pty Ltd: The loan book has been sold and Ross Fisher of that company has been banned by ASIC and charged with 15 counts of fraud by the major fraud squad. Civil action is also being taken against the directors of MFA.

Trust Mortgages: Peter Fermanis of this firm, a week after I referred to him in my last speech on this issue in this House a few weeks ago, was charged with dishonesty by the major fraud squad. The infamous valuers who initially set up these investments are Ron O'Connor, Stephen Olifent and Owen Griffiths. No-one has taken action against any of these people. One of the borrowers, Greg Kennedy, is bankrupt and has been charged with 15 counts of fraud. Domenic Casella, another infamous borrower, has caused massive losses to the investors.

Tenth on my list of the dirty dozen are Matthew Pavlinovich, his daughter Corina Johnson and her husband Greg who inflicted massive losses on people throughout the length and breadth of this State. They are undergoing bankruptcy and entering into a part 10 arrangement, but they are still operating this very day in this very industry. Why Corina Johnson is allowed to retain her real estate licence and to continue to practise in this industry today against that background, quite frankly, escapes me and is something at which Mr Gunning should have a close look. Still dealing with borrowers, massive losses are associated with most of the investments for which Laurie Ferris and John Manton borrowed.

Of course, today I related to the House the circumstances of First Charter Mortgage Services. Members will agree that the First Charter case represents one of the most callous and heartless instances of abuse of trusting elderly investors in this State. The story members heard related to the House today is an absolute disgrace and First Charter deserves its position among the dirty dozen of the finance broking industry.

If there is space for one more, the mortgage brokers' friend should be included - Minister Doug Shave. He deserves a place in the dirty dozen as he has presided over allowing all of this to happen and has not lifted a finger to help those many people who have lost their money. He stands condemned, which is why the Opposition has brought to the House today a motion, as we properly should, that this House has no confidence in the minister for finance brokers, Doug Shave.

[Interruption from the public gallery.]

The SPEAKER: Before the debate continues, I indicate to the people in the public gallery that we welcome visitors to the Parliament to witness the debates. However, there is a condition to their presence and that is that they do not interfere in the debate. I give the visitors the message, as some may well be new to the Parliament, that we will treat the matter in a reasonable way.

MR COURT (Nedlands - Premier) [3.06 pm]: One of the most serious motions that can be moved against a member of this Parliament is a vote of no confidence in that member. This motion states -

> This House has no confidence in the Minister for Fair Trading in that -

The motion then lists three points. This Government has full confidence in the way in which the Minister for Fair Trading has been handling this issue.

Several members interjected.

Mr COURT: Mr Speaker, I listened in silence to the members opposite. On an issue as important as this, it is appropriate that the reply also be heard in that way.

Although I am unaware of the case referred to by the Leader of the Opposition, I hope that any health issue is properly addressed by either state or federal authorities and that any treatment required is provided, regardless of a person's financial situation.

Mr Kobelke: You know that is not true, Premier. Face up to the realities of this poor woman. You know that people have to go overseas for treatment that is unavailable here.

Mr COURT: Mr Speaker, I said that I am unaware of the details of the case. The Leader of the Opposition said that he met the lady. However, I understand that if treatment cannot be provided locally or nationally with either state or federal money, special programs exist to finance the necessary treatment. If the Opposition has evidence that someone is unable to receive treatment because of a lack of money, I would like that to be notified of that straightaway.

Mr Kobelke: You know that commercial radio runs fundraising campaigns for these cases. You live in the real world.

Mr COURT: The issue was raised and only yesterday this Government acted quickly and provided special help. However, if the Opposition has information that someone has been unable to receive appropriate medical treatment, we want that information.

The first part of this motion relating to the Minister for Fair Trading states -

> (1) He has failed to act in the public interest in addressing the finance brokers' scandal.

I know it is good politics to blame the Government for all things that go wrong. However, the member for Fremantle knows it is untrue to say that the Minister for Fair Trading has not lifted a finger to help investors who have either lost, or are about to lose, money. That is totally untrue.

Mr Kobelke: He has defended the perpetrators.

Mr COURT: I want to participate in a proper debate. The Leader of the Opposition and the member for Fremantle read their speeches into *Hansard*.

Mr Kobelke: That is not true. Can you not speak the truth for once?

Mr COURT: I saw something today that I had not seen before: The member for Fremantle giving his speech to Hansard before he gave the speech.

Mr Kobelke: He gave his notes to Hansard.

Mr Pendal: What relevance is it?

Mr COURT: I want to put on the record, in a constructive way, some of the things that are happening. If people want to interject and shout me down, fine. However, it is a serious issue.

Mr Pendal: Well, get on and address it.

Mr COURT: I will, if the member for South Perth allows me to. I will address three ways in which the Minister for Fair Trading is acting in the public interest: First, he is trying to achieve a maximum return to investors who have found themselves in a commercial deal in which money has been lost; secondly, he is pursuing any wrongdoing that has taken place in this industry; and, thirdly, he will make the required structural changes to the administration or legislation.

Ms MacTiernan: There has not been a Bill before this House.

The SPEAKER: Order! The member for Armadale has something to say on everything. I want to hear what the Premier has to say.

Mr COURT: The Opposition says that the minister has done nothing and has not lifted a finger. In July last year, the minister started providing money to the supervisors of Global Finance and Grubb Finance. In a normal commercial operation, the affected people would not be able to fight what had taken place if they were unable to get the funding

together. They would not be able to maximise attempts to recover that money, even if wrongdoing was found to have occurred. Millions of dollars have been spent in making sure the liquidators of Global Finance and Grubb Finance have the funding to unravel what has taken place.

Ms MacTiernan: That was done nine months after the issue was raised in Parliament.

Mr COURT: We are not talking about my money, but everyone's money. Taxpayer money has been allocated to the liquidators.

Dr Gallop: It was a preventable crisis.

Mr COURT: The Leader of the Opposition keeps saying that it was a preventable crisis. The Opposition cannot say that the Government is responsible for it if, through the courts or inquiries, it turns out that people have been fraudulent, that auditors or banks have not done their jobs or that some people are crooks.

Ms MacTiernan: You took no-one to the Finance Brokers Supervisory Board.

Mr COURT: The Opposition can make a political point by saying that people have not lifted a finger; however, significant financial assistance has and is being provided. Funding is provided to the liquidators of Global Finance and -

Ms MacTiernan: Why are you not stopping these people from operating?

The SPEAKER: Order! The member for Armadale has the reputation in this Parliament for making the most interjections. All interjections are disorderly. I could take the hard line and not accept any interjections, but that would take a lot of the atmosphere out of this place. I try to balance things a little. I try to allow people who have given major speeches on the matter under discussion or who are responsible for the matter to interject so there is some constructive debate in the Parliament. That is a proper and reasonable thing to do. However, sometimes members feel they have to try to get the highlights or the cheap shots. I have my eye on the member for Armadale. This is a very serious debate. Someone's career is potentially on the line, and I want this matter to be properly debated in this place.

Point of Order

Mr KOBELKE: We know that all interjections are disorderly and that the Speaker has the difficult role of ensuring that the Chamber runs correctly and that people are heard. The member for Armadale interjects regularly; however, she is given no mercy by government members. When she is on her feet, she takes interjections and handles them well. Obviously, the Premier is not up to that standard; he needs protection. However, we must take into account that the Premier gives it; therefore, he should be able to take it. He should not set upon the member for Armadale, who gives it, but takes as good as she gives.

The SPEAKER: It is noble of the member for Nollamara to protect the member for Armadale. There is no point of order.

Debate Resumed

Mr COURT: I do not mind the cut and thrust of debate in this Chamber. I am the first one to get involved in a good debate. Members know that it is only on very rare occasions that I do not want to get involved in a fierce debate. However, I want to put these matters on the record because of the seriousness of the issue and the short time for debate.

Funding has been provided for the liquidators of Global Finance and Grubb Finance to obtain legal advice to facilitate recovery action aimed at ensuring the maximum return for the investors. Although it is early days, it seems that ensuring that those liquidators are able to use every avenue possible to get a return to those investors could be an expensive exercise. The Minister for Fair Trading made it clear last year that no stone would be left unturned in assisting those investors. At the same time, approximately 40 officers from the fraud squad are investigating the allegations of serious criminal conduct. That is a large number of officers. Charges have been laid and the officers are working through a huge amount of information.

Dr Gallop: The member for Fremantle initiated the fraud squad action.

Mr COURT: I understand that charges were laid against people before the member for Fremantle made his comments. The 40 officers involved in the fraud squad inquiry are well advanced in their investigations. The Gunning inquiry is in an interesting position as it must make sure that it does not hinder the work of the police officers. I understand that the Gunning inquiry is aware of the state of progress in a number of these matters. The Opposition could have it one way; it could stop the fraud squad's work and have an inquiry that cannot lay charges. However, the process of taking action against the people under investigation would have to be started again. The fastest route is to ensure that the fraud squad has the resources and the ability to move quickly. It should not have to mark time waiting for one inquiry to take place before it moves in. Commonwealth agencies - Centrelink and the Australian Securities and Investments Commission - have responsibilities in these matters. We are seeking the maximum assistance from those agencies.

There are issues to consider such as the professional indemnity insurance for finance brokers. The minister has insisted that it be put in place. That was not supported during the Opposition's time in government, nor has it been supported by the people in the industry during our time in government. However, the minister has said that he wants that to take place. The Gunning inquiry, which opposition members are quick to criticise but quick to use if it suits their purpose, has a huge amount of work to do. It comprises very competent people, but opposition members are prepared to criticise it well before it has completed the work it must do.

The Minister for Fair Trading can - as he has done on previous occasions - and will outline quite easily what is being done in the public interest. It does not help the fight to recover funds if members opposite want to play cheap politics and undermine the positive things that are being done by this minister to recover those funds.

The second part of the motion says that the minister has not properly accounted to the Parliament or the public for the abject failure of the Ministry of Fair Trading. The terms of reference of that inquiry specifically ask it to look at the operations of the board and the ministry so that the members of the inquiry - three competent, independent people, with good counsel assisting - can tell the public in an open way their findings on those matters. I would have thought that would be an open way of addressing it.

The third part says that the minister refuses to release to the public the legal advice and supporting documentation which he claims support the inactivity of his ministry. One of the key issues has been whether or not the lender is the client, because the borrower has been the person on which most of the emphasis has been placed in the past. When members opposite were in government, they had the same advice on whether or not the lender was a client. This minister has insisted that that code be changed so that -

Mrs Roberts: You are not reading this speech, are you?

Mr COURT: No, I am not. I have some handwritten notes. This minister has had that changed so that the lender is also treated as the client.

Members opposite - I understand the politics - say that all of the faults that occur in these commercial matters are the fault of the Government. If it comes out in courts or inquiries or in any other way that there has been criminal conduct, that auditors' reports have been incorrect or that banks have not been carrying out their duties -

Dr Gallop: What about ministers? Who is examining the minister? Nobody!

Mr COURT: It is easy for opposition members to say that everything is the fault of the Government. However, from time to time, they should step back and ask what is being done to help those investors protect their position and receive the maximum return on their funds. Their biggest advocate - the person doing the most to assist those people - even though he is copping the flack, but not from all of them, is the Minister for Fair Trading.

MR SHAVE (Alfred Cove - Minister for Fair Trading) [3.23 pm]: I refute the comment made by the Leader of the Opposition that I was not sympathetic to the problems of some of these people.

Dr Gallop: You sneered, and you will never escape from it!

Mr SHAVE: I will try to speak through the shouting. It is important enough, and I was prepared to listen to members opposite, so for the short time I have, they should be prepared to listen to me. The member for Armadale raised this issue on 12 November 1998. If members read *Hansard* and the comments I made about that issue, members will know that I was sympathetic and concerned for the people at that time.

I will give evidence before the Gunning inquiry. I have requested to do so because I will lay all the facts on the table. The facts go like this: In her first speech on 12 November 1998 - the issue had not been raised in this Parliament before - the member for Armadale raised this issue and it was debated. Complaints were already being received by the Government about Global Finance at that time. An administrator was put in charge of Global Finance in early 1999. Subsequently, a liquidator was put in charge of Grubb Finance. When the administrator was put in, and subsequently upgraded to a liquidator, there was no money in the company for the investors to have any way of determining what was going on. A group of them came to me and asked whether the Government would assist. I went to the Government and obtained funding. To date that funding totals nearly $3m. A further $600 000 will be spent on the Gunning inquiry. The truth of the matter is that - I am not apportioning blame to the Australian Securities and Investments Commission - the State Government has carried all the responsibility and the desire to help the investors in this exercise. There has been no funding from the Federal Government.

I have had meetings with the federal minister and I have written to ASIC. I have tried to get some federal support, because ASIC comes under the Federal Government's control. I have had numerous meetings with brokers and borrowers. On a number of occasions members of my staff have seen investors, brokers and borrowers and have met with liquidators to try to resolve many of the issues, because the Government is very concerned about it.

When I give evidence to the Gunning inquiry, a number of issues will come out which have not been addressed, such as suggestions and recommendations made to me after I became minister in January 1997 that licensed valuers should be de-licensed. Certain recommendations were made to me and I opposed those recommendations. When the code of conduct was brought to my attention, I negotiated with the board to make sure that the code of conduct was changed and that it encompassed all of the areas of concern about who was a client and who was not. I have done numerous other things in relation to fidelity funds.

The Gunning inquiry made a criticism because nothing had been done about the matter between 1984 and 1997 or 1998. A succession of ministers have not addressed the issue. Many promised, but no-one did anything. When that was brought to my attention, I looked at the issue of a fidelity fund. If 100 brokers paid a certain amount of, say, $50 000 into that fund, there would be a $5m bank. It would take one crooked broker five minutes to run that fund down. I went to the board and said that I wanted indemnity insurance. If people can have a licensed broker, they should have indemnity insurance. That was not warmly received at the start, but I persisted. Through my persistence, I was able to achieve a situation in which

that was going to be a requirement, because people were aware that if they did not accede to that position, I would legislate to do it anyway. Although some people have suggested that I do not want to go before the Gunning inquiry, I am welcoming the opportunity. I shall lay everything on the record so that people know what is going on.

Let us examine the allegations that the Government and I as minister are doing nothing for the people who have lost money. When the investors initially approached me I asked them why they had not spoken to the Australian Securities and Investments Commission. They said that ASIC had said that it is not its place to fund liquidators, that it had put them in there and that was the end of it. People did not know what was happening. I went to the Government and got in the region of $1m or $1.5m initially. The figure now is in excess of $2.5m. I said that the situation was not good enough and that those people were going through a lot of stress because they have been cheated by a combination of crooked brokers, valuers and borrowers.

Mr Pendal interjected.

Mr SHAVE: The member may say that, but we will decide on that when we look at the dates. The dates will speak for themselves when I go through the chronology of events when I attend the Gunning inquiry. Mr Casella said recently in the paper that he was one of the borrowers. He is one of the people whom the member for Armadale has been protecting by suggesting that I have been involved in criminal acts, but we will deal with that in another court outside this place.

Mr McGinty interjected.

Mr SHAVE: The member has been quick to dissociate himself, but he was not so quick to dissociate himself when he tried to gag me from naming Mr Casella in this Parliament three or four months ago. We will deal with that issue.

The Labor Party will try to convince many of those investors that they are not responsible for their behaviour. I believe that they should not be responsible when people deliberately defraud them. Many of them are trusting people, which is a sad thing, but there are crooks out there. The majority of investors in those schemes know that what stitched them up were the brokers and the crooked valuers who pumped up the valuations and the deals that were done between a group of borrowers and those brokers. The member for Fremantle has named the dirty dozen as the main perpetrators. He could also have named about six borrowers around town who shifted during that period from one broker to another.

The unravelling of the trust account has frustrated some people who want to see those involved charged and convicted. I have had Cabinet agree to divert some of the funds into court and legal actions, including an action against St George Bank Limited, which has much to answer for. I have also diverted some of the funds to fund public examinations by liquidators as against supervisors. Supervisors appointed under the Finance Brokers Control Act do not have the same powers of public examination as liquidators. I asked liquidators if they had found cases of blatant fraud. They said that they had but they had nowhere to go with their public examinations because they had no money. I had Cabinet agree to use some of the funds, and negotiations are taking place with liquidators.

From the day the Gunning inquiry was called, members opposite tried to discredit Mr Gunning personally, to vilify him and to say that he did not have the right terms of reference. I am told by the Solicitor General that the terms of reference are the same as those for a judicial inquiry. The terms of reference entitle the Gunning inquiry to call all the crooked brokers involved. The reason that the Gunning inquiry has not got most of them giving evidence at the moment is that the fraud squad is working on charges against them, because the frauds are blatant and clear. It was always to be the case that the Gunning inquiry would work with the fraud squad. Some 40 officers are working on a daily basis, investigating, charging and locking up some of those people. The more they lock up, the happier I shall be. I shall never be accused of what I accuse the member for Fremantle of doing; that is, of trying to use this Parliament and the legal system to try to gag me from naming one of the biggest fraudsters involved in these schemes.

MR DAY (Darling Range - Minister for Health) [3.36 pm]: Mr Speaker -

Mr Marlborough interjected.

The SPEAKER: Order! Member for Peel.

Mr Marlborough interjected.

The SPEAKER: Order! Member for Peel. The Minister for Health has not even started yet.

Mr DAY: It is obviously not my role to enter the debate about the role of the Finance Brokers Supervisory Board or whatever. However, I shall respond to the suggestion that one of the people who has been mentioned may need to travel overseas for life-saving medical treatment which is not available in Western Australia and, further, that her need to travel overseas may be impacted upon by a suggested loss of funds as a result of some of the issues that have been raised in Parliament. I find it very hard to see how that would be the situation. I reiterate the comments of the Premier that there is a scheme available for people to be provided with assistance to travel overseas for life-saving medical treatment.

Mr McGinty: Maybe you should speak to her before the Parliament rises today.

Mr DAY: I shall be happy to.

Mr McGinty: You should do so instead of wasting the time of the Parliament.

Mr DAY: I do not propose to discuss a person's individual circumstances in this place without the consent of that person. I simply wanted to make the point that a system is available to enable people to travel overseas in these circumstances. The scheme is administered and funded by the Commonwealth Government. I have a copy of the guidelines. Generally speaking, the likelihood of being provided with assistance depends on four factors: That there is a likelihood of a successful clinical outcome; that the treatment needs to be of a life-saving nature; that effective alternative treatment must not be available in Australia; and that the treatment must be beyond the experimental stage. It may well be that the person does not need to travel overseas for the treatment as it may be available in Western Australia. We have an extensive range of treatments available. I would encourage the lady to speak to her clinician further about that.

Mr McGinty: Why don't you speak to her?

Mr DAY: I am happy to do that, and I shall do so in a moment.

DR GALLOP (Victoria Park - Leader of the Opposition) [3.39 pm]: The blindness, the complacency and the cover-ups continue. When confronted with this issue, what does the Minister for Fair Trading do? He blames everyone else: The federal authorities, the people in the industry - everybody. He does not blame or point the finger at himself and his Government. If we are to have a proper inquiry into this matter, the role of the Government and the minister must be one of its terms of reference, and currently it is not. Therein lies a major failure in the Government's response to this issue.

A very important question has not been answered by the Government; that is, why is this scandal continuing today? It was first raised in the Parliament in 1998 by the member for Armadale. The case was taken up again in 1999 by the member for Fremantle when he became the spokesperson for Fair Trading on this side of the Parliament, yet the crisis and the scandal continue. The system is not responding to and dealing with the problem. Who is in charge of that system? The Minister for Fair Trading. He has made no response to the questions put to him by the member for Fremantle on why it is that, under state law in Western Australia, all those notorious individuals are still capable of performing the same functions which they have been performing over recent years and which have robbed many Western Australians of a sum to the tune of $100m to $150m. No answer is given to that question, which can lead to only one conclusion; that is, that the Government has failed and not taken the action required.

The Opposition raised the crucial issue of the legal advice given to the Government which was heard in evidence at the Gunning inquiry. Importantly, the advice stated that many complaints about finance brokers were rejected for years because they were made by lenders. That advice has gone to the Gunning inquiry. Would the minister have any problem if the Gunning inquiry made that advice public?

Mr Shave: That is a decision for the Gunning inquiry.

Dr GALLOP: That is the answer we hear all the time! It is like answers from the Minister for Energy. Where is the Government of Western Australia on these issues? Where is the decisive action of government members on behalf of the citizens of this State? Where was the minister's decisive action in 1998 or 1999? He dismissed claims raised in Parliament, when action could have been taken to stop this scandal occurring. The minister has not taken action against the people responsible for this scandal. The minister set up the Gunning inquiry with limited terms of reference to ensure that his conduct would not be subject to proper examination and reported to the people of Western Australia.

Question put and a division taken with the following result -

Ayes (19)

Ms Anwyl	Dr Gallop	Mr Marlborough	Mr Ripper
Mr Brown	Mr Graham	Mr McGinty	Mrs Roberts
Mr Carpenter	Mr Grill	Mr McGowan	Mr Thomas
Dr Constable	Mr Kobelke	Ms McHale	Mr Cunningham *(Teller)*
Dr Edwards	Ms MacTiernan	Mr Pendal	

Noes (28)

Mr Ainsworth	Mr Cowan	Mr MacLean	Mrs Parker
Mr Barnett	Mr Day	Mr Marshall	Mr Shave
Mr Barron-Sullivan	Mrs Edwardes	Mr Masters	Mr Sweetman
Mr Bloffwitch	Mrs Hodson-Thomas	Mr Minson	Mr Trenorden
Mr Board	Mr House	Mr Nicholls	Mrs van de Klashorst
Mr Bradshaw	Mr Johnson	Mr Omodei	Mr Wiese
Mr Court	Mr Kierath	Mr Osborne	Mr Tubby *(Teller)*

Pairs

Mr Riebeling	Mr Prince
Ms Warnock	Mrs Holmes

Question thus negatived.

TREASURER'S ADVANCE AUTHORISATION BILL 2000

Second Reading

Resumed from an earlier stage.

MR RIPPER (Belmont - Deputy Leader of the Opposition) [3.44 pm]: I outlined before question time how the Government might use the Treasurer's Advance Account for 1999-2000. I pointed out the cost overrun of $51m across the three core agencies of Education, Health and Police. The Treasurer told *The West Australian* that the budget overruns would be fully financed; however, on closer inspection it would appear that of the Education budget overrun, $10m will be financing through a run-down in cash balances funded from the appropriation for the next financial year and $7.5m will be financed by asset sales.

I now turn to information provided through the Estimates Committee process. The Leader of the Opposition asked the Treasurer to provide supplementary information on the number of agencies which have applied for new or additional funding from the Treasurer's Advance Account thus far in 1999-2000, which agencies applied, how much additional funding was sought by each agency, and the total additional funding provided to agencies thus far. The Government provided the Opposition with a list of agencies which had made applications for supplementary funding. It is notable that the Education Department is not on that list. One must ask: How is the Education budget overrun to be financed if the department has not yet, according to the information provided, applied for supplementary funding under the Treasurer's Advance Account?

The information provided shows that the Health Department sought $20m in supplementary funding, but that no supplementary funding has been approved for the department - not a single dollar. The question then arises: How will the Health budget overrun be financed? The supplementary funding has been applied for, but no approval has been given. The Treasurer indicated in the Estimates Committee hearing that supplementary funding is not always agreed to. If not approved, it is a matter for agencies to manage. "That is what management is all about" was the Treasurer's response. I have concerns about the way the budget overruns will be financed, which will not be fully through normal supplementary funding. If that is the case, the claimed increases in expenditure in Health and Education for the forthcoming financial year are exaggerated and do not reflect the real outcome in service delivery.

In conclusion, I drew attention to the way the Government has doubled the annual usage of the Treasurer's Advance Account over the past six budgets compared with the previous record. I have drawn attention to the way in which the Government's financial forecasts have deteriorated from last November to February and to the budget presentation, and to the fact that we are in the fourth year of a four-year run of deficits using the Government's preferred method of judging financial performance. All these matters point to a Government which is deficient in financial management, and cannot control its expenditure.

MR KOBELKE (Nollamara) [3.49 pm]: I raise my concerns about the way in which the Government is misusing the funds allocated under the Treasurer's Advance Authorisation Bill. The Government is using those funds in a way that the Bill does not allow for. It is doing that because it wishes to hide the problems in its budget. If the budget were open and transparent, the Government would have a major political problem. Therefore, it is using a range of devices in its budget papers to mislead people, and it is then using the Treasurer's Advance Authorisation Bill to patch up the problem. Consequently, the problems with the finances of this State are not open to public view; there is a lack of transparency; and it is this legislation that allows the Government to get away with what it is doing. That is contrary to the intent of the Treasurer's Advance Authorisation Bill, because it is supposed to be a part of the series of money Bills which holds the Government accountable. The primary Bills dealing with the year's budget are supposed to lay out expenditure in specific areas in clear terms. The Government cannot spend that money in areas totally unrelated to that to which it is committed without going through proper processes which are covered by other Acts. If the Government wants to find extra funding, the Treasurer's Advance Authorisation Bill provides for circumstances in which there is a need for extraordinary funding. I will come to the definitions in the Bill in a moment. However, the funds allocated under this Bill are supposed to be applied only to special purposes. An area in which the Government knows that there will be expenditure, yet fails to declare that and instead falls back on using the Treasurer's Advance, is improper and contrary to the provisions of the Bill now before the House.

Clauses 4 and 5 determine the restrictions to be placed on the funds made available under the Bill. Clause 4 contains the limit on the amount; that is, the total of all amounts allocated to the Treasurer's Advance in the forthcoming year cannot exceed $300m. Clause 5 deals with the purposes for which the money can be paid or advanced. Three specific areas are defined in clause 5(1). I will read it only in part, because I wish to concentrate on the key reasons for which the money can be spent. Therefore, I will abbreviate the subclauses and I will not quote all the technical parts. I give that warning, because I do not want my comments to mislead anyone. However, I believe that the parts I will quote will correctly reflect the main purpose of the Bill.

Under clause 5(1), the Treasurer may, during the financial year commencing on 1 July 2000 -

> (a) make payments of an extraordinary or unforeseen nature -

I emphasise "extraordinary or unforeseen nature" -

> - in anticipation of, or in addition to, the relevant appropriations by Parliament . . .

Under clause 5(1)(b), the second purpose is -

> make advances, on such terms as the Treasurer thinks fit, for the temporary financing of works and services of the State or to officers of public authorities including . . .

Under paragraph (c), the third purpose is -

> make advances, on such terms as the Treasurer thinks fit, for the temporary financing of works and services undertaken in conjunction with, or on behalf of, other Commonwealth, State or Territory Governments, local governments or persons . . .

Three conditions are placed on the allocation of funds under this Bill. I will deal with them in reverse order. Under paragraph (c), if special issues of funding arise between the State Government and the Commonwealth, local governments or persons, moneys for those purposes can come out of the $300m allocation. It may be that something is not currently planned. When a project comes up, the Government can facilitate it and either contribute the moneys or recoup them, because it was able to initiate the work whereas the Commonwealth or the local government authority could not do so at that stage. Moving backwards, the second condition is that the Treasurer may make advances, as he thinks fit, for the temporary financing of works and services of the State or for public authorities. Again, it may be that a new project comes up and the Government needs to put in some money during that financial year. Therefore, the money is available for that project. However, as I read it, the provision does not relate to the core services of government. It may be for capital works and services of the State or of public authorities. However, I do not believe that the recurrent expenditure for normal government agencies is covered by clause 5(1)(b).

I come now to paragraph (a), which contains a more pervasive reason for being able to allocate funds under this legislation; that is, when the payments are required because they are of an extraordinary or unforeseen nature and could not be anticipated in the budget. I take that to mean that they are extraordinary and unforeseen in respect of the public at large and government generally - not just some sectors. The Government is well aware that funding will have to be met in a particular area, but it does not want to tell anyone about that. The criteria in respect of the public would be met, because for the public it is unforeseen because it has been given no word of it. The public does not understand that in the primary budget Bill the Government has included things that are not true and that the figures do not cover the actual costs. The Government knows that but the public does not. Therefore, the Government falls back on using the Treasurer's Advance authorisation fund to cover what would be covered under the normal appropriation Bill. It could perhaps be unforeseen by the public, but it is not extraordinary and unforeseen by the Government. The Government knows it has commitments in those areas, but it has failed to meet them. When the Government does that, its spending contravenes the requirements of the Treasurer's Advance Authorisation Bill.

To make my case, I must draw on some examples, which I will attempt to do. Unless we look to what has happened in past years, we cannot see how the funds in this current budget are likely to be used in a way which is contrary to the clearly stated intent of the Bill. I turn first to the global view of the Government's finances and how quickly they have changed. The Deputy Leader of the Opposition has already mentioned these figures in part. I wish to refer to them in two graphs. For that purpose, I ask that permission be granted to have those two graphs incorporated in *Hansard*, because I will speak to the figures contained in them.

[The material in appendix A was incorporated by leave of the House.]

[See page 7669.]

Mr KOBELKE: The first graph to which I refer covers the general government operating surplus. In this graph, I am comparing the figures from the midyear review, which the Government released in February this year, with the figures in the budget, which it released in May this year. There was only a short period between them, yet they present a totally different picture of the State's finances. In the first graph, which shows the operating surplus for general government, the February figures for the midyear review for 2000-01 show that the anticipated surplus was $76m. For the outgoing years, the figure is $264m in 2001-02, and in 2002-03 it is $313m; yet the budget in May shows that the Government is now forecasting much smaller operating surpluses of $42m in 2000-01, $46m in 2001-02, and $92m in 2002-03. Turning back to the year of this budget, in February there was to be an operating surplus for the 2000-01 budget of $76m, but within a short time that was pruned back to $42m - not an insubstantial reduction.

I turn now to the other graph, which reflects the general government cash balance - the actual cash bottom line - which is another important measure of how the Government is travelling. That graph shows that in the midyear review, which was produced in February this year, the Government was forecasting cash surpluses of $6m for 2001-02 and $102m for the following year, 2002-03; yet the government budget brought down in May forecasts cash deficits of $226m for 2001-02 and $178m for 2002-03. It has gone from a $6m surplus for 2001-02 to a $226m deficit. The 2002-03 operating surplus has gone from a surplus of $102m to a deficit of $178m. In a matter of six months there has been a major turnaround in the global picture of the Government's budget.

The Government is simply shuffling the figures. It is not presenting an accurate figure of the budget bottom line. I will go through one or two departments to show where the problem lies in hiding the real expenditure, and how, when this whole thing falls in a heap, they will have to rely on a Treasurer's Advance authorisation to top up the amounts the various agencies need.

Debate adjourned, pursuant to standing orders.

PRISONS (PYRTON) AMENDMENT BILL 2000

Introduction and First Reading

Bill introduced, on motion by Mr Brown, and read a first time.

Second Reading

MR BROWN (Bassendean) [4.01 pm]: I move -

That the Bill be now read a second time.

The Prisons (Pyrton) Amendment Bill seeks to do two things: To limit the discretion of the Governor to proclaim a prison on land known as Pyrton that is described in schedule 3 of the Bill; and to revoke a proclamation of a prison on that site that was made by the Governor earlier this year. In essence, this Bill seeks, firstly, to ensure that a proclamation is made by the Governor under section 5 of the Prisons Act declaring that site a prison is revoked and, secondly, to remove any power for the Governor to make a proclamation of that nature in the future.

The Government decided to locate a women's prison on what is known as the Pyrton site in Eden Hill. This site is situated in the middle of suburbia. The site has no significant buffer zone between residences in Success Hill and Eden Hill. The site was previously used by the Disability Services Commission, which decided some years ago to relocate its clients elsewhere. Disability Services Commission clients have not occupied that site for some time.

The Government has attempted to argue that the use of the Pyrton site is appropriate on a number of grounds. For example, it has argued for its use on grounds of cost alone by claiming that it is a more economic site than other possible sites. It has sought to argue a range of other matters supporting of the location of the prison on this site.

In the time available to me I will refer to four issues that I think are important in considering the appalling way the Government, particularly the Attorney General, has behaved in this matter. Firstly, I will refer to community opinion and the constant misrepresentation by the Government that the community is not strongly opposed to the prison on this site. Secondly, I will refer to the Government's argument that it would be more effective and efficient to have the prison built on this site. Thirdly, I will explain in some detail the appalling way the Government has circumvented the planning process. Finally, time permitting, I will refer to a number of other general matters of import to the community.

A letter dated 25 August 1999 was written by the Attorney General's chief of staff to a constituent of mine and of his which reads in part -

> Mr Foss is serious about considering the genuine concerns expressed by Pyrton residents, and he did so by establishing a community-based committee and by engaging market research to ascertain the community's viewpoints. That research suggested that there was not a majority of people who were strongly opposed to the use of the Pyrton facilities. Many concerns that were expressed by the local community are unjustified.

That letter from the minister's chief of staff claiming that the vast majority of the community are not opposed to the location of a prison on this site is entirely wrong. I am amazed at the nature of the alleged research carried out by the minister. I have presented a number of petitions in this Parliament signed by hundreds of residents in the area expressing opposition to the prison. At least five or six public meetings have been held, with 200 to 300 people attending them, at which resolutions opposing a prison on the Pyrton site were passed either unanimously or by an overwhelming majority.

When the Ministry for Planning conducted a survey of residents about a proposed land-use option for the Pyrton site, it received 747 responses. Of those 747 responses, only 11 chose the prison as the first option; 638 responses indicated outright opposition to a prison on that site. More recently, at a very well-attended public meeting held earlier this year, the resolution passed at that meeting reaffirmed its opposition to the establishment of a prison at the Swan River site at Eden Hill. It is false for the Government to claim that it is not acting in a way to which the community objects, and to pretend that this proposal has, if not community support, no community opposition. Time and again, the community has indicated to the Government that it is opposed to the prison.

I now deal with the matter of cost. It is interesting that the alleged prime motivation for using the Pyrton site is that the existing buildings can be refurbished and, therefore, that will save the Government a considerable amount of money. Earlier this year in April 2000, the Ministry of Justice, issued a four-page circular to residents. Part of that circular under the heading "Benefits of Pyrton" stated -

> The use of the existing buildings not only provides a high value use for existing buildings, which will result in their maintenance and restoration but will provide a significant capital saving (up to $6 million).

The argument from the Government is that use of these facilities will save a significant amount of taxpayers' funds. During the Estimates Committees two weeks ago, an officer from the Ministry of Justice advised the committee that the total cost to construct a new facility of this nature and to purchase land would be in the order of $12m; that is, $12m for the construction of a minimum security institution for women which would hold 50 prisoners. None of the costings that the Government alleges are correct has ever been released. I also make the point that the Government is funding the construction of a new prison in Wooroloo; that is, the construction of a 750-bed maximum security prison. It is being constructed not only for that number of beds, but also, ground infrastructure is being laid at the prison to enable further expansion. The total cost of that new prison is $79m. That equates to $5.4m for 50 beds. Yet, somehow, the Ministry of

Justice claims that a 50-bed stand-alone institution would cost twice that amount. It went on to say that it would cost twice that amount, notwithstanding the fact that it is constructing a minimum security facility, not a maximum security facility. These alleged costs bear investigation. When one examines them, one sees that the alleged savings are very small and nothing like that which has been purported by the Government.

The Pyrton site is very large and the prison is proposed to occupy only one portion of that. When the Government sought planning approval for the prison on this site, it was not given. The Government was told by the statutory planning committee of the Planning Commission that it needed a structure plan for the entire site. That has not been produced. To avoid producing a structure plan for the entire site, the Government has set aside the rest of the site for community purposes. While that is applauded, the Government has valued the rest of the site at $4.5m. That was a late decision made by the Government to overcome a planning impasse. The true cost of the Pyrton prison is the cost of the open space - $4.5m; the cost of the land on which it will be constructed - $1.5m; and the cost of refurbishment - $1.8m. I defy anyone to produce figures demonstrating that it would not be possible for that amount to be used to construct a new prison.

I will deal with the planning issue and the appalling way this has been dealt with by the Government. Early in the piece, I requested that the proposal to place a prison on the Pyrton site be dealt with as a major amendment to the metropolitan region scheme. That request was denied. The Planning Commission became involved to determine whether the construction of a prison on the site was appropriate. A media release issued by the Planning Commission on 29 June 1999 advised that the commission had resolved to refuse the application by the Disability Services Commission on behalf of the Ministry of Justice for the development of a minimum security prerelease facility on the Pyrton site at Eden Hill on two grounds. Those grounds were that the applicant had not dealt with the strong Aboriginal association with the land and that no overall concept plan for the site had been developed. As a result of that decision, the minister had the right to appeal, but he did not exercise that right. It was a community expectation that, whenever those two matters were addressed, a further application would be made to the Planning Commission. However, that application was never made. The Government decided not to go back through the Planning Commission process and not to seek planning approval for the site but, rather, to circumvent that by getting the Minister for Works to issue a taking order under the Town Planning and Development Act to change the zoning of that site.

The other issue concerning the original matter that was raised by the Planning Commission has not been properly addressed. It is true that the Minister for Aboriginal Affairs has approved the site under the Aboriginal Heritage Act, but that approval was based on legal advice that the committee charged with the responsibility for making recommendations to the minister had no power to consider the substantial matters that were before it with regard to that site.

The Government has totally ignored community opinion in this process. The Government has simply put on earmuffs and refused to listen to community opinion. The Government has misrepresented the community's views by trying to pretend that the community does not object to this proposal. The Government has circumvented the planning process with regard to this proposal, and it has misrepresented the costs by using them as a justification for going ahead with this proposal.

It is a mystery to me why the Minister for Justice will not listen to the community, will not provide information and will not consider viable alternatives, but obviously he has taken that view for some reason. What I am seeking with this Bill is to redress that situation by ensuring that the Governor's proclamation of a prison on the Pyrton site is revoked and the community's views are upheld.

Debate adjourned, on motion by Mr Tubby.

SELECT COMMITTEE ON THE DAMPIER TO BUNBURY NATURAL GAS PIPELINE

Establishment - Motion

DR GALLOP (Victoria Park - Leader of the Opposition) [4.23 pm]: I move -

> That this House establish a select committee to inquire into and report on whether or not the State Government gave assurances or guarantees to the purchasers of the Dampier to Bunbury natural gas pipeline about the level of tariffs to be charged for the future use of the pipeline.

This issue is summarised extremely well in an article in *The Australian* headed "An Epic dispute over charges for pipeline". There is a nice play on words in that heading, but underneath those words is the fundamental reality with which we are dealing; that is, the dispute between the Government of Western Australia on the one hand and Epic Energy on the other. Of course, Epic Energy was the successful purchaser of the Dampier to Bunbury natural gas pipeline. I think the dispute is summarised very well in the article, the heading of which I referred to a moment ago. It is an article by Roger Martin. I quote -

> Just two years after negotiating the biggest privatisation in the state's history, Epic Energy and the Court Government are poles apart on what guarantees were given to secure the $2.407 billion price tag.
>
> Epic is adamant it has an agreement with the Government for the tariff regime it is proposing for the pipeline.

It further says -

> But Energy Minister Colin Barnett is equally adamant there was no agreement and Epic must take its chances with the gas-access regulator.

This is a very important issue for the people of Western Australia; it is a very important issue for the reputation of the State; and it is a very important issue in terms of any potential liability for the taxpayers of Western Australia. Our view is that the issue is so important that it requires resolution. What the Opposition says is very simple: There is Epic's view on one side, there is the Government's view on the other, and it is very important for our State that this difference be resolved. Someone is right and someone is wrong. Let us have a parliamentary committee look into this matter.

Mr Barnett: That will certainly get to the truth.

Dr GALLOP: Why will it not? Why cannot a select committee of Parliament get to the truth? Let us look at the players involved in this dispute; not only the direct players but those who are affected indirectly. By doing that we will illustrate very clearly how important this issue is. On one side is Epic Energy, the purchaser of the Dampier to Bunbury natural gas pipeline, a major corporation working in the oil and gas business throughout the world, now part and parcel of the economic fabric of Western Australia. It argues with a great deal of force that it has an understanding from the Government of Western Australia that was given to it when it purchased the pipeline. Inasmuch as we know what its thinking is on this matter, it is revealed in the submission that it has made to the gas regulator on the future price that should be charged for the transmission of gas. In its submission, which can be obtained on the Internet, it says that there is a clear government assurance on this matter. It quotes from the minister's press release when he announced that the Government would sell the pipeline, and said that many issues needed to be sorted out before the pipeline was sold and that it was not just about the sale of the pipeline itself; there were all sorts of economic issues related to it which had to be sorted out. When the pipeline is sold the Government is not just selling a pipeline, it is selling a package of proposals.

The minister in his speech in this Parliament on 16 September 1999 said -

> In the sale of the Dampier-Bunbury pipeline a number of policy issues were thought out and implemented prior to the sale. From my perspective that was one of the keys to the success and the achievement of such a high price. Apart from the $2.4b in proceeds, the sale included a reduction in transport tariffs of 18 per cent over three years.

He then talked about the widening of the easement and the extensions in the pipeline capacity that have come with the sale.

Epic said -

> To summarise, our model can be said to reflect the circumstances of that purchase, that is, the purchase of the pipeline by Epic in the sense that Epic specified . . .

Here information is deleted from the submission.

> In its successful bid, the Government rejected Epic's alternative bid with . . .

That information is also deleted.

> The Government had recognised Epic's proposed tariff as contributing to the success of the sale and as supporting the price received.

That is what we know publicly about Epic's case. It is summarised by its view that when it paid $2.407b, there was an understanding about what that would mean for future tariffs in Western Australia. It is certainly very aggrieved by the fact that the Government disputes that there was such an agreement.

I now turn to the Government. The minister said that there is no agreement and the future tariff will be set by the regulator who has the final say in the matter, and that is the end of it. There is no agreement, beyond the reduction of tariffs in 2000. That is a fair summary of what the minister said. He then went on to complicate his position by saying there is no agreement but he is relaxed about the submission made by Epic Energy to the gas regulator. It is incumbent upon the minister later tonight to explain precisely what he meant when he said he is relaxed about it.

The minister also said we need a solution to this disagreement. If there is no basis to the disagreement, why do we need a solution? The minister's position is puzzling. On one hand, he said there is no implicit understanding, no assurance and no guarantee but he is relaxed about the price that Epic Energy submitted to the regulator. On the other hand, he is concerned about the disagreement and urges AlintaGas to settle with Epic Energy. The minister must explain a little more comprehensively his position as, on the surface, there is a contradiction at the core of it.

Western Power and AlintaGas, which are important players in this equation, are ultimately under the ministerial guidance of the Minister for Energy, the same person who said he is relaxed about Epic Energy's submission to the regulator. What does AlintaGas say about the matter? It is frank in its views on this subject. It said -

> AlintaGas public affairs manager David Sweet said Epic's submission, if approved, would have a big impact on transmission charges and was not in the spirit of competition.
>
> "The bottom line is, it is going to cost us more money to get the same volume of gas down," he said.

AlintaGas is therefore very concerned about the price proposal submitted by Epic Energy. Western Power is also concerned. It said -

> The tariff rise and new penalties would affect Western Power's gas-fired Kwinana power station and two smaller co-generation plants.
>
> Western Power says Epic's estimates show tariffs rising to as much as $1.30 per gigajoule within 15 years.

This is a vital issue, given that Western Power is a large consumer of gas for its gas-fired power station and may in fact upgrade its use of gas in Kwinana.

Mr Barnett: Can you elaborate on whether that is a nominal or real indication?

Dr GALLOP: I am quoting what Western Power said about this issue. The minister would agree it is very concerned about it?

Mr Barnett: Yes.

Dr GALLOP: That is all I am saying: It is concerned about it. Western Power said these tariffs will affect its ability to conduct business on behalf of the people of Western Australia, as did AlintaGas. Epic Energy is therefore saying there is an agreement; the minister is saying there is no agreement, but he would like the matter to be sorted out and he is relaxed about its submission; but the minister's two major utilities are saying they are very concerned about the submission by Epic Energy to the gas regulator. This morass of difference is creating a climate of uncertainty about Western Australia's future economic development.

Fourthly, the bidders for AlintaGas are clearly concerned about this situation. If they are to purchase AlintaGas, they must know what the price will be for the transmission of gas; currently they do not know. The Government's planned sale of AlintaGas is creating a great deal of uncertainty.

Fifthly, other potential users of the pipeline who want to use gas for industry development in Western Australia do not know what the gas transmission tariffs will be. They are obviously concerned about the difference between the Government and Epic.

Sixthly, and finally, the poor old taxpayers of Western Australia are also concerned about this matter, as Epic said it will take the matter to court if it cannot reach an understanding with the Government.

This is not an issue about opposition policy versus government policy. It is an issue about a disagreement at the heart of government in Western Australia between Epic on one side and the Government on the other, which is creating enormous uncertainty in Western Australia today.

Mr Barnett: I do not think it is.

Dr GALLOP: The minister is the only person who does not think a climate of uncertainty exists. The bidders for AlintaGas think a climate of uncertainty exists. The taxpayers of Western Australia believe that to be the case because they are told, through the newspapers, that a major economic player will take the Government to court. Western Power and AlintaGas are very concerned about the situation. The minister's actions on the matter are extremely confusing. There should not be a situation in which the minister says he is relaxed about a submission, and the two major agencies under his responsibility say that the submission has serious consequences for economic development. The problems are, first, the uncertainty in Western Australia. Potential investors in AlintaGas and potential investors in new industry do not know what the tariff will be. That uncertainty will continue for a long time if the matter goes to litigation, which is a most unsatisfactory state of affairs. Second, the Government is at loggerheads with a major economic player over a major economic issue. From what Epic Energy Pty Ltd is saying publicly, the disagreement looks almost certain to go to litigation.

Mr Barnett: Will we wager on that?

Dr GALLOP: The minister is very arrogant and self-centred in his approach to this issue. It is a serious matter. The Parliament could resolve this by saying it is a matter of difference and letting the courts determine who is right and who is wrong. However, that will do nothing about the uncertainty. Another way of resolving the issue would be for us to use the powers of this Parliament to set up a select committee to inquire into the matter. That is necessary because the bottom line is that the integrity of government in Western Australia is at stake. The minister may or may not like it; however, his position and integrity are at stake. It is an important issue. The Opposition is not prejudging the question, but noting the issue that is at stake.

Mr Bradshaw: I put my money on the minister.

Dr GALLOP: The member should feel free to put his money on the minister. Does the interjection imply that the member will vote for the Opposition's motion for a select committee to determine whether his bet is successful?

Mr Bradshaw: I doubt it.

Dr GALLOP: It does not lead to that conclusion. That indicates that the member's comment is worthless.

Mr Bloffwitch: He does not support you.

Dr GALLOP: Is the member saying that Epic Energy is lying?

Mr Bloffwitch: I am not saying anything about Epic Energy.

Dr GALLOP: I am not asking the member for Geraldton; I am asking the member who said he would back the minister. Is Epic Energy lying when it says there is an agreement?

Mr Bradshaw: I am not sure what it is saying.

Dr GALLOP: The member is not sure what Epic Energy is saying, but he will back the minister.

Mr Bradshaw: I know he is straight.

Dr GALLOP: I will tell all the bookies in Harvey to ring the member for Murray-Wellington, because he is obviously an easy touch. This matter must be resolved for the maintenance of the reputation of this State. It must be resolved for the benefit of the certainties that must exist about future economic development in Western Australia. Epic Energy is either right or wrong; the minister is either right or wrong. Does he agree that it must be one or the other?

Mr Barnett: You make your speech and I will make mine.

Dr GALLOP: Will the minister answer that in his speech?

Mr Barnett: No, you can ask me that question tomorrow.

Dr GALLOP: We are debating this today. Yesterday, the minister asked the Opposition to initiate a debate, which it has done. Will the minister answer the question? Epic Energy is either right or wrong or the minister is right or wrong. Will he answer the question?

Mr Barnett: You make your speech and I will make mine.

Dr GALLOP: That comment shows the evasiveness of the minister. No wonder there is frustration in the marketplace with the performance of this minister. There can be only one answer to the question of whether Epic Energy is right or wrong. There can be only one answer to the question of whether the minister is right or the minister is wrong. That is why we need a parliamentary inquiry into this matter. It is a discrete and clear issue and it could be dealt with very expeditiously by a parliamentary inquiry. It will not require a huge amount of time or resources. Unlike other inquiries I could mention, which this Government has set up for its own political ends, this inquiry has some importance for the future economic development of the State. We have a state of uncertainty and a potentiality for legal action, which is undermining confidence in our State. The issue must be resolved.

If the minister had the courage of his convictions, he would be happy to support the establishment of a select committee of this House. Instead, what we have from the Government is the arrogance that we see on all issues that come before it in Western Australia today. On issues such as the construction of the belltower, the approach to the finance brokers crisis and our health, police and education systems, this arrogant Government believes it is in a different class from the ordinary people and can do and say things, and make decisions for which it does not have to be held to account because it is special and different. The attitude that the minister is oozing in this Parliament, not only yesterday but also today, indicates that he has fallen into that trap. I am afraid this issue will not go away and it needs resolution. I would have thought that if the minister were confident of his position, he would have no trouble whatsoever in setting up a select committee. The numbers on that committee would obviously be in favour of his side of the House but it would get to the truth of whether assurances were given. The Opposition's view is very clear and straightforward. It requires a simple response: Yes or no. Then we can deal with the matter and sort out this difference, and the State can get on and do what it needs to do to provide new jobs and opportunities. If the Government says no to this question, all we can conclude is that it has something to hide on the issue.

MR RIPPER (Belmont - Deputy Leader of the Opposition) [4.42 pm]: The background to the motion moved by the Leader of the Opposition is the dispute between government agencies on the one hand and Epic Energy on the other about the circumstances in which Epic Energy purchased the Dampier to Bunbury natural gas pipeline. Epic Energy has stated that it purchased the pipeline and, in so doing, reached what it calls a regulatory compact with the State Government. I will quote from some of Epic Energy's comments on this matter. Paragraph 5.9 of its "Submission 4: The Regulatory Compact" states -

> The Government could have structured and executed the pipeline sale process in a different way. It could have sought to lower gas transmission tariffs by reducing the emphasis it placed on achieving the highest possible sale price . . . Alternatively, it could have sought a higher price by accepting a lower reduction - or even an increase in - gas transmission tariffs.

Paragraph 5.10 states -

> In the event, the Government chose to structure and execute the DBNGP sale process in a way that delivered the sale price, and the tariffs and tariff path that supported that sale price. In accepting the sale price, and the proposed tariffs and tariff path, the Government secured a particular balance between the interests of users and prospective users of the pipeline, and the wider public interest. It made a strategic decision of the type a government is elected to make on behalf of the community.

Paragraph 5.11 reads -

> It is the value the Government of Western Australia placed on the pipeline that must now be used in establishing the initial capital base for the DBNGP.

The initial capital base is a very important aspect of the regulator's decision. It will affect the tariffs that this regulator and future regulators will decide on for the Dampier to Bunbury natural gas pipeline for one or two decades, or even longer. Epic Energy is saying there is a regulatory compact between this State Government and Epic Energy, arising out of the sales

process of the pipeline which bears on the decision that the regulator must make on the initial capital base and the tariffs. The key issue is this: Did the Government accept a higher price for the sale of the Dampier to Bunbury natural gas pipeline and, in return for that higher price, agree to a higher tariff future for the pipeline? The material Epic Energy has put into the public arena causes people to have grave doubts about the way in which the Government conducted the sales process.

I will quote, to the extent I can, from another of Epic Energy's submissions; in fact, from an appendix to a previous submission. It is the proposed regulatory model for the Dampier to Bunbury natural gas pipeline, dated October 1999, and reads as follows -

> A direct connection between the tariff commitment and the purchase price was drawn by Epic's acknowledgment that the proposed tariffs would "provide the Buyer with an acceptable return on investment [.]".
>
> The government's acceptance of this commitment can be inferred from the requirement that each bid specify prospective tariffs, combined with the acceptance of Epic's winning bid. The discussion of tariffs under Schedule 39 was not optional; Epic's bid would have been rejected had it failed to specify a tariff. More importantly, Epic also made a second bid.

We then come to the Government's censorship of Epic's public comments on this matter, because the sentence concludes in the following way -

> [this information has been deleted. See NOTE at start of Submission]

Table 4, which is interesting, is a menu of bids offered for DBNGP, and it has two columns - bid 1 and bid 2. Underneath those columns is the following information -

> [this information has been deleted. See NOTE at start of Submission]

The next paragraph reads like a Sri Lankan newspaper; it is practically impossible to understand because of the Government's censorship. It reads -

> In economic terms, the bids presented a trade-off to the government between two key objectives: maximising revenues from the privatisation, and achieving lower transmission prices for consumers. By selecting the [this information has been deleted. See NOTE at start of Submission] bid, the government effectively expressed a preference for [this information has been deleted. See NOTE at start of Submission] in revenue from the [this information has been deleted. See NOTE at start of Submission] bid, in exchange for [this information has been deleted. See NOTE at start of Submission] instead of [this information has been deleted. See NOTE at start of Submission]. Although we understand that [this information has been deleted. See NOTE at start of Submission], Epic would not have submitted two different bids unless it believed [this information has been deleted. See NOTE at start of Submission].

That information has been deleted not because Epic Energy wanted it deleted; it has been deleted because this State Government wanted it deleted. That is made clear in the submissions by Epic Energy. I will quote from the beginning of submission 4 -

> One of the four submission released by OffGAR was a submission from Epic Energy ("Epic Submission 1"), which among other things, described in some detail the process of the sale through which it acquired the DBNGP from the State of Western Australia. The version of that submission released by OffGAR is a modified version of the submission lodged with the Access Arrangement on 15 December 1999, which has not been released by OffGAR. The modifications are the deletion of certain information covered by confidentiality obligations.

Those confidentiality obligations have been imposed by the State Government, which does not want information about the pipeline price process in the public arena. The Government does not want the public to know the choices it faced or to understand any trade-offs agreed to between tariffs and the sale price for the pipeline. The State Government wants only to boast about the $2.4b proceeds of the pipeline privatisation. If the Government had a regulatory compact with Epic Energy, the Government's account of the DBNGP privatisation has been misleading. This was the largest financial transaction in the State's history. Clearly, a trade-off occurred between the price received for the pipeline and the tariff expected for the pipeline in the future. The question arises: Did the State Government bring forward benefits to its state budget in return for allowing a long-term tax on gas consumers to be applied? Did the Government sacrifice the medium and long-term interests of this State, in economic development and employment arising from cheap energy, in return for a quick hit to the state budget?

Perhaps that is what the Government did, and perhaps that is why it will not let Epic Energy release to the public the full detail of what happened in the Dampier-Bunbury natural gas pipeline sale process. If the Government made a regulatory compact with Epic for a high tariff future for the pipeline, its decision will have a significant impact on the future economic development of the State, which depends to a large extent on the availability of cheap energy. Perhaps the Government did not reach a regulatory compact with Epic Energy. I have an open mind on the matter - I want to know the truth. I am not alleging what Epic alleges. However, I am very concerned that a significant company is at such loggerheads with the Government on this sensitive issue.

There is another way to look at this matter: If the Government reached that regulatory compact and has reneged on the compact, deserted Epic and let the regulator set a lower tariff path than Epic expected as a result of the sales process, an implication arises for the State's reputation. What large investors will feel comfortable about investing in infrastructure in

Western Australia if they have a perception that the rules of the game will change once the investment is sunk into the State? That is a significant issue. If potential investors cannot, and do not, have confidence that the State Government will keep its word, they will be reluctant to make investments in Western Australia. Epic Energy has drawn attention to this aspect. I make it clear that I am not necessarily adopting Epic's view. I quote from its submission because it raises an important argument. I have an open mind about the truth of this matter. Let us consider what Epic has said publicly about sovereign risk. A major foreign investor is prepared to place its view about sovereign risk in this State on the public record. Submission 4, the regulatory compact, reads in paragraph 6.2 -

> Epic Energy is equally concerned about this aspect. In this situation the State clearly acted in a way to maximise the sale price by accepting and setting a particular environment for a tariff to apply to the asset in the future. It is not acceptable for the State or its utilities to now suggest that that should not apply and instead a lower tariff is more appropriate. For this to occur, or even the fact that a lower tariff is regulated, given the environment in which Epic Energy acquired the DBNGP and its reasonable expectations as to the tariff that would apply, has serious implications for investors' confidence in the State and the country.

That is not the Labor Party; that is not a party in opposition; that is not a green group; that is not a small residents' action group. That is a major foreign investor whose comments on these matters might be expected to receive serious consideration by other potential foreign investors.

Dr Gallop interjected.

Mr RIPPER: As the Leader of the Opposition points out, when those sorts of comments are made by a major investor in this State, the Parliament must be concerned. On the one hand, the possibility is that the Government has traded off the economic development of the State and the prices to be paid by gas consumers in return for a short-term boost to the budget. On the other hand, the possibility is that by seeking to renege on an alleged deal like that, the Government is projecting an image that Western Australia is a place in which it is risky to make an investment. These are very significant issues for the future of this State, for investment in this State and for economic development in this State. They raise the possibility of litigation. I understand from the budget papers that $50m has been set aside for potential litigation arising out of the sales process for the Dampier to Bunbury natural gas pipeline. Those matters are dealt with in budget paper No 3, the *2000-01 Economic and Fiscal Outlook.* If I recall correctly, I understand that five possible disputes have arisen between the Government and Epic Energy that may need to be settled within that $50m envelope. However, the litigation about which I am talking is not the litigation that is foreshadowed by that section of the budget papers. It is broader litigation arising from the dispute between Epic and the Government over the tariffs.

What happens if Epic does not accept the regulator's decision and, instead, decides to take legal action in pursuit of its view that it had a regulatory compact with the Government? In what costs would that involve the Government? What delays would there be to the tariff-setting processes? What would the damage be to the reputation of the State? Alternatively, would the Government be tempted to enter into some sort of commercial settlement to have the matter dealt with and concluded? That might, of course, involve the taxpayers in a significant payout to Epic Energy. Another question arises: In the event of that sort of legal action, could the gas access regulator's decision stand? Would his decision be legally robust in the face of that sort of legal action from Epic Energy, should that occur? I hope that does not occur. However, these are important issues, and these are some of the reasons that the Parliament and its committees should look at this issue.

The tariff decision is absolutely critical for the sale of AlintaGas. I have been told by people associated with the bidders that the tariff decision could make a difference to the value of AlintaGas of up to $500m. A considerable responsibility is resting on the regulator. His decision on these pipeline tariffs could change the value of AlintaGas by up to $500m; yet this Government wants to rush ahead with the privatisation, ahead of that decision of the regulator. Why would the Government insist on privatising AlintaGas in July and August when the regulator's decision is expected in September? How will the Government know what is the real value of AlintaGas, when people are saying that the tariff decision will make a difference of as much as $500m to the value? How will the bidders work out precisely what sort of bid to make? Surely that sort of uncertainty will cause some discounting of the bids. When there is uncertainty people take less of a risk: They will lower their price. That is a matter of great concern. I cannot understand why the Government will not delay the privatisation of AlintaGas. I have made it clear that I do not agree with the privatisation. However, I cannot understand, in the light of these developments, why the Government will not delay privatisation.

This is a sorry set of issues which the Minister for Energy has brought on himself. The minister arranged the sale of the Dampier to Bunbury natural gas pipeline. He presided over the negotiations with Epic Energy. He set up the scheme for the regulation of tariffs. He decided on the privatisation and the timing of the privatisation of AlintaGas. The minister's mode of administration has him running one line and his agencies, Western Power and AlintaGas, running another line. The Opposition has offered the minister a solution to these difficulties. We have said for months now that he should release all the documents associated with the Dampier to Bunbury natural gas pipeline privatisation. Let everyone concerned - the public and the Parliament - see the asset sales agreement and all the other correspondence between Epic Energy and the Government. We can then determine the truth of this matter. Epic Energy wants that information made public, but is censored by the State Government which insists on confidentiality obligations. This Government wants to keep the confidentiality obligation even though no-one with whom it has an obligation wants that obligation kept.

The minister has rejected the Opposition's first solution, so we offer today a second solution: Let a parliamentary committee examine it. If the minister thinks it is all too sensitive to be released publicly, a parliamentary committee can hold an in-camera hearing, and look at it. The Government would have a majority on the committee; that majority could decide what

to publish and what not to publish. What has the Government to fear from a parliamentary committee knowing what happened in the Dampier to Bunbury natural gas pipeline sales process? Why can a parliamentary committee, such as the Public Accounts Committee chaired by the member for Avon, not examine the trade-off the Government made in the largest financial transaction in this State's history? If the minister has nothing to hide, let the Parliament examine what he has done with that very large financial transaction.

MR BARNETT (Cottesloe - Minister for Energy) [5.02 pm]: It may not surprise the House that the Government does not support this motion, and I will explain why that is on a number of counts. Before I do so, I shall put on the public record my views of what this motion is all about. In the first instance, it is designed to discredit me as Minister for Energy. Perhaps that is a fair political tactic. Given the editorial performance of *The West Australian* - at least in the past 12 months - the Opposition may succeed in that. However, I want to concentrate on the facts rather than opinions. Secondly, presumably, whether by intent or default, the object is to undermine the role of the independent regulator, Dr Ken Michael, who administers in Western Australia the national gas access code for sale, distribution and transmission. The most recent comments by the Deputy Leader of the Opposition challenged in this Parliament the ability of the regulator to make a decision and questioned whether his decision could be overridden. It cannot. His decision is final. The only thing that can be challenged is the process by which he arrives at the decision.

Dr Gallop: What if Epic takes you to court? What a ridiculous comment.

Mr BARNETT: The Deputy Leader of the Opposition said it. The third objective of the Opposition by taking this course of action is to promote a high cost transport option in preference to a low cost transport option. I do not know what the household and business consumers of gas in Western Australia would think of a Labor Opposition promoting a higher rather than a lower transport option. Somehow in its conclusions about submissions made by AlintaGas and Western Power, the Opposition also tried to say that it was presenting a contrary point of view to mine. By implication, the Opposition seems to be asserting that I as minister should give instructions or directions or somehow try to influence the submission that AlintaGas and Western Power make to the gas regulator.

Dr Gallop interjected.

Mr BARNETT: I should not do that. I listened to the Leader of the Opposition; he can listen to me. I have in no way sought, nor would I seek, to influence whether AlintaGas or Western Power make submissions. They are corporatised trading enterprises with their own boards effectively accountable under the Companies Code. Indeed, I did not request, nor did I even see, a copy of their submissions prior to their going to the regulator. For me to have done so would have been improper.

Dr Gallop: Nothing you have said is relevant to this issue.

Mr BARNETT: The Leader of the Opposition should sit and listen; it will be educative for him.

Dr Gallop: Nothing is relevant to this debate.

Mr BARNETT: If he does not want to listen he should go outside and let me speak.

The ACTING SPEAKER (Mr Masters): The Leader of the Opposition has made the same interjection five times. Twice is sufficient to get the message across. If the person on his feet chooses not to answer, he should give up.

Mr BARNETT: This motion is an attempt to discredit me as Energy minister. By pursuing a political objective the Opposition, whether by intent or not, seeks to undermine and question the independence of the independent gas regulator in Western Australia. He is a former eminent public servant in this State established as the gas regulator under statutory powers with bipartisan support. If anything, the Opposition is also promoting a higher cost rather than a lower cost transport option, which has implications for both household and business gas customers. It is also implying that in some way I as minister should influence the ability of Western Power or AlintaGas to make submissions to the regulator.

Dr Gallop: Come on!

Mr BARNETT: That is what it is all about.

Dr Gallop: It is about who is right and who is wrong. Get on with it.

Mr BARNETT: I have been speaking for four minutes. I am tempted to take a point of order on my own speech.

Dr Gallop: You are very touchy, touchy, touchy, because there is a little problem, problem, problem.

The ACTING SPEAKER: Order! When I took over the Chair the Leader of the Opposition was not in this House. I have no idea whether he heard what was said earlier, but I request he give the minister more than four minutes in which to put his view.

Mr BARNETT: Thank you, Mr Acting Speaker. I accept that the Opposition's attempt to discredit the minister is politics.

Dr Gallop: There is no attempt to discredit the minister.

Mr BARNETT: That is what the politics is about and I will comment on that.

In 1993 I took over the Resources Development and Energy portfolios.

Mr Thomas: We remember.

Mr BARNETT: Yes. If there is one area in this State in which the stakes are high it is the resources and energy industry. The resources sector in this State is worth about $19 000m a year. It is an industry that attracts investment from within, mainly internationally, of anywhere from $2 000m to $5 000m. If ever there was an industry sector in which Governments or people, whether they be politicians or public servants, could get it wrong at a cost to the taxpayer or people or could be compromised, or in which conflicts of interest could arise, it is in this area because the stakes are very high. I have managed those portfolios to the best of my ability since 1993.

I will contrast my performance with what occurred prior to then. I will talk about WA Inc only briefly, so members opposite should not get upset. When the Burke Government first took office it recognised the significance of the resources industry sector. In those early days in government, it jumped in and did a couple of things. One of the first things it did was to extort $50m cash out of Argyle Diamonds by allowing it to use a fly-in fly-out work force and by relieving it of an obligation to have a locally based work force. It used that money to buy Northern Mining Corporation, I think from the Bond Corporation. Northern Mining was the vehicle the Labor Government set up for the Western Australian Development Corporation and all the scandal that followed from that. Where did it all start? It all started from the approach of the Labor Party to this high-value, high-dollar, high-investment industry. The second thing the Labor Party did - one of the biggest tragedies of its period - was to go back into the resources industry and get behind a failed petrochemical project - the famous Petrochemical Industries Co Ltd project. Again the Labor Government got its little fingers into the project. People will ask why the project went wrong. The Labor Party will say it was because Connell, Dempster, Bond and people like that were involved and they were not necessarily reliable or honest people. That is the common view. Why did the State lose money over the PICL project? It was not so much because of the character of the people involved, although they had nothing to commend them. It occurred because the project did not have substance. The only reason it got as far as it did was that the Labor Party in government provided all sorts of guarantees and securities. When the project proved to be just a lot of blue sky, it cost Western Australian taxpayers $400m because of the activities of the Labor Party in greedily getting into the resources sector.

The third example of the Labor Party getting its greedy little fingers into the resources and energy sector was over coal contracts - a big feature in the WA Inc royal commission. The Labor Government pre-paid for coal, and it was all tied in to a failed attempt to develop a 600 megawatt power station at Collie where the price and the risk to the State got up to the order of $2.3b. Let us preface this attempt to discredit me by reminding the public - as we will do - of Northern Mining, WADC, the petrochemical project, coal contracts and the Collie power station. That was the Labor Party's decade in government.

Mr Bradshaw: What about power? You have left that out.

Mr BARNETT: That was not so directly in the resources sector, but it is true, they had resource interests.

Several members interjected.

Mr BARNETT: Mr Acting Speaker, I ask for some support here, because this motion is an attack on my credibility and I have an important speech to make.

Dr Gallop: You have a lot of colleagues here defending you!

Mr BARNETT: I do not care, I do not expect that. I have the ability and the right to defend my credibility.

The ACTING SPEAKER (Mr Masters): While the minister is referring to activities of previous Governments, the Opposition should have the ability to interject. When the minister starts to talk about the substance of this motion, I will suggest to the members opposite that they behave themselves.

Mr BARNETT: I have finished with the disastrous WA Inc period. However the one point I will make from that is that it was the greed of the Labor Government to get into this perceived wealthy large industry sector that led to such a disastrous loss of taxpayers' money, and which had such a dramatically disastrous impact on the credibility and reputation of Western Australia. That is something which the current Government has had to work extremely hard to correct.

Mr Acting Speaker, excuse me if I appear immodest, but when I took over the Energy portfolio in 1993, I dealt with a number of issues. I will not go into them in detail, but I will remind the Opposition of them.

Dr Gallop: When will the minister get on to the subject we are supposed to be debating?

Mr BARNETT: The Leader of the Opposition will have to listen to me for a little while. The first issue I dealt with was the Collie power station; that was resolved. The State was facing huge potential losses due to litigation. The Collie power station was built - to a different configuration, granted - and no legal action ensued. The project is operating today. The next project built under government mandate was the goldfields gas pipeline. That was another project the Opposition tried to criticise. The goldfields gas pipeline is operating today, and has resulted in enormous investment in lateritic nickel projects. The next project - after 30 years - for which I claim credit in getting under way was iron ore processing in the form of BHP's direct reduced iron process plant, which I acknowledge currently is having some commissioning problems.

Dr Gallop: The minister criticised us for that proposal. Is the minister now claiming that as his own?

Mr BARNETT: I actually did it. The next major project which I tackled was the renegotiation of the North West Shelf

contracts which led to energy deregulation in this State. I renegotiated contracts which had 10 years to go and perhaps $10b worth of gas to be delivered.

The final point - there are others - was the sale of the Dampier to Bunbury natural gas pipeline for $2 407m. I am not blowing my own trumpet -

Several members interjected.

Mr BARNETT: Members opposite have criticised me and I will defend myself.

Members should look at the size and complexity of the deals - the Collie power station, the goldfields gas pipeline, the North West Shelf renegotiation, gas deregulation and the sale of the Dampier to Bunbury natural gas pipeline. It irks the Opposition that, in sharp contrast to the 1980s, I am still standing here, I am not going to jail and there is no risk to the credibility or finances of Western Australia as a result of anything I have done. I can look anyone in the eye and say that I have not lost $1 of taxpayers' money and I have not given $1 of taxpayers' money to any company in this State. That is all I will say about credibility. *The West Australian* journalists will write it differently because that is their style.

Mr Marlborough: You are touchy.

Mr BARNETT: No, I am not; I simply do not like being called the things *The West Australian* calls me.

Several members interjected.

The ACTING SPEAKER (Mr Masters): Order! I ask members of the Opposition to give the minister some leeway. He is about to talk to the substance of the motion.

Mr BARNETT: Everything I have said is important because it relates to government credibility and sovereign risk, and the ability of a Government to handle major transactions of international consequence.

On 16 August 1996, as Minister for Energy I announced the first step towards the privatisation of the Dampier to Bunbury natural gas pipeline.

Mr Thomas: What percentage was that?

The ACTING SPEAKER: The member for Cockburn will come to order!

Mr Thomas: He will not answer.

The ACTING SPEAKER: The Leader of the House has the right to chose not to answer. I ask the member not to interject on the same issue or I will be forced to take harsher action.

Mr BARNETT: I set up a steering committee to look at a range of issues, including whether it would be full or part privatisation.

A second media release was issued on 7 September 1997 outlining a number of key points of the sale. Those points included a cap on tariffs being introduced and declining over the period 1998 to 2000, a state commitment to adopt an access code containing a negotiated base access, and a pricing regime that would be consistent with the national access code's becoming law in January 2000. In September 1997, the Government announced declining tariffs as part of the sale and that it would be subject to the national access code as of January 2000.

Dr Gallop: Read it again. It refers to negotiation.

Mr BARNETT: The Leader of the Opposition can have a copy and read it himself.

On 22 May 1997, I announced details and policy issues relating to the privatisation at an address to an Australian Institute of Petroleum conference. I will spare members the full speech. I do not work from written speeches, but I do have notes. When referring to transport costs, I pointed out that there would be a declining cap on transport tariffs. Tariffs would decline from the then current level - that is, $1.26 a litre - to $1 a litre by 2000, and thereafter the national access code would apply. Those three substantive points were made in public to 300 people on 22 May 1997.
On 12 November 1997, I again made a statement outlining the number of candidates who were bidding for the pipeline and giving a progress report on the sale process.

Dr Gallop: You are still not dealing with the issue.

Mr BARNETT: I thought the access regime and declining tariffs were the substance of the motion. On 3 March 1998, the Premier and I jointly announced the sale of the Dampier to Bunbury natural gas pipeline. The press release put out on that date states -

> Under the transitional access regime, tariffs will fall 20 per cent from $1.19 (nominal) in 1998 to $1 (nominal) in 2000. From the year 2000, the National Access Code will be adopted in WA.
>
> Epic Energy Australia is prepared to spend $874 million through to 2007 to double the capacity of the pipeline . . .

From 1997 through to the sale in March 1998, there were consistent statements about declining tariffs being subject to the national access code, without any question whatsoever.

On 10 March 1998, I said in a speech to the Parliament on the sale of the Dampier to Bunbury natural gas pipeline -

> Under the transition access regime, pipeline tariffs will fall by approximately 20 per cent to $1 per gigajoule by the year 2000 and from the year 2000 the National Access Code will apply to tariffs on this pipeline.

Dr Gallop: How definitive is the national access code?

Mr BARNETT: The Leader of the Opposition should know; we passed it through this Parliament. Consistent statements have been made all the way through from 1997 about declining tariffs being subject to the national access code.

The motion states -

> That this House establish a select committee to inquire into and report on whether or not the State Government gave assurances or guarantees to the purchasers of the Dampier to Bunbury natural gas pipeline about the level of tariffs to be charged for the future use of the pipeline.

The Dampier to Bunbury Pipeline Act, which was the legislation to sell the pipeline, contained a provision on guarantees and the like - and why not, given the history of the 1980s in this State - that the Auditor General shall report to the Parliament within 60 days of the completion of the sale on any obligations on, or guarantees that are given by, the State. The Auditor General reported to the Parliament on the question of obligations or guarantees, which is the subject of this motion, and he gave the sale a clean bill of health.

Mr Ripper: Did he talk about an assurance?

Mr BARNETT: He talked about obligations and guarantees. That is pretty clear. What are we on about here? There has been a consistent policy statement by this Government.

Dr Gallop: You are saying Epic is a bunch of liars. That is what we are on about.

Withdrawal of Remark

Mr BARNETT: I have never accused Epic of being a bunch of liars.

Several members interjected.

Mr BARNETT: Mr Acting Speaker, you have got to protect me.

The ACTING SPEAKER (Mr Masters): Minister, I am waiting to hear your point of order.

Mr BARNETT: I am trying to say my point of order, which I have an entitlement under standing orders to say uninterrupted. I have been impugned because the Leader of the Opposition has accused me of referring to Epic Energy as a bunch of liars. I have never and would never use such language and to use it in Parliament is totally inappropriate and I ask that he withdraw the remark.

Mr THOMAS: If the statement that has been made is incorrect, it is a point of fact, not a point of order, and it is not a breach of the standing orders and it can be corrected by the minister in his speech.

Dr GALLOP: The minister is defending his position in the Parliament today by saying there are no assurances, obligations, guarantees or commitments in respect of the future tariffs on the pipeline. Epic Energy, reported in many newspapers, is saying there is such a thing. Therefore, I asked the minister, by way of interjection, whether he was saying that Epic Energy is a bunch of liars. I think that is a perfectly legitimate question to ask.

Mr BARNETT: The Leader of the Opposition did not say that.

Dr GALLOP: What did I say? Perhaps I said something else. By implication the minister is saying that it is a bunch of liars. That is what the minister is saying. He should have the guts to get up in this Parliament and say it!

Mr JOHNSON: I heard quite clearly what the Leader of the Opposition said.

Dr Gallop: What did I say?

Mr JOHNSON: He said that the minister was basically calling you a bunch of liars.

Dr Gallop: Sit down.

Mr JOHNSON: That is what I heard.

The ACTING SPEAKER (Mr Masters): Order members!

Mr JOHNSON: It still does not alter the point of order. He impugned the Minister for Energy because the minister would not use that sort of unparliamentary language here. I suggest that the member withdraw the remark.

The ACTING SPEAKER: I have listened to the points made by the minister and other members. I refer to Standing Order No 98(2) which states that -

> If the Speaker considers the words are objectionable or unparliamentary, the Speaker may order the words to be withdrawn and may require an apology.

I find the implied accusation by the Leader of the Opposition that the minister has used the term "liar" about some of the statements about Epic Energy to be objectionable. I therefore ask the Leader of the Opposition to withdraw any implication that the minister has ever called Epic Energy "a bunch of liars".

Dr GALLOP: I withdraw the implication if the Acting Speaker requests it. I might come back to the issue later and seek some clarification. I withdraw.

Debate Resumed

Mr BARNETT: I remind the House of a few details of the way in which-

Dr Gallop: Are you implying in your comments that Epic are liars?

The ACTING SPEAKER: I warn the Leader of the Opposition and from now on I am going to call members to order because I believe that the minister has been interjected upon 30 times in his 20 minutes. He is getting frustrated and he is unable to say the things he wants to say.

Mr BARNETT: Before it was sold, the pipeline was sold under legislation passed through this Parliament, which laid down a whole lot of procedural things that were to happen. The pipeline was sold against a framework of parliamentary legislation passed in a bi-partisan way by both Houses. The sale process was overseen by me, as minister, and reporting to me was a gas pipeline sale steering committee which consisted of the chief executive officers of Treasury, the Office of Energy and the Department of Resources Development. The sale process was fully documented and was conducted with the full involvement of the Deputy Crown Solicitor and was subject throughout to a probity auditor. It was a large and complex transaction. From recollection, document rooms were open for a period of up to six weeks; each of the bidders literally had teams of accountants, lawyers and financial analysts preparing their bids on the documents. At the request of this Parliament, the sale process was audited by the Auditor General - the independent and responsible officer - who did, according to the Dampier to Bunbury Pipeline Act 1997, meet his obligations, and he reported to this Parliament within 60 days of the sale and he gave it a bill of clearance on the issue on which he was asked to report: Were there obligations on the State or guarantees given by the State? He reported on that and he cleared it. The substance of this motion was dealt with long ago. Within two months of the pipeline's sale in March 1998, the Auditor General had reported to this Parliament on the issues of guarantees and obligations.

The sale process was conducted under closed tenders in the form of binding bids. All the bids had to comprise a standardised form of asset sale agreement and had to indicate the full purchase price including stamp duty. The complying documentation contained only an indication by bidders of their proposed tariff schedule. In the case of Epic that was the famous schedule 39. Under schedule 5 of the asset sale agreement, bidders were required to provide and affirm indications of their proposed tariff rates and the path they would follow. They were required to do that to demonstrate to the gas sale steering committee that, given the price they bid and the price they proposed as tariffs, they would receive an acceptable rate of return on the asset. In other words, they had to demonstrate that they could not only buy the asset, but also operate it profitably and not expose anyone to an unforeseen risk of failure of the business or unanticipated demands for tariff increases. This was not a simple sale. We did not offer the product and say, "Come and make a bid." We sold it subject to a range of policy issues designed to guarantee the business continued and to deliver a 20 per cent cut in tariff which was put in place by me by regulation. A host of matters were contained in a schedule that would guarantee protection for consumers. It was a sale that would guarantee other people multi-user third party access under the National Third Party Access Code for Natural Gas Pipeline Systems. We thought about public interest and competition for the future by making a commitment at the time of sale that we would widen the easement from 30 metres to 100 metres but the easement would remain in public ownership so that Epic would own the pipeline and the steel running down the easement but would not control the easement nor have an ability to affect competition in the future by that ownership.

As I have said in this House a number of times, privatisation is not as simple as it may sound. A host of issues must be dealt with and, as the responsible minister, I dealt with those issues prior to the sale and I enunciated them publicly to 300 or 400 people in May 1997, 12 months before the sale was effected. There was therefore no secrecy, no confusion and no lack of understanding of the policy commitments. I said through various Press announcements that there would be a declining tariff from $1.20 to $1 from the point of sale to January 2000 and the regulator would be subject to the national access code and the independent gas regulator. That was stated consistently way back from 1997 right through to the sale process. There is no mystery therefore about that. This was a very proper and very carefully conducted sale process.

Dr Gallop: You are saying Epic is not a liar. What words would you use to describe its public comments?

Mr BARNETT: I will answer the Leader of the Opposition's questions in a moment. It seems that people are suggesting there is no national access code. The Gas Pipelines Access (Western Australia) Act, passed by Parliament at the end of 1998, provided specifically that the Dampier to Bunbury pipeline was a covetous pipeline under the national access code. We legislated in this Parliament to put the access code in place and we put specific provisions in the access code legislation to ensure that the Dampier to Bunbury pipeline was covered. This information has been public right throughout the sale process.

Mr Ripper: Would you not agree -

Mr BARNETT: No, I will finish. The Opposition hates that this process was done by the book, we got a price of $2 407m and all the policy issues were addressed. The Opposition should name an issue that has not been addressed. I addressed every issue.

Dr Gallop: One big issue has not been addressed. Who is telling the truth? That is one issue that has not been addressed yet.

Mr BARNETT: As I said, what is this about? This is about trying to damage my reputation.

Dr Gallop: No, it is not.

Mr BARNETT: That is all it comes down to. There is no substance. The Under Treasurer and the chief executive officer of the Office of Energy were involved in the steering committee, and Dr Des Kelly, the head of the Department of Resources Development, chaired it. An impeccable group of people was involved. The Solicitor General, independent lawyers, the Auditor General, the probity auditor and the bidders were also involved. The sale process was done without question.

Mr Ripper: Until now.

Mr BARNETT: Until now. Who is raising the question?

Dr Gallop: Epic Energy.

Mr BARNETT: Epic Energy Pty Ltd raised the question. Who is promoting it? Which is the political party for sale, just as it was in the 1980s? The Australian Labor Party: Rent-a-political party. This should remind everyone in this House that the Labor Party in Western Australia has not changed. It is the same party with the same ready-for-sale sign it had in the 1980s.

Point of Order

Mr RIPPER: As the member of the Labor Party who seconded this motion, I regard the minister's comment that the Labor Party is for sale on this issue as a grossly offensive imputation against me. I ask the Acting Speaker to ask the minister to withdraw that remark.

The ACTING SPEAKER (Mr Masters): I do not find that to be an objectionable term because it is a derogatory remark about a political party, rather than a member of Parliament.

Debate Resumed

Mr BARNETT: The documentation was set up and the processes were followed through impeccably. The bidders were not buying a single product. People were buying a pipeline over which the Government had made a range of policy decisions. The principal issue being debated today is the transport charges. The Government's position, which was reflected in various announcements and all the tender documentation, was that the price of gas transport should fall by 20 per cent at the point of sale from $1.20 to $1.11, then to $1. After the sale, I ensured that it would happen by using the powers of regulation. The regulation lapses when the Western Australian Independent Gas Pipelines Access Regulator makes his determination, which he is working on. I guarantee there is no risk of departure from the $1 tariff until the regulator makes his determination. That is creating certainty and is in place.

In making the bid, people had to bid against the pipeline and its assets, they had to understand the contracts - which was the confidential part - and they had to bid against a tariff for transport that would fall from $1.20. The bids were submitted on that basis. Epic Energy's bid was the highest by a significant margin. Its bid was $2 407m and it bought the pipeline. It had to indicate at the time of purchase - not in a binding way - what it would do with the pipeline and the sort of tariff increase it would promote or pursue. Epic Energy had to convince the Government that its bid price was consistent with a reasonable tariff outcome. It also had to indicate its plans for expansion. The Government did not want to sell a pipeline that never expanded; in other words, it did not want to see the development of a tight monopoly. Epic Energy indicated that it would spend $850m to double the pipeline's capacity by 2007. The sale had two schedules: An indication of future tariff direction and an indication of new investment in pipeline capacity. No contract binds Epic Energy to build that capacity of pipeline expansion, and no contract binds the Government or anyone else to schedule 39 - foreshadowed tariff increases. Attachments to the bid were included to be scrutinised so that the bidders could be questioned by the steering committee to ensure the bid stacked up; that is, that the bid price was consistent with reasonable future tariff changes and the expanding capacity of the pipeline.

That is what I mean by addressing policy issues up-front: Thinking of all of the contingencies, thinking the issue through and answering it clearly and unequivocally for bidders so they can make a bid in confidence. When Epic Energy won its bid and handed over the huge cheque for $2 407m, it hosted a cocktail party and gave me a silver pen. Its representatives said how pleased they were to get it and they celebrated; they were very happy. They were conscious at that stage that they had paid significantly above the next highest bidder. In all their comments and presentations, they said that they had probably paid more than they had to for it. However, they had won and they were confident about the State, gas sales and the gas industry and market.

Dr Gallop: When did they say that they paid more than they had to?

Mr BARNETT: I did not say that they said it; they knew it.

Dr Gallop: You said that they said it.

Mr BARNETT: There was no secrecy about that. There was publicity about what a great job the sale steering committee did. There was no recognition in *The West Australian* of the job the minister did, but that is par for the course.

Mr McGowan: Everyone is out to get you.

Mr BARNETT: They are, but they will not.

Dr Gallop: Everyone is out to get you, particularly the member for Alfred Cove.

The ACTING SPEAKER (Mr Masters): Order, members!

Mr BARNETT: The sale went through.

Several members interjected.

Mr BARNETT: This Chamber is becoming farcical at the moment.

Dr Gallop: Will you answer my question?

Mr BARNETT: I will answer the Leader of the Opposition's question. I have 27 minutes to go and we have several other speakers.

Dr Gallop: Do you want me to ask the question again?

Mr BARNETT: No. I will finish in a moment and then the Leader of the Opposition can ask his questions. As part of it, bidders were required to put in a schedule 39 foreshadowing tariffs, knowing full well that the Parliament was in the process of legislating the national access code and that the regulator would be the only person empowered to set a tariff, and knowing that there would be a $1 price because that was the sale condition, which I subsequently put in place by regulation. Epic Energy's proposed tariff would come down to $1, so it complied with the policy position of the Government. There was no argument about that; it would be $1 and that is why I regulated for $1. It foreshadowed that it would be proposing tariff increases of two-thirds of the consumer price index in subsequent years. Two-thirds of CPI means that if inflation is 3 per cent, tariffs might go up 2 per cent. That is what it foreshadowed. With regard to a long-term price strategy that it might pursue, I have said publicly that I was comfortable with that, because it implied that the real cost of gas transport would continuously fall. It had fallen 20 per cent by the sale process and it would continue to fall year after year by one-third of CPI, because its increase could be only two-thirds.

Mr Ripper: Did you reject those lower tariffs?

Mr BARNETT: I will come back to that. I have 26 minutes left; I have plenty of time. That was the schedule.

Mr Ripper: Tell us about the second bid.

Mr BARNETT: Epic Energy made a submission to the regulator reflecting that. What is not said, and I do not pretend to understand all the intricacies, is that the price of gas transport is not a simple price. It relates to capacity, priority of gas transport, who would lose their gas supply if there were an emergency situation and a whole lot of other issues. It is not as simple as gas being transported for $1. There are all sorts of priorities and contingencies. A simple gas transport contract is complex. Epic Energy, for its own reasons as professional pipeline operators, has sought and is seeking to make changes to some of the conditions relating to gas transport. It is not strictly apples on apples. Nevertheless, that is a complexity that only people in the gas transport business fully comprehend. That is part of the reason that AlintaGas and Epic Energy are making submissions. It may not be so much an issue of price; it might be some of the conditions of gas transport and the priority of gas transport with which AlintaGas and Western Power are more concerned.

Mr Ripper: It is not cut and dried. A range of options are available under the access regime.

Mr BARNETT: That is its submission. In broad terms the proposal of $1, which is now in place due to my regulation, and two-thirds of CPI is a reasonable proposal. I have no difficulty with that. That is why I and the Government had no difficulty accepting Epic Energy's bid of $2 407m. That was top dollar and it came with a government policy of a 20 per cent reduction in tariff. It came with a commitment - not binding - by Epic Energy to spend $850m effectively doubling pipeline capacity over an eight-year period. It came with Epic Energy's proposed schedule of tariffs, which implied a decline in real tariffs.

Mr Ripper interjected.

Mr BARNETT: Go away. I have 24 minutes.

Dr Gallop: We will not go away, so get that very clear.

Mr BARNETT: Members opposite will probably have 15 minutes in which to ask questions in a question and answer session.

Mr McGowan: You will sit down.

Mr BARNETT: I will stand here.

That was the core of the transaction. Epic seemed to be suggesting that it had an implied compact, to use its word.

Mr Ripper: A regulatory compact.

Mr BARNETT: This was a large financial transaction. If people spend $2 407m, one would think that anything that was

important to either party would be included in the contract. If Epic had a contract or agreement with the Government over something to do with future tariffs, Epic would be able to produce the contract. Epic cannot, because it does not exist; it was a schedule to Epic's submission to buy and not part of the binding sales contract.

Dr Gallop: What if Epic had not built extensions to the pipeline? What would you have said to it?

Mr BARNETT: It is not a binding contract.

Mr Ripper: So you would not have said anything?

Mr BARNETT: I would have talked to Epic, but it is not a binding contract; it is Epic's proposed price and Epic's proposed expansion.

Mr Ripper interjected.

Mr BARNETT: I will answer hypothetical questions later.

It seems to be suggested that I can somehow agree or disagree with Epic and put in place a price for gas transport in the future. I could put in place by way of regulation, which I did, a process to bring transport charges to $1 a unit. The national access code is operating, and this Parliament has established an independent gas regulator who has the final determination. I do not have the power any more to set gas transport charges. This Parliament took that power away from me at my request. It is an independent process under a nationally agreed set of rules and conditions. That is the system and the basis of the sale. Everyone in the Australian gas industry and every bidder, including Epic, understands that.

The $1 a unit applies until the regulator makes his determination. He will do that; he will probably come out with a draft determination some time around the middle of the year or in the third quarter, and there will be discussion and debate about it in the industry. At some time, maybe in April of next year, he will come to a final determination. That is the complexity of regulation; it is not simple. That is why I am glad he is doing it and I am not doing it. In previous days ministers did it. It is beyond the capacity of ministers to understand and be able to do the sort of detailed work required of an independent regulatory process. That process is set up and in place.

I do not have any problem personally with what Epic proposes, but it is Epic's proposal to the regulator, not mine. Western Power and AlintaGas have put in their submissions. The Government, through the Office of Energy, has also put in a submission, which is essentially neutral. It describes the sale process, acknowledges the role of the regulator and refers to schedule 39, which Epic put in as part of the sales process and attached to its bid because that was one of the issues we wanted to talk about before we accepted the bid.

AlintaGas and Western Power are major players in the gas industry - AlintaGas directly and Western Power as a bigger gas purchaser than AlintaGas because of using gas in power generation. They have a direct commercial interest. They are controlled in all their activities by an independent board, the directors of which are subject to Corporations Law and all the rights, responsibilities and penalties of directors. I have the power to direct the board, but should I direct the board on whether it makes a submission to the independent regulator? I would say absolutely not; indeed, neither should I in any way try to influence its submissions to the regulator. They are independent. It is the responsibility of the directors and senior management to put in a submission in the interests of their corporation. They have done that.

I think what has probably upset Epic is that it sees the Government and me, as minister, acknowledging its proposed schedule of tariff increases. The Government, through the Office of Energy, acknowledged that it was Epic's scenario, but it also reminded everyone that it is ultimately subject to the national access code and the determination of the regulator. It has nothing to do what I may think or say. AlintaGas and Western Power put in submissions from their commercial points of view. They will argue for lower tariffs, as Epic will argue for higher tariffs. That is the commercial reality - one is selling and the others are buying so they come from different directions.

Dr Gallop: What is your view of their submissions? Are you fazed by them?

Mr Barnett: My view is that they are entitled to make their commercial submissions.

Dr Gallop: What is your view?

Mr BARNETT: I do not have a view on their submissions.

Dr Gallop: But you have one on Epic's.

Mr BARNETT: Yes; I was required to have a view on Epic's as it was one of the things assessed in the sale process as a matter of policy.

Dr Gallop: What do you mean by that?

Mr BARNETT: It was a condition we looked at in the sale process.

Mr Ripper: It sounds like a regulatory compact to me.

Mr BARNETT: No. If the Leader of the Opposition had listened instead of interjecting, he would have heard that the sale process required people to put in scenarios on matters such as future tariffs and future pipeline capacity.

Dr Gallop: Is that what Epic said?

Mr BARNETT: Yes. The Leader of the Opposition would have found out if he had listened that it was not part of the sale documentation, but was a policy issue which was part of the process.

Dr Gallop: That sounds like an agreement to me.

Mr BARNETT: I spent a long time explaining this matter as this debate is about politics, not commerce. That is the process. Does the Leader of the Opposition believe that I, as minister, should in any way limit or seek to influence a submission made by AlintaGas or Western Power to the regulator?

Dr Gallop: It depends upon whether you reached an agreement as part of the sale. If you did, you should honour it. I have a view that if you have an agreement with someone, you carry it through. I do not know whether the minister shares that view.

Mr BARNETT: Clearly the Opposition does not understand the legislation which governs AlintaGas and Western Power. The Opposition seems to be implying that I should nobble submissions to the regulator, who has powers under the national access code implemented by this Parliament. That process is now taking place. When the regulator makes a determination, that will be the price of gas transport; QED - end of story. That is fine and should happen. This is a proper process, as it has been a proper process right back from 1997. The Opposition fails to recognise that this Parliament legislated both for the sale and to establish the national access code in the State and the powers of an independent regulator. The Opposition failed to acknowledge that the legislation to sell the pipeline included a requirement for the Auditor General to report to Parliament on any obligations or guarantees involved. He did so, and gave a clean bill of health. The Opposition failed to acknowledge any of those pertinent points.

Instead, it says that we should have a committee. What for? It is to make a political attack on me. I acknowledge that we are fair game in politics; I am in the process like the Leader of the Opposition. However, a committee of the Parliament would immediately undermine the independence of the regulator and -

Mr Kobelke: Why?

Mr BARNETT: Because only he can determine these matters under his statutory power. It is not to be done by me or Parliament any more, unless we change the legislation. The regulator has the obligation to independently and impartially take all submissions, analyse them, look at evidence, do what he wants and then make a determination. If Parliament set up a politically inspired committee, it would ignore the role of the Auditor General and what Parliament required of him, would ignore the sales process, and would ignore and undermine the independence of the regulator. This motion is an absolute joke.

I return to where I started. What I have done as minister, and what this Government has done, in resources energy is in sharp contrast to the activities of the 1980s. Members opposite have 14 minutes to ask their questions.

Dr Gallop: If Epic Energy is not lying when it says that there is some form of agreement, what words would you use to describe its public comments?

Mr BARNETT: I say that there is no agreement on tariffs of a contractual or implied nature between the State and Epic over the sale of the pipeline, other than it was part of the sale process and conditions that the price of gas transport fall from $1.20 to $1; and secondly, that the national access code and regulator would set tariffs from January onwards.

Dr Gallop: Why is Epic Energy saying what it is saying?

Mr Bloffwitch: Ask Epic.

Mr BARNETT: That is a good answer: Ask Epic. I suspect it is concerned because the State has consistently presented that picture. Epic foreshadowed what it would put to the regulator. I have said, and I continue to say, that I am comfortable with that. What Epic is probably uncomfortable with is that AlintaGas and Western Power, as government trading enterprises, with their own boards and with commercial independence, have put in a submission to the regulator which differs. I think that is the end of the matter. That is the issue.

Dr Gallop: Do you think Epic is an honest and reputable player in the energy game?

Mr BARNETT: Yes, I do.

Dr Gallop: Why would it say, therefore, that it has an agreement with you, as minister, and the Government of Western Australia?

Mr BARNETT: The Leader of the Opposition had better ask that of Epic. I am saying that there is not an agreement.

Dr Gallop: If what you say is true today, why won't you refer that matter to a parliamentary committee of this Chamber, wherein the Liberal and National Parties have the majority?

Mr BARNETT: Because the Opposition has not won the argument. It has not demonstrated a case to my satisfaction. I do not think any of my colleagues would think it has. The Auditor General has already carried out that task. It is incredible. The Opposition has moved a motion about guarantees and obligations.

Mr Ripper: Assurances.

Mr BARNETT: Okay, assurances and guarantees. None of the opposition members has done sufficient work to even recall or refer to the report tabled in this Parliament by the Auditor General on that matter. They have not even done their homework.

Mr Ripper: Did he report on tariffs? Was it his job to report on tariffs?

Mr BARNETT: The Opposition's motion does not talk about tariffs; it talks about assurances and guarantees.

Mr Ripper: On tariffs.

Mr BARNETT: On anything.

Dr Gallop: No, on tariffs. That is what the motion says.

Mr BARNETT: The Leader of the Opposition should read his own motion.

Dr Gallop: Come on! You're not trying that little trick, are you?

Mr BARNETT: The Opposition has not established its case, so I will not be party to supporting a parliamentary -

Dr Gallop: You're gutless. You won't put your own performance before a committee. The Australian Labor Party had the guts to set up a royal commission. You don't even have the internal fortitude to set up a select committee on which you will have the numbers.

The ACTING SPEAKER (Mr Masters): Order, Leader of the Opposition!

Mr BARNETT: It is beyond belief for the Leader of the Opposition to talk about what I and this Government have done in the resources industry, in privatisation and deregulation in major projects, and to compare that with the 1980s and the royal commission.

Dr Gallop: That was not the comparison.

Mr BARNETT: The Leader of the Opposition drew the comparison with the royal commission into his Government.

Dr Gallop: Yes, we set it up. You haven't even got the guts to set up a select committee when you have the numbers. You haven't even got the internal fortitude to do that.

Mr BARNETT: It would stretch anyone's imagination to think that what this Government has done goes the slightest way towards what happened in the 1980s when the Labor Party was in government and the royal commission ensued. The Opposition does not have a case.

Mr Kobelke: You mentioned that policy formed part of the sale agreement. Does that policy include a form of non-contractual agreement?

Mr BARNETT: No, policy does not form part of the sale agreement; it formed part of the sale process. As I explained, a number of policy matters during the sale process were reflected by the sale steering committee. The major policy matter was the decline in tariffs, which was subsequently regulated from $1.20 to $1. In its requirements on bidders, the sale steering committee, through its information memorandum and whatever other documentation was involved, also required that people provide indications on such issues as tariff, expansion capacities and the like. The reason for that was to check the veracity and the robustness, if one likes, of the bid. The Government would not accept a bid which could not be sustained. Therefore, it would have to know what that bid implied, and the bidders would have to demonstrate a proposed scenario of tariffs which would stack up and demonstrate to the sales committee that such a scenario of tariffs would give a return which would enable the money, the $2 407m, to be serviced. In other words, the Government was not about setting up the gas industry in this State for a shock. On gas tariffs, it wanted to be satisfied that the bidders' scenario was compatible with the price. It also wanted to be satisfied about capacity. I wanted to satisfy the bidders about access. They also raised issues. They wanted to be satisfied about their ability to expand on the easement, and they wanted to know what were the conditions with the Government retaining ownership. This was not a simple sale. It was a very complex matter, involving $2 407m.

Mr Kobelke: Is that in addition to all those matters in the contract which you spoke about?

Mr BARNETT: They were not in the contract.

Dr Gallop: Aha!

Mr BARNETT: I have not even seen the sales contract; it is a confidential document.

Mr BARNETT: I am telling the Leader of the Opposition that the important point is that the so-called schedule 39 was an attachment to the bids. That is what the bidders were required to do. They were required to present the issues. There is no compact or agreement on tariffs. Again, I stress that I cannot make such an agreement.

Mr Kobelke: That was not the question, minister.

Mr BARNETT: I did not make an agreement, and I cannot make an agreement.

Mr Kobelke: Epic says you did.

Mr BARNETT: I did not make an agreement; the sales steering committee did not make one. We could not make an agreement, because the power lies with the regulator. Those powers were passed by this Parliament. That is why the motion has no substance.

Mr Kobelke: The minister has not answered the question: In addition to the matter that is contractual, was there any form of assurance or agreement that was non-contractual that accompanied the sale?

Mr BARNETT: No, absolutely not.

Mr Ripper: Can you tell us about the second bid and why we are not allowed to know why Epic's submissions have been censored?

Mr BARNETT: If there was a second bid, I do not know what the second bid was. The Government's policy decision that bidders would bid on a set of conditions was put out to all bidders. The prime condition was that transport tariffs would fall to $1 for the national access code. One does not, at the conclusion of a sale process, suddenly change the rules of the game. To entertain bids on a range of issues or criteria would have changed the rules of the game and would have aborted the sales process.

Mr Ripper: Why can't we know what was in the second bid?

Mr BARNETT: The Deputy Leader of the Opposition should ask Epic; it might tell him.

Mr Ripper: Epic tried to release it publicly and it is censored by the Government.

Mr BARNETT: It is not censored by the Government.

Mr Kobelke: Will you give an assurance that Epic can release that and there is no impediment by the Government?

Mr BARNETT: Do not put words in my mouth. It is not censored by the Government. Companies made bids. That is contractual information. They are not government contracts; they are contracts with gas suppliers, the North West Shelf, Alcoa of Australia Ltd, Worsley Alumina Pty Ltd, Wesfarmers Ltd and all sorts of gas customers. All sorts of gas contracts were made available. All government information from AlintaGas and Western Power, all pipeline information, and all commercial contracts - most of which were private - was made available in the document room under strict confidentiality provisions. Everyone made them available on that basis, and they are protected by confidentiality agreements signed - not by the Government - by the bidders, the suppliers of the information, which include non-government bodies and, in technical terms, the seller of the pipeline which, in a legal sense, was AlintaGas. There is no government desire to conceal information. I have no desire to conceal any information at all.

The Deputy Leader of the Opposition would probably be surprised to know that I do not know much of the commercial information, because unlike the Labor Party, I do not get involved in the day-to-day commercial dealings. I did what a minister should do: I set the policy. I put the most competent people I could find in place. We had probity lawyers, the Deputy Crown Solicitor, and because of the Parliament, the Auditor General, which is fine. I put competent people in there and gave them policy direction. They came back to me on a few occasions, and asked questions on policy matters, and I answered them. One question was about giving indemnities to directors. That was probably the only direction that was given in the whole sale process. I am sorry to disappoint the Deputy Leader of the Opposition but it was done impeccably.

Mr Ripper: Epic says that the State has alleged that information about that process is covered by confidentiality obligations, which broad assertion was not accepted by Epic Energy. It is the State which is preventing this information being published.

Mr BARNETT: It is not. Epic might say that. One of the problems in this issue, and why Epic has said things publicly, is that Epic does not distinguish - whether it is the American culture, I do not know - between the State, as embodied in the minister, and AlintaGas and Western Power. Epic tends to view them as the State. As we know, the United States does not have publicly-owned utilities; it is very rare. Epic tends to confuse AlintaGas and Western Power with the State. Epic does not seem to comprehend that I do not direct AlintaGas and Western Power on commercial matters.

Mr Ripper: Who is telling Epic it cannot publish this material?

Mr BARNETT: The State is not telling Epic that.

Mr Ripper: That is what it says.

Mr BARNETT: Epic may say that. The reason that some of that information cannot be published is that Epic Energy, AlintaGas and other private groups signed confidentiality agreements. Personally I do not care what is published, but it is not my information to release.

Dr Gallop: It is, minister; you can release it.

Mr BARNETT: No, I cannot. Do members believe for a moment that I can release to the public, for example, details of Alcoa's gas contracts? Are they the sort of standards that members opposite have?

Mr Kobelke: That can be excluded from release.

Mr BARNETT: No, it cannot. Then the State will be involved in a case of sovereign risk and will be subject to litigation. No information concerning the Government exists that I want to keep secret. A lot of commercial information is involved.

Mr Ripper: You are keeping secret the potential for having accepted a lower price for the pipeline and a lower transport tariff. You are not revealing the trade offers the Government had before it on this matter.

Mr BARNETT: I was not conducting a sale process that was subject to alteration halfway through.

Dr Gallop: Would there be a problem with that information going to a select committee of this Parliament?

Mr BARNETT: There would be a problem. I could not give two hoots if Epic Energy said what its alternative bids might be.

Dr Gallop: Don't say that, it is a silly thing to say. You obviously do give two hoots. If you didn't give two hoots, you would release the information.

Mr BARNETT: It is not mine to release.

Mr Kobelke: You could start the wheels moving by having the checks and balances put in place so that at least a large part of it could be released.

Mr BARNETT: That is irrelevant because the Government and I, as minister, have made policy decisions about transport tariffs.

Mr Ripper: Epic is trying to hold you to that.

Mr BARNETT: And we made a decision to drop it to a dollar. That is the commitment. It was possible to bid a high price and a high transport charge or a low price and a low transport charge. Surely members opposite do not think I did not realise that in 1997. We did not want people bidding on price and transport; therefore, logically, the Government made a policy decision on the transport charge which was to go from $1.20 to $1. Members opposite could argue we should have made the charge 90¢. That would be a fair argument. Right or wrong I made a policy decision, supported by Cabinet, that we reduce the tariff from $1.20 to $1 and invited people to bid against that. We wanted them to bid against one area on price. We did not want them bidding on a range of criteria.

Mr Ripper: They would be expecting to earn a rate of return on their investment over a considerable period, so they would have understood that policy decision would last.

Mr BARNETT: Why does the member for Belmont think they were not challenged? That is why the sale steering committee required people to indicate a scenario, not a contractual issue, for tariffs. We wanted to ensure their bid was sustainable. These are not my calculations; they are based on Epic's financial modelling. Epic prepared a model of the value of the pipeline, its contracts and its prospects for growth, and fed in assumptions about the Australian dollar, interest rates and many other factors. It came up with a figure - I do not know whether it added to it - of $2 407m based against a certain fall in tariff from $1.20 to $1. Epic justified that to the sale steering committee based on a price scenario with which we were compatible. Had Epic said it would pay $2 407m, but it would need to increase gas transport by 10 per cent a year, clearly, its bid would not have been accepted. That was the process. What members opposite hate about the whole process is that I dealt with the policy issues up-front.

MR BRADSHAW (Murray-Wellington - Parliamentary Secretary) [6.10 pm]: I firmly back the Minister for Energy. If there is one minister in this place who is straight and thorough and who has been totally competent in the handling of his portfolios over the past seven years, it is the Minister for Energy. I have total faith in what arrangements he has made for the proposed sale of AlintaGas. The Auditor General's special report titled "Sale of the Bunbury to Dampier Natural Gas Pipeline" of May 1998 is interesting. It might be wise for the Leader of the Opposition and the rest of the members of the Opposition to read it. Under "Conclusions", it states -

> No guarantees were issued by the State.

Mr Barnett: Could the member repeat that for me please?

Mr BRADSHAW: I am keen for the Opposition to take notice of what I am saying. It is important that the Opposition listen. Under "Conclusions" the report states -

> No guarantees were issued by the State.

The Opposition might find that very interesting considering the motion it has moved today. It puts that issue to bed. If the Opposition has no faith in the Auditor General, it should let us know. The Auditor General has thoroughly investigated the arrangements of the sale of the gas pipeline. Based on his conclusions I do not see a need for a select committee to be established. What the Auditor General had to say is very important.

Page 19 of appendix B of the report states -

> The transmission price is to be set in accordance with the principles of the Code and approved by a yet to be appointed new Gas Access Regulator. The Buyer's undertaking on tariffs will be available to the Gas Access Regulator when making the price determination. No evidence was disclosed of the State having given specific undertakings to any party regarding tariffs to be agreed by the Gas Access Regulator beyond January 1, 2000.

It is interesting that on this occasion the Opposition does not seem to be interested in what the Auditor General said. In other cases when the Auditor General attacks the Government, the Opposition points it out vociferously. In this case

members opposite are ignoring the report; they are talking among themselves and do not appear to be worried about what the Auditor General has had to say about the matter. I repeat, page 19 of this special report by the Auditor General states -

> The transmission price is to be set in accordance with the principles of the Code and approved by a yet to be appointed new Gas Access Regulator. The Buyer's undertaking on tariffs will be available to the Gas Access Regulator when making the price determination. No evidence was disclosed of the State having given specific undertakings to any party regarding tariffs to be agreed by the Gas Access Regulator beyond January 1, 2000.

That puts the Opposition's motion to bed. I certainly do not support this motion to establish a select committee. It is about time the Opposition read the Auditor General's report. As I say, the Opposition may as well conclude this motion because it is a nonsense.

DR GALLOP (Victoria Park - Leader of the Opposition) [6.15 pm]: I will conclude by going to the heart of the issue. There is a fundamental disagreement between Epic Energy and the Government of Western Australia over whether an agreement exists about the future tariff transmission charges paid by the users of the pipeline from the north of this State. It is a discrete, simple issue and a good issue for a parliamentary inquiry because this Government's reputation is at stake. Surely members opposite are keen to have their Government's reputation confirmed by a parliamentary inquiry. The issues have been well canvassed by members on this side of the House. The Government has not produced any arguments to indicate that a parliamentary inquiry would not be a very useful weapon -

Mr Barnett: A weapon?

Dr GALLOP: Yes, to decide whether this happened. It is as simple as that.

Question put and a division taken with the following result -

Ayes (15)

Ms Anwyl	Dr Gallop	Mr McGinty	Mrs Roberts
Mr Brown	Mr Grill	Mr McGowan	Mr Thomas
Mr Carpenter	Mr Kobelke	Ms McHale	Mr Cunningham *(Teller)*
Dr Edwards	Mr Marlborough	Mr Ripper	

Noes (26)

Mr Barnett	Mrs Hodson-Thomas	Mr Minson	Mr Shave
Mr Board	Mr Johnson	Mr Nicholls	Mr Sweetman
Mr Bradshaw	Mr Kierath	Mr Omodei	Mr Trenorden
Dr Constable	Mr MacLean	Mr Osborne	Mrs van de Klashorst
Mr Court	Mr Marshall	Mrs Parker	Mr Wiese
Mr Cowan	Mr Masters	Mr Pendal	Mr Tubby *(Teller)*
Mr Day	Mr McNee		

Pairs

Mr Riebeling	Mr Prince
Ms Warnock	Mrs Holmes
Ms MacTiernan	Dr Hames
Mr Bridge	Mrs Edwardes
Mr Graham	Mr House

Question thus negatived.

GOODS AND SERVICES TAX, IMPACT ON SMALL BUSINESS

Motion

Resumed from 3 May on the following motion moved by Mr Brown -

(1) That this House expresses concern about the impact of the goods and services tax on small business in terms of -

  (a) driving a percentage of small businesses out of business;

  (b) imposing a significant cost on small business by requiring it to change its operating and accounting systems; and

  (c) imposing higher ongoing compliance costs.

(2) That this House calls on the Government to -

  (a) publicly call on the Howard Government to provide higher levels of assistance to small business to enable it to comply with the new tax and ensure the Australian Taxation Office does not take a harsh approach to compliance in the early stages of the new tax; and

  (b) extend the $400 training allowance provided by the State Government to small business in the south west to small business throughout the State - without delay.

MR BROWN (Bassendean) [6.21 pm]: When this matter was last before the House in May, as recorded on pages 6470 to 6474 of *Hansard*, I outlined a number of reasons in support of this motion. The second part of the motion outlines the action statements.

Mr Bradshaw: The first one has been done.

Mr BROWN: That is an interesting comment. The Opposition brought this matter before the Parliament on 3 May. On 23 May, the federal Treasurer issued a media release about assisting small business; so I am pleased that the resolution we moved in this House spurred the federal Treasurer into making that additional contribution. That media release states -

> The Government has decided to extend tax deductibility available to small and medium businesses with turnover of $10m or less for plant and equipment bought for the purpose of preparing for participation in the GST system.
>
> Previously the Government had announced taxpayers could claim a deduction in the income year ending 30 June 2000 for equipment bought for preparing for GST where such equipment is installed ready for use by 30 June 2000. The cost of the concession is $175m and was included in the Budget for 2000-01.
>
> The extension to the concession means that the deduction will be allowable in the year ending 30 June 2000 even if the equipment is not installed for use by 30 June, provided that the equipment is ordered by 30 June and installed by 30 June 2001. This gives an additional 12 months for installation whilst getting full deductibility.

I am pleased that the resolution we moved prompted the federal Treasurer into taking some action in that regard, but I would still encourage further action with regard to that resolution.

A number of political commentators have reported on this matter at the national level, including political commentator Ian Henderson, who said in *The Australian* of Tuesday, 23 May that the Federal Government was likely to provide high levels of assistance to small business later in the year. I quote from his report -

> Small businesses are likely to get a fresh financial boost from the federal Government in the second half of this calendar year to implement the GST.

Later in the article -

> A plan is being developed at senior levels of the Howard Government to boost the $500 million already set aside to prepare the business community for the GST. That assistance has been largely aimed at educating business about the GST.

He goes on to indicate that plans are being made.

This will occur later in the year, not simply because political commentators have made their views known. The Federal Government, as well as members of this Parliament, would know that small business is struggling to come to terms with the GST. Many businesses are finding that the very modest amount that has been provided by way of assistance from the Federal Government is insufficient to meet the start-up compliance costs of business, let alone the ongoing compliance costs. For that reason there is a belief that the Federal Government, for political reasons only, will move to provide additional assistance. This Parliament ought to recognise and express the view that these costs are hurting small business and that there is a need for a further injection of funds to assist small business over the hump. If anybody wants to know about the way in which small business is viewing this, I suggest they look at the most recent Yellow Pages survey, which shows, along with other surveys, that there is a plummeting level of confidence in the small business community and a view, both here and in New South Wales, that government is actively operating against their interests. That is a very strongly held view that is, by and large, coming about because of the implementation of the GST. Here is an opportunity for all members of the Parliament to adopt the same view and to convey to the federal Treasurer and the Prime Minister the fact that small business is struggling and that they need to do something further to assist small business to come to terms with the fairly substantial ongoing compliance costs that will be associated with coping with the GST, let alone the compliance costs that are going to occur in the next six months.

Secondly, the action part of the resolution calls for a gradual approach to tax enforcement. We all know that the Australian Taxation Office has taken on hundreds of new staff who were originally operating as educators but who will be turned into inspectors. We know that these people will be out visiting small businesses and checking to ensure that businesses comply with the GST. Although undertakings have been given that those people, when conducting their educative role, will not use any information that they gain in their role as compliance officers, we equally know that the Federal Government is very keen to ensure that its views about the tax receipts that will be collected under the GST are correct. In that regard, it will want to ensure as best it can that any tax liabilities under the GST are paid. There will be a small army of new tax inspectors who will be out for the first time inspecting the operations of small businesses. This motion is not saying that should not be done, but that the tax office inspectors need to go easy in the initial stages and give people an opportunity to learn, because mistakes will be made in the initial stages and people should not be unduly prejudiced as a result of honest mistakes made in coming to terms with the system.

The second action part of the motion calls on the Government to extend a training allowance that it has provided in the south west of this State. The small business-smart business scheme had an amount of $500 000 allocated to it by the Department of Training and Employment to provide a training voucher of $400 for small businesses in the Shires of Harvey, Augusta-Margaret River, Manjimup and Collie. Businesses within those shires have the opportunity to receive

a $400 training grant. My understanding, from evidence given to the estimates committees a little over a week ago, is that all those training grants have been taken up. Members on this side of the House want to know why this training grant is not provided statewide, particularly when the need for additional training will occur at the time the goods and services tax is implemented.

Mr Deputy Speaker, why are small businesses in the Geraldton electorate unable to access the $400 training voucher when small businesses in the south of the State are able to access it? Why are small businesses in the Merredin electorate of the Minister for Small Business unable to access the training voucher but small businesses in the south west can access it?

Mr Johnson: I believe the scheme states that it will be extended in other areas but it is starting off in the south west.

Mr BROWN: I suggest to the minister that the words "pilot scheme" suggest that it may or may not be extended. As members know, pilot schemes are often announced, but on examination they are found in planes that unfortunately went to ground, and they never appear again. Pilot schemes often come to an end and we see neither hide nor hair of them again.

Mr Johnson: That is a very cynical view.

Mr BROWN: It may be cynical but it is true. If I wanted to be really cynical I might suggest that this pilot scheme might end around December this year or February next year to coincide with another event that is predicted to occur around that time.

Mr Johnson: What is that?

Mr BROWN: I am told it could be around state election time. The pilot therefore might never reappear.

The other most important aspect, putting politics to one side, is that many businesses could use additional training now. There is a real need for additional training to be provided to small businesses and the voucher scheme provides an opportunity for that training to be undertaken. If the real need for additional training is now when the new tax system is about to come into effect and if small businesses are under pressure because of the new tax system - people I talk to and small business surveys by *Yellow Pages* indicate that is the case - there is good reason to make that money available now. I cannot understand why small businesses in one part of the State should be advantaged compared with small businesses in another part of the State. The second part of this motion seeks to extend the scheme right across the State. It would be first in, best dressed if places in the scheme are limited to 5 000 or 10 000. However, small businesses right across the State, including many in my electorate, would at least have an opportunity to apply for and be considered in the allocation of these vouchers.

For those strong and substantive reasons, and the reasons I outlined previously, this motion should be supported by the Parliament.

MR JOHNSON (Hillarys - Minister for Works) [6.33 pm]: All we ever hear from the Opposition is doom and gloom about the goods and services tax. It has been hyping up the issue and scaring people as much as it possibly can. I assure members - they can tell me if I am wrong - that within two months of 1 July the general public will not be worried about the GST and it will not even be a topic of discussion. Within three months of 1 July, after small business people have made their first return, it will not be a problem to them as it is a very simple return. The Opposition continually expresses in the media a fear of the unknown.

Mr Kobelke: Do you reckon it is a good thing?

Mr JOHNSON: Absolutely. It is a very fair taxation system.

Mr McGowan: A lot of people in my electorate fled the United Kingdom because of these sorts of policies.

Mr JOHNSON: That is a load of rubbish. The member is making things up and saying things that he purports to be the feeling in his electorate. I do not believe it. Value added tax did not do a thing in the United Kingdom. There was not even a ripple. Australia is one the few major western countries that does not have a goods and services tax system in place. Only two other countries fall outside the norm. Does the member want to stay with them? The Opposition is afraid to advance Australian's taxation system. The goods and services tax is a fair system. Within two months, the general public will be delighted with it, because everyone will have more money in their pockets through the tax breaks. I talk to small businesspeople all the time. I know of the comments made by the member for Bassendean in Kalgoorlie and elsewhere. I also talked to a lot of small businesspeople last week. The fear that was present six months ago is not there now. Small business is much more informed. People know what will happen on 1 July. Much of the fear has dispersed.

Small businesspeople know they will have to comply with the goods and services tax, but it is only 10 per cent. It is an easy figure; it is not 12.5, 17.5 or 22 per cent, which a lot of information technology-type small businesses must deal with. Businesses involved with whitegoods, televisions, video and stereos must deal with 32 per cent tax. The GST will make things much easier for small business. Businesses will have to comply every quarter, but they must do that now. The many small businesspeople I speak to are delighted that the tax rate will come down to 10 per cent. It will be much easier to work with. Businesses will not have to outlay more money. When they buy stock now, they must pay 32 per cent on many items. Small businesses will be much better off.

The Opposition has hyped up this issue. It will be an absolute fizzer after 1 July, like the Northbridge tunnel. The Opposition hyped that up to be a terrible thing and a waste of money. I have not spoken to any member of the general

public who speaks badly of the Northbridge tunnel. Within six months, people will wonder how they ever lived without it. They find it is much easier to get to the airport and various places. The tunnel makes traffic flow much easier on the other roads. I find the Mitchell Freeway much easier to use when I come into the city.

Mr Brown: Like the northern suburbs railway line?

Mr JOHNSON: No, unfortunately I do not use the train very much. I would, but I do not get the opportunity. Traffic is much more free flowing with the extra lane on the Mitchell Freeway and the Northbridge tunnel. Traffic does not bank up around James Street anymore. That is another instance in which the Opposition's negativity has come to nothing. All the Opposition does is make negative comments. I have not heard any constructive comments from the other side of the House for a long time. I know the Labor Party is in election mode and its job is to oppose, complain and carp, but I think it would have more credibility if it acknowledged when a good thing was happening in this State. The GST is good for this State. It is good for the public and for businesspeople.

Mr Kobelke: That is a great quote.

Mr JOHNSON: The member can correct me later if I am wrong, and I am sure he would if he had the opportunity, but he will not. The Opposition complains that small businesspeople selling food will have to deal with food that is exempt and food that is GST-applicable. People have lived with that in the United Kingdom for years. I was in the food industry, in wholesale, manufacturing, distribution and retail. It was quite easy for a small retailer, which I was. Certain food items were VAT-applicable and basic foods were exempt, as will be the case in Australia after 1 July. It was not a problem. It was simply marked on the invoice and goods. It is much easier today because food packages are coded. The computer system dictates whether the GST applies to the item. The Opposition knows that it is as simple as that.

When I had to handle the value added tax, I did not have a computer; we had old-fashioned cash registers. Those cash registers had two lots of buttons - one was VAT applicable and one was exempt. At the end of the day, there were subtotals. All the goods that were VAT applicable were in one subtotal and all the goods which were exempt were in another, and then there was a grand total. It was very simple. Anybody can handle it. People who cannot should not be in business. The member knows that what I am saying is correct. That is why he is smiling; he knows that what I am saying is true.

Mr Brown: I am very pleased that all the quotes are in *Hansard*.

Mr JOHNSON: That is fine. I have said it many times before in this House and I do not shy away from it, because I believe that members of the general public will be better off. They will have more money in their pockets under this system. It will be up to them whether they buy a new television this week or whether they leave it for a few weeks. That television, video, fridge-freezer or computer will be cheaper.

Mr McGowan: Do you guarantee that?

Mr JOHNSON: That is a silly interjection. How can I guarantee anything? I do not know what people will charge. I am telling members that I firmly believe that those items will be cheaper.

Mr Cowan: One thing you can guarantee is that the rate of tax will be lower.

Mr McGowan: On those particular items, but you cannot guarantee that prices will go down.

Mr Cowan: There are no buts about it. The guarantee is that the rate of tax on those items will be lower.

Mr JOHNSON: Absolutely.

Mr McGowan: However, you cannot guarantee that prices will go down.

Mr JOHNSON: I thank the Deputy Premier for his interjection because it made a lot of sense. The member for Rockingham's interjection did not. As the Deputy Premier said, all of those taxation rates will be lower. The member knows it and I know it. As I have said, in two months, the general public will not even be talking about the GST. It will have come and it will be here and they will be living with it. I promise members that.

Mr McGowan: Can you guarantee that?

Mr JOHNSON: The member for Rockingham makes some very funny comments. That interjection was a bit immature because he obviously has not properly thought it out.

Mr Cowan: You can have 100 000 kilometres or three years - take your pick.

Mr JOHNSON: Absolutely; it is the warranties. I wanted to counter what the member for Bassendean said. I know in his heart of hearts he is not behind what he says.

Mr Brown: What do you think about the voucher scheme? Should that be applied to the whole State ?

Mr JOHNSON: That is not part of my portfolio; the member should ask the Minister for Employment and Training that question. I would not dream of talking about it.

Mr Brown: What do you think about additional assistance for small businesses from the Federal Government? Should they get it?

Mr JOHNSON: They have assistance. They will live with it and they will be better off.

Mr McGowan: What do you think about the $410m advertising campaign?

Mr JOHNSON: The member for Rockingham is just making inane interjections.

MR COWAN (Merredin - Deputy Premier) [6.43 pm]: At the outset, I indicate to the member for Bassendean that, although I took some notes of his earlier comments, unfortunately I did not anticipate that this matter would be brought on this evening and I have not been able to get those notes and recall some of the remarks he has made. I intend to respond to the matters that are contained in the motion. I know, because I listened to the member, that the comments he made were confined to the issues that are listed in the motion.

First of all, the motion asks the House to express concern about the impact of the goods and services tax. All of us will have some concern. The extent to which we express that concern is an individual matter. As far as the Parliament is concerned, two things must be borne in mind: First, most people in Australia have argued for some 15 to 20 years for a shift away from an emphasis on personal taxation to indirect taxation. Most of the analysts and commentators on taxation have always argued that the reform of the taxation structure in Australia needs to be built on that transfer. People argued that direct taxation on individuals and corporate bodies was a disincentive and there was no reward for endeavour, and that people who went to the workplace and earned a considerable amount of money lost a greater proportion in income tax, which was a disincentive. The majority of Australians agree that the taxation system should be restructured in a way in which people are not taxed to the extent they are at the point of earnings but they are taxed at the point of consumption. That is precisely what the goods and services tax seeks to do.

The GST is a package which applies a greater degree of indirect tax on areas which have not been taxed before; for example, on services and some products that were wholesale sales tax exempt. Accompanying that is a reduction in the level of personal income tax and certainly in the rate of corporate tax. Members will find that most individuals accept that we are part of the way towards the tax reforms that everybody has been demanding for something like 15 to 20 years.

There is no question that although the State Government might be able to claim that it has no involvement in personal income tax or corporate taxes, it certainly is still an issue at every election and every budget. We hear the Opposition claim that there is a high-taxing Government or that the policies of the party seeking to have itself re-elected mean that if people voted for that party, they would be electing a high-taxing government.

Mr Bradshaw: Sales tax was put up in 1993.

Mr COWAN: That is an example. The tax reform package is built around acknowledging the Australian public's long-time demand for a taxation system reform that directs taxation away from the point of earning to the point of consumption.

Paragraph (1) of the motion refers to the application of the GST. Subparagraph (a) refers to driving a percentage of small businesses out of business. I can recall two articles in the print media which have focused on small business owners who have said that they are getting out of business because this is the final straw that has broken their back. If one looks at those two cases, one was a small business owner who had been in business for 48 years and who had decided to call it a day. It would be interesting to know whether that can really be used as some justification to put a request to the Parliament that it express concern about an individual who after such a long period of time had decided to call it a day. Similarly, the other business owner felt that the intensity of competition was too great and he was not prepared to meet it. He again used the implementation of the GST as a reason that he was no longer interested in seeking to meet the competition. We must all acknowledge that the small-business sector above all other business sectors is pretty tough. Small business owners are always seeking to win the lowest tender and to undercut competitors. Consequently, margins are shaved considerably. Members must bear in mind that many small businesses do not have the overheads associated with larger corporate structures. If my memory serves me correctly, as a result of on-costs associated with employment - namely, workers insurance cover of different types, holiday pay, superannuation and so on - one must usually multiply salary by 1.8 to arrive at the final cost of employing a person. Many small businesses, being family businesses or self-owned, do not factor in those costs. People take a holiday when they can - that is, when they are able to persuade a relative to step in or another member of the company is prepared to work twice as hard. No structured holiday pay, leave loading or things of that nature are involved. They run a pretty tight ship. Consequently, small business is pretty tough, and no-one should think that the Government does not recognise that fact.

The motion claims that the GST will drive a percentage of small business out of business, but I believe that that percentage will be negligible. Investigation of most cases reported to me indicate that a number of other issues are relevant to the decision not to proceed with that business; it is not made on the basis of GST alone. The reference in the motion to the GST imposing a significant cost on small businesses by requiring changes to be made to their operating and accounting system no doubt is true. A cost has been imposed on small business with the changes required to be made in operating and accounting systems. No-one would deny that point. However, this must be considered in the context of paragraph (c) of the motion, which refers to higher compliance costs under a GST. I dispute that claim, as compliance costs will be similar under the different tax systems.

I am sure the member for Bassendean is familiar with the bodies which conduct regular surveys of small businesses, including the Yellow Pages index. In one instance, a person responsible for such surveys, Dr Chris Marsden, was part of a federal government team which considered the cost of compliance. It was conducted by a Mr Bell, who was then associated with McDonald's. They found it difficult to produce an average figure for wholesale sales tax compliance costs

for small business due to the wide variety of small businesses involved. However, the study suggested that the cost of compliance with the existing taxation laws was anywhere between $5 000 and $15 000. Therefore, it cannot be argued that the GST will impose a larger ongoing compliance cost than does the current tax system. As a result of the greater simplicity of the goods and services tax, the compliance requirements will be somewhat less. Undoubtedly, companies which choose to recoup their input credits and so on are already in a position, to an extent, to seek some form of reimbursement from government. For example, a business may seek reimbursement of wholesale sales tax in some rare instances in which it is determined that it was not required to pay the tax, but was forced to do so through a purchase order or something of that nature; or a business may seek the diesel fuel rebate. A case can always be argued that at some point someone has demanded or is seeking from the Government a reimbursement of taxes which have been paid. It will be interesting to see what is the situation in six to eight months, or even sooner. Some people will go to a quarterly reporting system - that is, 21 days after the first quarter; therefore, some time after 21 January 2001 we will start to draw a picture about compliance costs. I will be surprised if compliance costs for small business are greater than they are at the moment.

Dealing with the imposition of a cost, I note that the member for Bassendean talked merely in general terms about a significant cost. There is no doubt that a cost is associated with familiarisation. Although the Australian Taxation Office, through the goods and services tax start-up centre, had some $500m made available to it to expend on familiarisation, support and assistance to industry and small business, there is no doubt that small business would not have recovered all of the costs associated with the procurement of equipment to handle the GST, along with the costs associated with sending its staff members to training programs to familiarise them with the requirements for compliance with the GST. Although it is possible to make the statements contained in paragraphs (1)(b) and (1)(c) of the motion, it would be difficult to obtain a figure.

That brings me to paragraph (2) of the motion, which states that the House should call on the Government to publicly call on the Howard Government to provide higher levels of assistance, and so on. The Federal Government has made a reasonably strong commitment by way of the $500m it made available to the ATO's goods and services tax start-up centre. A number of States have Labor Governments, and what disappoints me more than anything else is the level of support that those Governments have given to small business and to industry to deal with the GST. The reason for that is obvious, and it is political; that is, those States want to milk to the maximum the transition from a wholesale sales tax regime to the GST. They want a degree of confusion. They do not want people to be able to understand or to come to grips with the GST, because they want to milk it for as much as they believe it might be worth. It is a negative approach, and it does not assist small business or industry in those States. Contrast that with what has happened in Western Australia: We have sought at all times to cooperate fully with the GST start-up centre. As a consequence of that, we have received more than our share of support and our share of that $500m that the Federal Government made available, to the extent that on a per capita basis a greater number of seminars and workshops have been conducted in this State than in any other State.

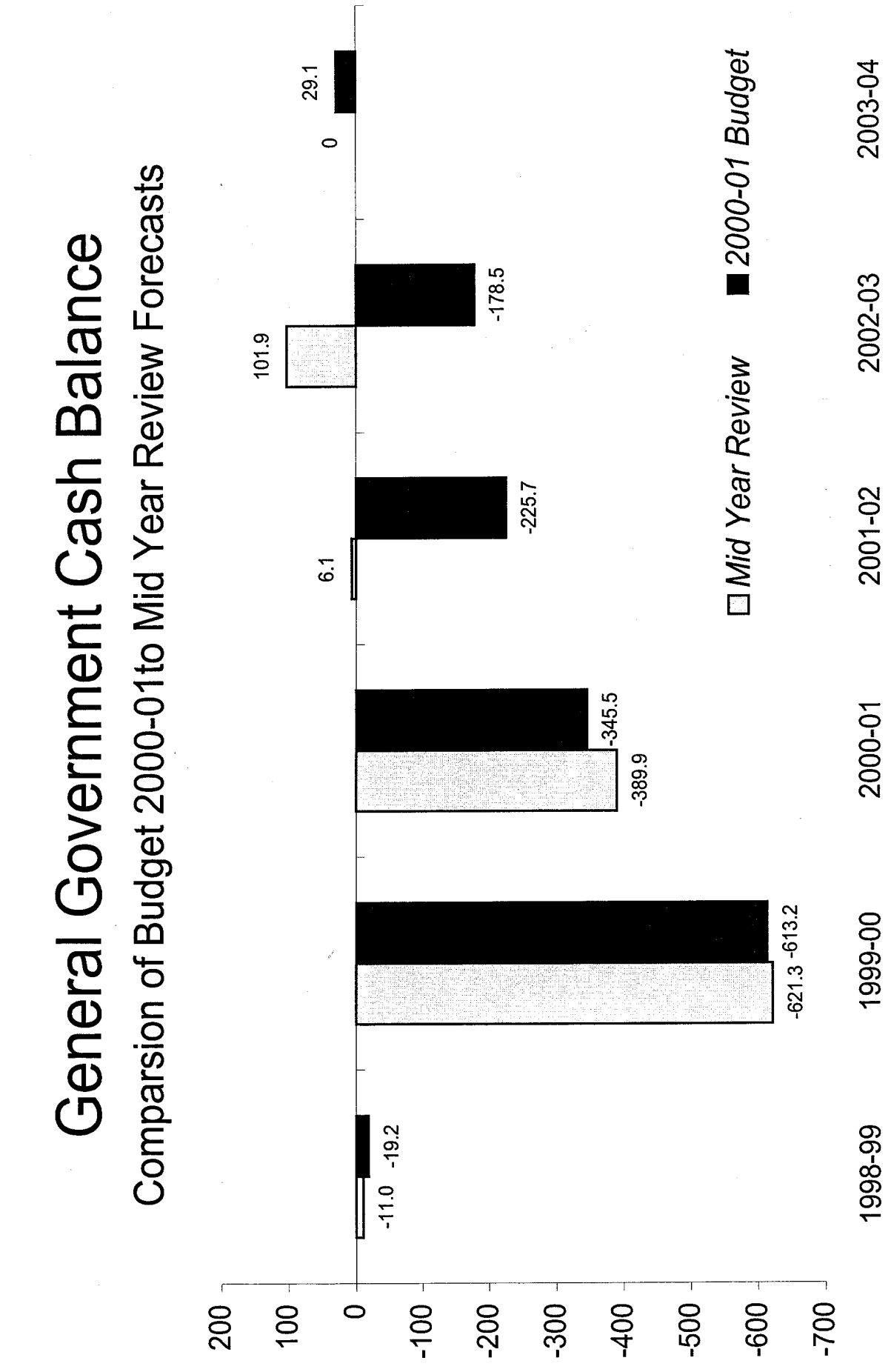
In addition to that, the Small Business Development Corporation has been working with the Australian Taxation Office at the GST Transition Centre in Hay Street and through the business enterprise centres and online services, to make sure that any individual queries can be answered by the people in the GST Transition Centre in Hay Street. That service has been very well utilised. However, at one time, the demand for those services fell a little; therefore we thought that perhaps people had familiarised themselves and were comfortable with the GST. Maybe they are. In any event, a lot of work has been done by the State through the Small Business Development Corporation.

The member for Bassendean attended the small business expo that was held early in May. He could have taken advantage of the booths operated by the Australian Taxation Office and the Small Business Development Corporation. They provided services to people at that expo on the goods and services tax. In addition, every hour on the hour there were 30-minute workshops for people who wanted to go through specific situations that were relevant to their business. Those workshops were invariably full. We have done a lot of work.

[Leave granted for speech to be continued.]

Debate thus adjourned.

House adjourned at 7.00 pm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0
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-200
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-19.2
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-613.2
-389.9
-345.5
6.1
-225.7
101.9
0
-178.5
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2001-02
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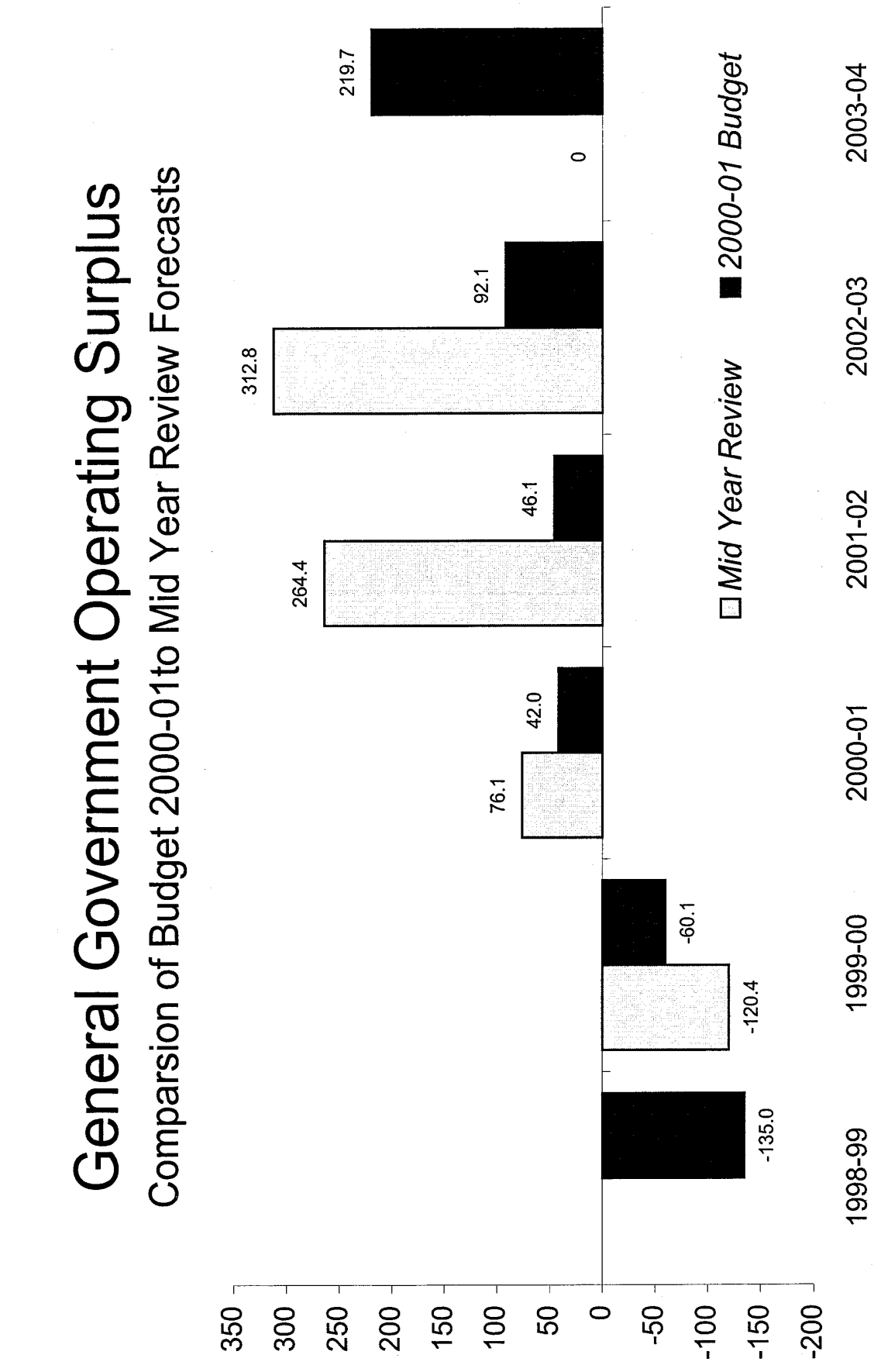
2003-04
Mid Year Review
2000-01 Budget
Developed by the State Opposition - State Government figures


General Government Operating Surplus
Comparsion of Budget 2000-01to Mid Year Review Forecasts
350
300
250
200
150
100
50
0
-50
-100
-150
-200
-135.0
-120.4
-60.1
76.1
42.0
264.4
46.1
312.8
92.1
0
219.7
1998-99
1999-00
2000-01
2001-02
2002-03
2003-04
Mid Year Review
2000-01 Budget
Developed by the State Opposition - State Government figures

QUESTIONS ON NOTICE

Questions and answers are as supplied to Hansard.

SPORTING GROUPS, GST INFORMATION

2039. Mr McGOWAN to the Parliamentary Secretary to the Minister for Sport and Recreation:

I refer to the answer to question on notice No. 777 of 1999 on the Community Sporting and Recreation Facilities Fund grants and the Goods and Services Tax (GST) and ask-

(a) what GST information has been disseminated and made known to community sporting groups by the department; and

(b) what is the level of allowance referred to in the answer that will be allowed?

Mr MARSHALL replied:

(a) The Ministry of Sport and Recreation has delivered information seminars in metropolitan and country areas covering the implications of the GST on community sporting groups, including the Community Sporting and Recreation Facilities Fund (CSRFF). Within the application and assessment process, all CSRFF applicants have been advised to take into account implications of the GST.

(b) The Ministry of Sport and Recreation will pay, in addition to the approved grant amount, up to an additional 10% to cover the GST component of that project. The Ministry will then recoup the GST component as an input tax credit.

SPORT GRANTS, GST PAYMENTS

2040. Mr McGOWAN to the Parliamentary Secretary to the Minister for Sport and Recreation:

I refer to the answer to question on notice No. 141 of 1999 suggesting that the Ministry of Sport and Recreation could recoup GST on sport grants from the Commonwealth Government, and the subsequent publication of 'Sport Racing and Gaming' booklet by the Australian Taxation Office and I ask-

(a) is the Government now in a position to confirm that the State will lose to the Commonwealth some $820,000 from Sport Lottery Grants in GST tax if the Minister of Sport and Creation does not recoup it; and

(b) when will the Government make a decision on recouping GST paid on sports grants and the Ministry of Sport and Recreation cashflow issues mentioned in the previous answer in relation to grant increases to compensate for the tax?

Mr MARSHALL replied:

(a) The Sports Lottery Grant is an appropriation to the Ministry and as such is not subject to GST

(b) Decisions concerning recouping GST have been taken. The Ministry will pay to registered grant recipients an additional amount of 10% to cover the GST component of the transaction. The Ministry will recoup the GST component as an input tax credit as provided for by the Australian Taxation Office.

GOVERNMENT DEPARTMENTS AND AGENCIES, FACILITIES MANAGERS

2344. Mr BROWN to the Minister for Primary Industry; Fisheries:

(1) What departments and agencies under the Minister's control -

(a) have appointed; or
(b) have under consideration for appointment,

a Facilities Manager or Managers?

(2) What are the names of the Facilities Managers so appointed?

(3) What is the scope of work undertaken by each Facilities Manager?

(4) To what extent do Facilities Managers ensure that purchases/contracts are let in regional areas for regional work?

(5) Do Facilities Managers ensure that the Regional Buying Contract is adhered to in relation to any purchases or contracts they manage?

(6) Will the Minister name the departments and agencies under the Minister's control that have under consideration the appointment of one or more Facilities Managers?

(7) What is the nature of the work proposed to be carried out by that Facilities Manager or Managers?

Mr HOUSE replied:

Primary Industry
(1)-(7) Agriculture Western Australia does not have a specific Facilities Manager appointed. However, Agriculture WA does access contractors under the Department of Contracts and Management Services (CAMS) Facility Management Framework.

Fisheries Western Australia
(1)-(7) Fisheries WA does not have a specific Facilities Manager appointed. However Fisheries WA does access contractors under the Department of Contracts and Management Services (CAMS) Facility Management Framework.

GOVERNMENT DEPARTMENTS AND AGENCIES, FACILITIES MANAGERS

2359. Mr BROWN to the Parliamentary Secretary to the Minister for Sport and Recreation:

(1) What departments and agencies under the Minister's control -

(a) have appointed; or
(b) have under consideration for appointment,

a Facilities Manager or Managers?

(2) What are the names of the Facilities Managers so appointed?

(3) What is the scope of work undertaken by each Facilities Manager?

(4) To what extent do Facilities Managers ensure that purchases/contracts are let in regional areas for regional work?

(5) Do Facilities Managers ensure that the Regional Buying Contract is adhered to in relation to any purchases or contracts they manage?

(6) Will the Minister name the departments and agencies under the Minister's control that have under consideration the appointment of one or more Facilities Managers?

(7) What is the nature of the work proposed to be carried out by that Facilities Manager or Managers?

Mr MARSHALL replied:

(1) (a)-(b) Nil.

(2)-(7) Not applicable.

DOMESTIC VIOLENCE PROGRAMS, THE KIMBERLEY

2392. Ms McHALE to the Minister for Family and Children's Services:

(1) What Government funded support programs exist in the Kimberley region specifically designed to help children of victims of family/domestic violence?

(2) Which programs are they?

(3) How much funding is allocated to each program?

Mrs van de KLASHORST replied:

(1) Services are provided within the *Supported Accommodation Assistance Program* and the *Rural and Remote Domestic Violence Initiative*, which is funded through the Commonwealth Partnerships in Domestic Violence Initiative and administered in Western Australia by Family and Children's Services. Within both of these programs, the services funded assist women and their accompanying children who are subject to and victims of family violence.

(2)-(3) There are eight crisis accommodation/support services funded through SAAP in the Kimberley. Total funding amounts to $1.7 million per annum. The services are:

Refuge/Accommodation Services
Marnja Jarndu Women's Refuge, Broome - $314,455 pa
Derby Family Healing Center, Derby - $236,951pa
Gawooleng Yawoodeng Aboriginal Corporation Crisis Centre, Kununurra $332,307 pa
Jardamu Women's Group Aboriginal Corporation Crisis Centre, Wyndham $257,061 pa
Ngarinnga Ngurra Aboriginal Corporation Crisis Centre, Halls Creek $221,511 pa
Marnwarntikura Women's Shelter, Fitzroy Crossing - $ 216,318 pa

Outreach Services
Marnja Jarndu Mobile Outreach Service, Broome - $91,299 pa

Youth Support
Burdekin Youth in Action, Broome - $77,593 pa (service for young people aged 12-18 years)

A total of $284,000 per annum has been allocated to family safety initiatives in the Kimberley through the Rural and Remote Domestic Violence Initiative:

Derby Domestic Violence Information and Referral Centre - $100,000 pa

An additional $184,000 per annum has recently been allocated toward the development of family safety initiatives in five remote Aboriginal communities in the Kimberley. $94,000 of these funds is Commonwealth and $90,000 State. These services are expected to be operating in the next financial year.

In addition the Kimberley Zone of Family and Children's Services provides significant direct support services to children who have been victims of family violence by the provision of counselling, intensive family support, debriefing and family group conferencing. There is also provision for accommodation through placement support facilities, group homes, fosters carers and extended family placements where it is assessed that a child cannot remain with his or her immediate carers.

GOVERNMENT DEPARTMENTS AND AGENCIES, INTERNAL LIBRARY SERVICE

2454. Mr RIEBELING to the Minister for Primary Industry; Fisheries:

In relation to those agencies within the Minister's responsibility which have an internal library service -

(a) what is the name of the agency;

(b) how many staff are employed at the library of the agency;

(c) what is the budget allocation for the library -

(i) in the current financial year; and
(ii) in the 2000/2001 State Budget?

(d) will each of the agency libraries remain fully operational during the coming financial year; and

(e) if no to (d) above , in which agency will there be a change, what is the nature of the change, and why is the change occurring?

Mr HOUSE replied:

Primary Industry
(a) Agriculture Western Australia.
(b) 6.48 FTEs
(c) (i) $649,000
(ii) $649,000
(d) Yes.
(e) Not applicable.

Fisheries Western Australia:
(a) Fisheries Western Australia.
(b) 2
(c) (i) $137,000
(ii) $155,000
(d) Yes.
(e) Not applicable.

GOVERNMENT DEPARTMENTS AND AGENCIES, INTERNAL LIBRARY SERVICE

2463. Mr RIEBELING to the Minister for Family and Children's Services; Seniors; Women's Interests:

In relation to those agencies within the Minister's responsibility which have an internal library service -

(a) what is the name of the agency;

(b) how many staff are employed at the library of the agency;

(c) what is the budget allocation for the library -

(i) in the current financial year; and
(ii) in the 2000/2001 State Budget?

(d) will each of the agency libraries remain fully operational during the coming financial year; and

(e) if no to (d) above , in which agency will there be a change, what is the nature of the change, and why is the change occurring?

Mrs van de KLASHORST replied:

Family and Children's Services
(a) Family and Children's Services.
(b) 2
(c) (i) $126,235 (which includes a $80,889 salary component)
(ii) $125,889 (which includes a $80,889 salary component)
(d) Yes.

(e) Not applicable.

Office of Seniors Interests
(a) Office of Seniors Interests.
(b) One.
(c) (i) $63,587 (which includes a $44,587 salary component)
(ii) $62,587 (which includes a $44,587 salary component)
(d) Yes.
(e) Not applicable.

QUESTIONS WITHOUT NOTICE

BELLTOWER TOURS

864. Dr GALLOP to the Premier:

I refer to the Premier's boast in the recent estimates committee hearing that Wednesday afternoon tours of the belltower had been completely booked out and "many of the public have gone through the belltower".

(1) How does the Premier explain the fact that a spokesperson for the Barrack Square redevelopment claimed in the media the following day that only three groups of university architecture students had gone through the belltower and tours were not open the to public?

(2) Is this further evidence that Western Australians cannot trust the words that the Premier utters?

(3) Will the Premier table the total number of individuals and groups who have toured the site on Wednesday afternoons; and, if not, why not?

Mr COURT replied:

I thank the member for some notice of this question.

(1)-(3) The Leader of the Opposition knows that the belltower is a construction site. I said during the estimates committee hearing that on Wednesday afternoons, when there is no construction, tours go through the tower, and groups have booked out tours on Wednesday afternoons to go through it in the future. I cannot tell the Leader of the Opposition the specific groups, but I think there have been architects, engineers and some students. If I have the names of the groups that have booked for the future by the end of question time I will give them to the Leader of the Opposition. The point I was making is that there has been significant interest in the belltower. However, it is a construction site. When it is completed I will ensure that the Leader of the Opposition is the first person to be invited to go through the facility.

[See page 7680.]

O'NEIL, DR GEORGE, NALTREXONE TRIAL

865. Mrs PARKER to the Premier:

I understand that the Premier met with Dr George O'Neil last week and discussed the progress of his naltrexone trial. Can the Premier report on what was discussed at that meeting?

Mr COURT replied:

I had a long meeting with Dr George O'Neil and his wife last week. I was most impressed with the professional way in which he has briefed the Government on the progress of his naltrexone trial. The Government has funded a number of patients in the trial. Information is now coming through which will indicate the effectiveness of the trial. When the Federal Government would not put naltrexone on the federal pharmaceutical benefits list, the State Government made a decision to fund naltrexone for those people who could not afford it, so that their programs could be maintained on a daily basis. That has proved to be a significant commitment, and one that we will continue.

Dr O'Neil has put forward a case for further assistance based on some of the evidence coming through from this trial. Dr O'Neil is treating a large number of people, and the Government is currently assessing how it could provide further assistance. We could look at the results of this trial over a seven-day, 30-day or longer period. However, Dr O'Neil has stressed that with some people he has been working with it could take four or five years before he sees some success. Fortunately, many people's treatments are successful in a shorter time frame. It was pleasing to read yesterday that the New South Wales Government will move down a similar path to that taken by Western Australia and introduce trials. Western Australia is the only state jurisdiction that has provided funding for naltrexone, so that people can continue with their treatment.

I will table one piece of information that Dr O'Neil provided, which is both interesting and disturbing; it relates to the age at which people participating in the naltrexone program started using heroin. Of the 83 participants who provided information, it was disturbing to read that, cumulatively, more than half of those people were regular heroin users by 18

years of age, with some starting as young as 13 years of age. The figures indicate the age at which they started heroin: 12 per cent at the age of 17 years and 18 per cent at the age of 18 years.

[See paper No 969.]

Mr COURT: This is a very important age, and teenagers can be easily affected by these matters.

Ms Anwyl: Especially the homeless youth; they are susceptible. There are homeless people living on streets in the inner city.

Mr COURT: Yes. This is a very serious issue. The last thing this Government would do is support the growth of the drug culture. Yesterday I was accused by the opposition spokesperson on this issue of being ignorant about a softer approach in marijuana laws. The member for Ballajura, who asked this question, was responsible for putting in place the Government's drug strategy. The Government will concentrate on its strategy of education, early intervention and effective treatment. It will not be sucked into the Opposition's path of taking that softer approach. The Labor Party state conference came out with a strategy which effectively says, "Grow your own; that's perfectly okay". The Government will not go down that path. I was impressed with the work being done by Dr O'Neil and with the results coming out his program, and the Government will work closely with him.

KALGOORLIE-KWINANA RAIL LINE, COPY OF OFFER TO BUY OR LEASE

866. Ms MacTIERNAN to the Deputy Premier:

(1) Why has Westrail refused to release to the Opposition copies of the Australian Rail Track Corporation's offer to buy or lease the Kalgoorlie-Kwinana rail line on the grounds of commercial confidentiality when the Minister for Transport has sent copies of that same offer to the Chamber of Minerals and Energy and the Chamber of Commerce and Industry?

(2) Does this not show that claims of commercial confidentiality are a pathetic excuse to prevent public scrutiny of government transactions?

(3) Will the minister now release that document; and, if not, why not?

Mr COWAN replied:

I thank the member for some notice of this question, because it has allowed the Minister for Transport to provide the following response -

(1)-(3) Westrail made a decision based on the provisions of the Freedom of Information Act after discussing the matter with the Australian Rail Track Corporation, which was opposed to disclosure of its offer on the basis that disclosure at this point would diminish the commercial value of the information. Westrail was not aware at the time of making its decision of the minister's correspondence with the Chamber of Minerals and Energy or the Chamber of Commerce and Industry.

Ms MacTiernan: Rubbish! Your minister does not know what is going on in his own department. You could not table it in Parliament when we requested it.

Mr COWAN: If the member for Armadale reflects a little she will realise that perhaps the department may not have been aware of actions taken by the minister. In this case, this does not show that the protection of commercial confidentiality is an excuse to avoid public scrutiny. It shows that the Government respects its obligations to protect the interests of third parties when disclosure of confidential information would harm those third parties. The minister will not release Australian Rail Track Corporation's offer, as disclosure at this time would severely disadvantage it in the bidding process for Westrail freight.

Ms MacTiernan: How?

Mr COWAN: If the member for Armadale keeps her mouth shut and opens her ears she will find out. The Government has agreed to exempt the ARTC from the prohibition on government bidders for Westrail freight. The ARTC has expressed its intention to participate in the sale process; thus its premature offer now has a commercial value that did not exist six months ago. The ARTC has explicitly stated that it does not wish its offer to be disclosed as such a disclosure would diminish the commercial value of the information contained in it.

I conclude by reminding the member for Armadale that if she is dissatisfied with the decision on her application under the Freedom of Information Act, she is entitled to seek an internal review of that decision and then an external review of it if she is dissatisfied with the outcome of the internal review. In addition, under clause 4(6) of schedule 1 of the FOI Act, she may seek the ARTC's consent to the disclosure of the offer and, on providing evidence of it, the offer will cease to be exempt.

SMALL BUSINESS, SOUTH WEST REGION

867. Mr MASTERS to the Minister for Works; Services:

Will the minister please inform the House of progress by the State Government to develop policies to assist small business in the Vasse electorate and throughout the south west region of Western Australia?

Mr JOHNSON replied:

I thank the member for some notice of this question.

I am visiting all the regional areas in the south west over the next two or three weeks. We will be discussing the draft local small business policy. I will be talking to small business people but, most importantly, listening to them. Last week I visited many regional areas of Western Australia and met with many small business people in those areas from whom feedback was extremely positive. They know the Government has always had a commitment to helping small business people.

Small businesses in regional areas are doing quite well. They tell me that the Opposition has been floating around the State making promises that it will do this and that when in government. However, small business people in Western Australia know that the Labor Party will not change the habits or ideology of a lifetime and suddenly start helping small business people. They know that they are a load of puppets being pulled by the strings of the union movement.

Mr Ripper interjected.

Mr JOHNSON: That is a good point. Talking about Tories, the Leader of the Opposition must have been coaching Tony Blair for the past year because his popularity has suddenly taken a nosedive and is now only 3 per cent in front of the Conservative Party. It is the same old story; all the Blair Government will have is one term in government because Labor Parties make promises, but when they get into government they do not carry them through. They cannot be trusted and the Western Australian small business people know that.

Several members interjected.

The SPEAKER: Order! I am trying to allow interjections, particularly from people who ask relevant questions. The minister may have stirred the pot a little, but perhaps he can finish his answer.

Mr JOHNSON: I have no intention of stirring the pot.

The SPEAKER: Just finish the answer.

Mr JOHNSON: I am happy to conclude my answer.

MOBILE TELEPHONE TOWERS, HEALTH RISKS

868. Ms MacTIERNAN to the Minister for Lands:

I refer to the minister's rejection of the proposal to build a mobile telephone tower in Bull Creek, and his reported view that caution should be used in locating telephone towers until further research is completed on the potential health risks of microwave radiation.

(1) Was the minister acting in accordance with government policy in relation to mobile telephone towers?

(2) Is the minister aware that Westrail is negotiating with a mobile telephone company to locate towers at railway stations in Armadale, Bassendean, East Guildford, Daglish, Claisebrook, Glendalough and Cottesloe?

(3) Does the minister maintain that this research should be completed before any such deal goes ahead?

(4) If so, what action will he take to ensure this is done?

Mr SHAVE replied:

(1)-(4) It is true that concern was expressed about a mobile telephone tower on Richard Lewis Park, which is appropriate as he was the former Minister for Planning. The telephone tower is not in my electorate.

A great deal of public concern was expressed as a result of which I recommended that Optus Communications look for a location more suitable than one adjacent to a primary school. I still hold that view.

Dr Gallop: Is it government policy?

Mr SHAVE: It is not government policy; it is a decision for the Minister for Lands to make. In this case it was -

Mr Graham: Can I have a mobile telephone tower in Marble Bar please?

Mr SHAVE: If the Labor Party has its way it will wipe out country representation in the electorate of the member for Pilbara.

The reality is that a number of very concerned people believed that Optus should have been asked to look for an alternative site, which I took as a proper and reasonable approach.

MOBILE TELEPHONE TOWERS, WESTRAIL LAND

869. Ms MacTIERNAN to the Minister for Lands:

I have a supplementary question. Can the minister tell us now whether he will apply the same reasoning to the areas of land which Westrail is proposing to sell to the mobile telephone companies?

Mr SHAVE replied:

Westrail can decide to sell its land to anyone and I cannot interfere with that.

Ms MacTiernan: You can make decisions.

Mr SHAVE: No; I am not the minister in charge of Westrail.

Ms MacTiernan: You are the minister responsible for public land.

Mr SHAVE: If I am required to make a decision when people make applications to erect something on government land, I will do so.

Dr Gallop: There are two classes of citizens in Western Australia: Friends of this Government and the rest of the people.

The SPEAKER: Leader of the Opposition, order!

HEALTH SERVICES FOR THE AGED, SOUTH WEST REGION

870. Mr BARRON-SULLIVAN to the Minister for Health:

I refer to the process of strategic planning for south west health services and ask -

(1) What is being done to assess health care needs of the aged in the south west region?

(2) Is it intended that extensive consultation will occur with organisations, groups and individuals concerned with aspects of health care for the aged?

Mr DAY replied:

I thank the member for some notice of this question on what is a very important issue.

(1)-(2) It is well recognised that we have an ageing population in not only this State but also throughout Australia. Western Australia has a fast rate of population growth, particularly in the south west. Most of the responsibilities for providing appropriate care facilities for the aged rest with the Commonwealth Government. However, the State has a certain role to play.

A forum is to be held on Saturday 17 June in the south west, organised jointly by the South West Health Forum, the various health services in that area, the Health Department of Western Australia and the Commonwealth Department of Health and Aged Care, to discuss the care needs of the aged and planning processes in the south west corner of the State. It is the first stage of the implementation of the strategic plan for south west health services which emphasises the importance of aged care and health care services to be provided wherever possible either jointly or in collaboration. The policy in this State - where it is appropriate - is to encourage the establishment of so-called multipurpose services where there is a collocation of aged care and health care facilities on the one site in smaller rural communities in Western Australia. That program has been very successful. Western Australia has led the rest of Australia in that respect. I remember opening one MPS about 12 or 18 months ago in Boyup Brook in the south west, and there are also a number of other examples. The State has also transferred nursing home bed licences, particularly from the metropolitan area - for example, the old Mt Henry nursing home site - to rural parts of Western Australia including the south west. Ten bed licences have been transferred to Busselton, together with a $700 000 capital grant to WA Baptist Homes; four beds have been transferred to the MPS at Augusta; and seven beds are being transferred to Nannup as a result of some redevelopment that is occurring. This is an important issue and a great deal of consultation will occur in the south west of the State starting next Saturday.

PORT OF BUNBURY, TOWAGE TENDER

871. Mr RIPPER to the minister representing the Minister for Transport:

Some notice of this question has been given.

(1) What licence fee was proposed by the winning tenderer for towage in the port of Bunbury?

(2) Did the price submitted by the winning tenderer include the goods and services tax?

(3) Was the price proposed fixed for five years as required by the tender documentation?

(4) At the time of winning the tender, what backup tugs were proposed by the winning tenderer?

Mr COWAN replied:

I thank the member for some notice of this question. It has enabled the Minister for Transport to provide the following response -

(1) Riverwijs, which is a joint venture between Riverside Marine of Brisbane and Wijsmuller International Towage.

(2) The goods and services tax was not included or noted in any of the tenders received by the Bunbury Port Authority. At the time of preparation of the tender, details of the GST were not finalised, even though royal assent to the GST was received on 8 July 1999. Vessel owners will be able to obtain input tax credits for any GST paid resulting in a neutral price effect.

(3) The winning tender proposed an escalation formula which was deemed acceptable by the probity auditor and steering committee, as future increases are tied to movements in economic indices. Prices are fixed for the first two years. Some tenders alluded to possible price increases, but did not or would not provide details. One tenderer argued against the price cap. Licence arrangements will provide for a sharing of growth by a potential decrease in future port towage charges.

(4) A substitute tug with a response time complying with the tender requirements was demonstrated in the tender.

Mr Ripper: Do you have any information about the licence fee?

Mr COWAN: No, I do not.

BUNBURY PRIMARY SCHOOL

872. Mr OSBORNE to the Minister for Education:

The Labor Party claims that the Government is forcing the Bunbury Primary School to sell part of its playing area to pay for a kindergarten. Will the minister outline the truth of this matter and put to rest the untruths which have been peddled by the Opposition on this issue?

Mr BARNETT replied:

I visited the Bunbury Primary School with the member for Bunbury in February this year. It is a very nice school which has about 350 students and is experiencing modest but steady growth in student numbers. The school has an existing early childhood facility; it is an attractive long-standing brick building. The community has put a lot of effort into the landscaping and facilities. This year that building has been able to accommodate a program for five year olds in preprimary school and has accommodated places for 17 four year olds in the kindergarten program. The problem is that next year - it is a good problem to have - when the kindergarten program increases from two to four sessions per week, there will not be sufficient room in the existing brick building in which to conduct both the preprimary program and the kindergarten program. Having recognised that, the school wanted all of the kindergarten children to be at the school site - which I can understand - as well as an additional classroom built in brick. At the time, I suggested that I could understand why the school wanted that, but that it was not the standard building the Government supplies to all schools.

The department will make available to the school one of the purpose built, early childhood transportable buildings that have gone into most schools in the State. It can be put into place at the beginning of 2000-01 at no cost or disruption to the school. If, however, the school wishes to have a brick building, the only option available is either to fundraise to make up the difference, or, as I suggested when I visited the school, sell an area of land because it is an extensive site. That is a decision for the school to make. In any event, an additional early-childhood classroom will be provided to the school for 2001. The Opposition seems to think this is curious. I do not have a philosophical problem with allowing schools to make decisions about the mix of facilities they have, given that the Education Department will centrally provide all facilities for all children. As of next year, under any scenario, all preprimary and all kindergarten children in the Bunbury area will have a place in the school.

AUSTRALIND SENIOR HIGH SCHOOL, POWER FAILURES

873. Mr CARPENTER to the Minister for Education:

(1) Is the minister aware that Australind Senior High School is suffering from continuous power failures which are disrupting the running of the school and which will cost up to $300 000 to rectify?

(2) Is the minister also aware that this problem is delaying the transfer of extra demountables to ease the pressure on classroom space, and is holding up the expansion of the school's computer network?

(3) Why has there not been proper planning to prevent the development of this unacceptable situation?

(4) Will the minister take urgent action to ensure the school is provided with the funding to meet the cost of upgrading the school's electricity supply?

Mr BARNETT replied:

(1)-(4) I am not personally aware of power supply problems to Australind Senior High School. Perhaps the member can tell me if it is a power supply problem, or a problem with the cabling within the school.

Mr Carpenter: I am only aware that the school has power supply problems which means it has to shut down the computers on a regular basis.

Mr BARNETT: It does not sound as though the member knows any more about it than I do. I suspect it is a problem with the wiring within the school. I am sure that has been brought to the attention of the department. Some schools have had

problems with the quality of power supply given the investment this Government has put into new computers and technology. The Government spent $100m on sophisticated computer technology throughout the schools, and in some areas the power supply is variable, which affects the performance of that equipment. Often it is a problem of the wiring leading into the school itself. If that is the case, it will be addressed.

PEEL SURF LIVESAVING CLUB, RELOCATION

874. Mr MARSHALL to the minister representing the Minister for Transport:

The Peel Surf Lifesaving Club is anxious to relocate to Pyramid Beach, which is south of the Dawesville Channel. That location already houses the machinery used for the sand bypassing system, and, as a result, there is a conflict over beach safety.

(1) Has an independent consultation been conducted as to the dual purpose of the beach?

(2) What can be done to assist the Peel Surf Lifesaving Club to use this position as its venue?

Mr COWAN replied:

I thank the member for some notice of this question. It has enabled the Minister for Transport to provide the following response -

(1) Yes.

(2) The report was conducted at the minister's request specifically to determine whether it was possible for the Peel Surf Lifesaving Club to be located at this site without compromising the essential sand bypassing operation and exposing the public to unacceptable levels of risk.

Due to difficulties of enclosing the excavation area on the seaward side, the report recommends total exclusion of the public from the beaches adjacent to the work site unless risk assessments undertaken during the operation indicate that the public is at minimal risk.

The next bypassing session at Dawesville will be undertaken under a new contract for which the Department of Transport is in the process of seeking tenders. As operating procedures under the current contract may not be indicative of the future operating procedures, they cannot be used to assess the level of risk. A detailed assessment will be undertaken once the new contractor is on site, which will be January 2001. Further consideration of whether the Peel Surf Lifesaving Club can locate on the site cannot be made until the risk assessment has been conducted.

BUCKERIDGE, MR LEN

875. Ms MacTIERNAN to the Minister for Planning:

I refer to the minister's description of his good friend and Liberal Party donor Len Buckeridge as a "good corporate citizen" and ask -

(1) Is the minister aware that his mate was caught out last month clearing vegetation on a block near the Australind bypass in direct breach of a conditional development order issued by the Bunbury City Council?

(2) Can the minister explain why a good corporate citizen would once again ignore the authority of a democratically-elected local council?

(3) Will this disgraceful conduct have any impact on the minister's treatment of the rezoning application?

(4) Will the minister give an assurance that his mate will not be afforded any favours when his application for rezoning comes before the minister for approval?

Mr KIERATH replied:

(1)-(4) This is an issue between the council and the owner of the land. I do not have any jurisdiction.

Ms MacTiernan: It is subject to rezoning.

Mr KIERATH: I consider any rezoning matters on their merits, as I do all matters. Unlike members of the Labor Party, I uphold my oath of office without fear or favour, and I will assess any planning decision without fear or favour, which is more than I can say for members opposite when they were in office. They clearly favoured their mates in planning decisions. In fact, the last Minister for Planning in the Labor Government made decisions on eight to 12 planning appeals without requesting any independent assessment report. He made those decisions for blatantly political reasons. The record is there for the public to see. This Government will assess every issue without fear or favour, which is much more than members opposite can say about the period during which they were in government.

METROPOLITAN REGION SCHEME AMENDMENTS

876. Mr MacLEAN to the Minister for Planning:

During recent debate on planning issues members of the Opposition claimed that people are not being consulted in the planning process. How many metropolitan region scheme amendments have been modified after public consultation?

Mr KIERATH replied:

I thank the member for some notice of this question. He was involved in the committee when those disgraceful allegations were made. Since the coalition came to office in 1993, 41 major metropolitan region scheme amendments have been passed, and only three of them were passed as advertised: The eastern districts omnibus amendment No 3 was disallowed -

Several members interjected.

Mr KIERATH: Out of 41, 37 were modified after public submissions had been considered. Not only did the Government consult with the public, it also subjected the amendments to parliamentary scrutiny. Let us consider the Labor Government's record. It avoided the scrutiny of the Parliament - most changes went through as minor amendments. They were advertised, submissions were invited and the minister made the decision. There was no input from the Parliament; the minister made those decisions unilaterally. Despite the rhetoric from members opposite about democracy, this Government has the runs on the board. It has been open and accountable, and it has invited public input. It has also allowed the Parliament to debate the amendments.

The issues we have had to deal with have been very difficult. When members opposite were in power, they put them into the too-hard basket. They proposed minor amendments to avoid scrutiny. That is the difference between this Government and members opposite: They talk about democracy, we deliver it.

KING EDWARD MEMORIAL HOSPITAL FOR WOMEN

877. Ms McHALE to the Premier:

I refer to the Premier's claim that his Government has no plans to close or to relocate King Edward Memorial Hospital for Women. Why should the public believe him when he claimed before the last election that he had no plans to privatise AlintaGas, that a gold royalty was not on his agenda and that the northern suburbs rail line would be extended to Clarkson within four years?

Mr COURT replied:

It concerns me that members opposite have been whipping up this scare campaign that King Edward Memorial Hospital for Women will be closed. That is disgraceful. The hospital is delivering a critical service; it is a first-class facility and the Government is continually improving it; and it has received a significant increase in funding. It is irresponsible of members opposite to run this scare campaign. I have said that the Government has no plans to close it.

Several members interjected.

Mr COURT: This scare campaign does not reflect well on members opposite. We are talking about a critical facility that this Government will always continue to improve.

BELLTOWER TOURS

MR COURT: I said in response to the first question, No 864, asked today about the belltower that if I received some information during question time I would provide it. The following groups have visited the site to date: The young engineers group; the Institution of Engineers structures panel; All Saints College year 11 students; the Institution of Engineers; and staff from the Department of Contract and Management Services. Tours have been booked for the following groups in the next couple of weeks: Kinhill Engineers Pty Ltd; the young engineers group; the Tourism Industry Advisory Council; the Western Australian bellringers group; and the United Kingdom Institute of Structural Engineers.