

# Legislative Council

Thursday, 24 July 1986

**THE DEPUTY PRESIDENT** (Hon. D. J. Wordsworth) took the Chair at 11.00 a.m., and read prayers.

## LIQUOR TAXES

### *Increases: Petition*

The following petition bearing the signatures of 17 200 persons was presented by Hon. P. H. Lockyer—

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

We, the undersigned residents of Western Australia object strongly to the proposed increases in Liquor Taxes which are a further and unnecessary burden on the average working person.

Your Petitioners therefore humbly pray that you will give this matter earnest consideration and your Petitioners, as in duty bound, will ever pray.

(See paper No. 277.)

## CLOSING DAYS OF SESSION

### *Standing Orders Suspension*

On motion by Hon. D. K. Dans (Leader of the House), resolved—

That Standing Orders be suspended so far as to enable any Bill to be introduced and put through all stages in one sitting, provided that this Order shall expire on Thursday, 7 August 1986.

## WESTERN AUSTRALIAN ARTS COUNCIL REPEAL BILL

### *Second Reading*

Debate resumed from 23 July.

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [11.04 a.m.]: I thank members who have spoken to the Bill for their support. A number of queries were raised during the second reading. The Bill is fairly straightforward in that it proposes to repeal the Western Australian Arts Council Act 1973, and the functions and staff of the Western Australian Arts Council will be absorbed by the new Department for The Arts.

Mr Pandal queried what would happen to the statutory authorities under the new department; he referred to the Western Australian Art Gallery, the Museum, and the State Library network. The Department for The Arts will play only a coordinating role with these organisations, nothing more and nothing less.

Mr Pandal also queried why the Arts Council has a public relations officer.

Hon. P. G. Pandal: I was not sure that it had one.

Hon. D. K. DANS: In fact, the council employs an information officer but as happens in many cases some people refer to him as the public relations officer.

With regard to the query about Instant Lottery funds, I am advised that at present the Arts Council receives \$3 million a year plus \$240 000 for administrative costs. Those grants will not be lost under the new arrangement. There will be no differential between Consolidated Revenue funds and Instant Lottery funds for reapplication grants. Applicants will not be applying for Instant Lottery funds for separate projects; that is, the money will still be disbursed by the new department along with the funds supplied from the CRF.

A further point was raised about the three new executive positions. In fact, two of those positions are an extension of current executive positions and only one new position will be created; that is, the director. Rough estimates and a comparison with the previous executive arrangements indicate that the new positions will cost around \$80 000 a year. With the dissolution of the Arts Council there will be a saving of \$45 000, which covered sitting fees and travelling costs of members. This indicates that the new executive positions will cost only up to \$40 000 extra and not the \$250 000 quoted in the debate.

Hon. Sandy Lewis raised the question of WA Arts Council touring programmes. The department intends to review Government touring programmes and to recommend policies to permit more effective country arts programmes. Cultural facilities will also be reviewed by the department, especially the funds previously provided for equipment. There has been enormous wastage of funds on equipment for amateur groups, thus depleting funds available for professionals.

The department intends to rationalise arts capital grants so that more assistance is given by the private sector.

The question of recreational officers was also raised by Hon. Sandy Lewis. Arts officers have already been working closely with officers from the Department of Sport and Recreation so the sharing of activities, and the like is already in motion. Under the new department this will be further extended and explored.

The Australian Council of the Arts is based on an arm's length principle which realistically is more of a bent elbow principle which this Government has recognised in the Arts Council of WA. It is a matter the department intends to rectify.

The department intends to refine and establish a better system of attracting more Federal arts funds. This question has been under discussion with all Australian Ministers and departments, and the Western Australian department will be examining the proposal.

I refer to the top-heaviness of the department. The numbers will not be increased and the department will introduce a fair assessment policy. I refer to the merger of arts companies—particularly the WA Opera and Ballet Companies—where the arts might attract more private support and develop a coordinated and better self-help organisation. That is what is intended. It will only be seen after a close examination of the manner in which they have operated.

I refer to the matter Hon. P. G. Pendal raised regarding political appointments to the Arts Council of Western Australia.

Hon. P. G. Pendal: To the department.

Hon. D. K. DANS: All appointments must be made through the Public Service Board by the Public Service Board. They will not be made by the Minister or the Government although ultimately the Minister would need to agree with what the Public Service Board decides.

Question put and passed.

Bill read a second time.

### *In Committee*

The Deputy Chairman of Committees (Hon. John Williams) in the Chair; Hon. D. K. Dans (Leader of the House) in charge of the Bill.

#### **Clause 1: Short title—**

Hon. P. G. PENDAL: I thank the Minister for the brief comments he made in response to the second reading debate. There are two matters I raise with respect to clause 1. I understood the Minister to say that an extra \$250 000 would not be spent for the three new

appointees and that there was not a valid argument on my part because the total extra cost was \$40 000. I also understood him to say that of the three positions advertised—that is, the director and two deputy directors—the lesser positions were just a renaming of the existing positions and personnel. Therefore, that is the way the extra cost of only \$40 000 has occurred. However, if I am correct then we have had a growth in the departmental sense, contrary to what the Premier has been pleading.

I would certainly look for some repeated assurances that my interpretations of his remarks of a few minutes ago are correct.

The second issue I wanted to raise by way of a general inquiry relates to section 26 of the Act that we are about to repeal which deals with the capacity of the Arts Council of WA to borrow funds. I am interested to know whether the council, in the course of its 13-year life, has borrowed any funds and, if so, what the level of its indebtedness is, and, thirdly, what were the reasons for borrowing the funds in the first place. It may well be that no funds have been borrowed at all. I am interested to know whether we can start the new department with a clean slate or is there an indebtedness which has occurred under section 26 of the Act, now to be repealed?

Hon. D. K. DANS: To deal with the last question first, I am assured that during those 13 years the Arts Council of WA did not borrow any money so there is no indebtedness.

Without crossing all the "i's" and dotting the "i's", the three new executive positions for the new department are an extension of two of the current executive positions already in existence plus a new position; that is, the director of policy. I have only rough estimates, but the new positions would cost about \$80 000. With the dissolution of the Arts Council of WA there should be a saving of nearly \$45 000, which included sitting fees, and travel and accommodation costs of the Arts Council of WA members. So, the new executive members would only cost up to \$40 000 extra and not \$250 000.

Hon. P. G. PENDAL: The Committee stage of a Bill is the one place where one does get the chance to cross the "i's" and dot the "i's". I have to accept the Minister's assurances that those three extra positions will result in a net increase of only \$40 000. If that turns out to be the case, I will be delighted. It seems to me to be a little optimistic—extraordinarily optimistic—given the nature of the advertise-

ments which appeared six weeks ago and the type of personnel being sought.

I am pleased to hear that in the 13 years that the council had funds available to it, it did not exercise the easy option of borrowing money for different purposes. For that reason I would commend the Arts Council.

The Opposition is concerned to see there is a containment of growth in staff numbers in this area. I am amazed that we tend to get stuck into the smaller departments and authorities and forget the people who really wield the financial clout in the large organisations within the State.

I commend the efforts to contain the expenditure to that extent, but I have some serious doubts that it will actually work out that way.

**Clause put and passed.**

**Clauses 2 to 11 put and passed.**

**Title put and passed.**

#### *Report*

Bill reported, without amendment, and the report adopted.

#### *Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

### **LIQUOR AMENDMENT BILL**

#### *Report*

Report of Committee adopted.

#### *Third Reading*

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [11.22 a.m.]: I move—

That the Bill be now read a third time.

**HON. D. J. WORDSWORTH** (South) [11.23 a.m.]: I am somewhat disappointed that we have not had a response on the question of records being required to be kept on the premises for six years without ever being removed.

This is a major issue in my opinion. No other business is required to do this and I personally feel that there has been a mistake in the drafting of the legislation. There is no good reason to have the records on-site for six years, and the Bill should have been amended accordingly. There should have been two clauses in this legislation; one that the records stay on the premises for 15 months, and the other that the records are to be kept for six years.

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [11.24 a.m.]: My name is Simpson, not Samson.

The **PRESIDENT**: Order! The question before the Chair is that the Bill be now read a third time. The Leader of the House has the call.

Hon. D. K. DANS: I have assured members I will get that information for them. As members know, the House adjourned at 11.15 last night and it was after midnight before I left. I need to see the Minister for Racing and Gaming, which I have assured members I will do. I cannot recollect ever giving this House an assurance which I have not carried out.

Question put and passed.

Bill read a third time and returned to the Assembly with an amendment.

### **PORT HEDLAND PORT AUTHORITY AMENDMENT BILL**

#### *Second Reading*

Debate resumed from 17 July.

**HON. D. J. WORDSWORTH** (South) [11.25 a.m.]: The matters in the Bill on the Port Hedland Port Authority is something with which members on this side of the House agree.

It is obvious that something needs to be done to enable the navigation and the dredging of a large channel coming into the port at Port Hedland, other than extend the boundaries over which the Port Hedland Port Authority has to operate it. I was rather interested to see in *The Weekend Australian* that the navigation aids of the Port Hedland Port Authority are already up for tender. That would indicate that the authority has faith in this Parliament passing this legislation.

**HON. P. H. LOCKYER** (Lower North) [11.26 a.m.]: I support this Bill because the Port Hedland Port Authority recently dredged the harbour and there is now a requirement for further pilotage outside the harbour than is used at present.

The larger ships which come into the port need to be piloted through a very narrow channel, and this is very difficult. At the moment the channel is 30 miles long. The Port Hedland Port Authority was the first port authority in Australia and, I believe, the world, which transported ships' pilots to and from the ships by helicopter. The harbour master, Captain Geoff Monks, has been there since the iron ore port was first opened, and in fact he has watched over every part of the dredging and

development of the port. He is a man of the highest possible integrity and he is very much a gentleman. He was awarded an OBE in 1979, which was well deserved. The Chairman of the Port Authority is Mr Jack Haynes, a good friend of mine.

The Port Hedland Port Authority is highly efficient and this Bill extends the authority for pilots to take the ships to and from the port through the narrow channel. This will enable some of the big iron ore carriers which come to Port Hedland to use that channel.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

*Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

## JETTIES AMENDMENT BILL

*Second Reading*

Debate resumed from 17 July.

**HON. D. J. WORDSWORTH** (South) [11.29 a.m.]: The purpose of this Bill is to revise the Jetties Act, which, as members would be aware, is to give authority to the building of private jetties on our rivers and waterways.

The early clauses allow the Minister to delegate to his departmental head the power of signing jetty licences. I was once the Minister responsible for signing all these licences, and I did not find them any great trouble. A Minister might have to sign perhaps 10 licences a week; they are presented to him on a set form and all that is required is for him to place his signature on them. However, it would appear that the Government feels there should be less responsibility on the Minister. This is a little strange when the Government has just appointed two extra Ministers, with their advisers. Just two days later we find a Bill before us to lessen the load of the Minister handling this portfolio.

I am not sure that this delegation of power to the departmental head is the right way to go about this. Unfortunately when a departmental head is delegated a certain authority, he then considers it his own power and does not inform his Minister what licences or similar matters he has approved or otherwise. Having been given a job it is often the case that the departmental

head will not bother to refer the matters to the Minister. It would be a good idea if departmental heads with such delegated authority provided a list of people so licensed by them at the end of each month to keep the Minister informed.

This Bill also provides for the power of entry to be given to departmental officers to inspect jetties and the like. Power of entry is a touchy subject, something we have always been quite sensitive about. We are getting very close to the stage where all Government officers will have the power to stamp around a person's property. This provision has been included because quite a number of people are building boat ramps adjoining their houses on our new marinas and waterways. The idea of a man's home being his castle seems to be fading all the time.

The Bill also provides for a power to remove a private jetty which is unlicensed. This is necessary because once a jetty is neglected and starts to break up, pieces of timber can float into the waterway and become a hazard to people using the water. A boat can be holed very easily causing it to sink. Rotting pylons can also become dangerous, not only for the boats but also for skiers and for swimmers diving into the water. At times it is impossible to see what is just below the surface of the water.

The Bill also provides that the removal of jetties will be a cost to the Crown, which is probably a sensible way to overcome the problem. It provides that should any money be raised from the sale of the materials, a charge will be made against that for the advertising involved in previously trying to determine whose jetty it was or whether the owner wished to relicence it, and also for the cost of dismantling the jetty.

I recall that when I was the responsible Minister the Nedlands baths became very dilapidated and the owner claimed that he did not have the money to pull them down—the cost would have been quite high. The solution to the problem—which I do not think was very sensible—was to allow someone to buy the baths so that that person could convert them into a restaurant. The new owner was quite willing to repair the structure. I accept that we all enjoy dining in restaurants over the water; they have a sort of romantic mystique about them. The Oyster Beds is an example. However, why I say the solution was perhaps not very sensible is that we tend to forget that these restaurants have a problem in providing parking for their clients. Furthermore, local authorities are not

very happy with them because they cannot rate the owner of the restaurant and find it difficult to supply parking space. We need to consider those points when we create any more restaurants over the water. I am a great believer in such restaurants, but we need to keep a check on them. A licence for a jetty is given to a particular person; it is not attached to the land or to the title, although one does need to have land adjoining or very close nearby.

A grandfather clause ought to be included in the Bill to ensure that the people who have bought a block of land on the assumption that they will be able to have a jetty licence will be assured of having a licence for some time. In other words, they have paid out the cash to buy the land in the expectation that they will be able to have a jetty to use for some years. The grandfather clause could provide for a licence for at least 10 years. I would hate to see jetty licences being cancelled extensively.

Of course, there needs to be a limit to the number of jetties allowed. They do not complement the waterways environment but they are a necessity, especially for the people who have bought marina blocks, naturally with the intention of being able to use their boats on the waterway. Nevertheless, I question the necessity to force people with ramps on their marina blocks to have them registered and inspected.

The legislation increases fees considerably. I have received a letter from Mrs Peden from Nornalup who has been charged \$250 for her licence to take visitors to Nornalup up and down the river. I have queried this matter in the House previously. This lady is a pensioner and it is regrettable that she should be expected to meet this cost to allow her to continue her efforts. She gets to know people by doing this work and she is very enthusiastic about the river and about doing something for tourism, yet this is the way she has been hit. The alternative is for her to use the public jetty, but she has already been forced by the Health Department to build a toilet on her block near her private jetty. This is officialdom gone mad. I drew the Premier's attention to this matter some months ago, but he has not responded.

The Bill provides for a considerable increase in penalties. I am surprised at how much they have gone up. Some have increased by 250 per cent while others have increased by 5 000 per cent—a very heavy increase, particularly as the Act was subject to an amending Bill in May 1976. In other words, it has not been away from this House very long—about 10 years.

Hon. Fred McKenzie: That penalty has not been amended for about 50 years.

Hon. D. J. WORDSWORTH: It could have been amended 10 years ago.

Hon. Fred McKenzie: We were not in Government then; you were.

Hon. D. J. WORDSWORTH: I am sure we would not have increased the fee by 5 000 per cent.

Hon. Fred McKenzie: I would rather say it was inefficiency on the part of the former Government.

Hon. A. A. Lewis: They only put it up in line with the CPI, don't they?

Hon. D. J. WORDSWORTH: That is right. That is what they try to tell us.

These penalties have become quite ridiculous. Members should be careful that their boys do not build a private jetty when they take out their rafts. It will cost members a \$2 000 fine if the authorities find their sons have built some sort of jetty for their raft or canoe.

Apart from those reservations I support the Bill.

HON. V. J. FERRY (South-West) [11.41 a.m.]: I wish to raise a couple of matters. Firstly I support the representations made by Hon. David Wordsworth with regard to Mrs Peden of Nornalup. One or two members, or perhaps more, have received a letter from her. It was my privilege for some years to represent the Nornalup area in this place, and I know Mrs Peden personally.

This matter is an illustration of bureaucracy gone mad. I will read a letter she wrote to illustrate the difficulty individuals have. In her letter, which is dated 22 July 1986, Mrs Peden wrote—

Dear Mr Ferry,

I appeal for your assistance and support.

I have been trying to build up a small tourist attraction at Nornalup by taking small parties, sometimes only two people at a time, up the Frankland River in a small boat on demand.

For years I was charged at the private jetty rate but have now been charged at a commercial rate of \$250 for the use of my jetty instead of the former \$50.

I do stress that my operation is on a very small seasonal scale. It is not a big commercial undertaking, but has a very low margin of profit, but it is a pleasant occupation enabling me to meet people

from all over the world and show them the beauty of the forest and river, therein lies its value, and my enterprise has forty-two years experience in the area behind it.

For over twenty years I have kept the river free of floating logs and debris at my own expense as a community service.

Any assistance you can give me in having my licence fee returned to the private jetty licence rate would be very much appreciated.

Yours faithfully,  
S. PEDEN

(Mrs S. Peden)

P.S. I am the remaining pioneer resident of Nornalup, with a continuing residence of 37 years.

I read that letter to have it recorded in *Hansard* because it shows there are people in the community who get a great deal of pleasure in operating in this way. They not only further their own interest in a very modest way—I would not suggest Mrs Peden gets a great monetary return; she says that sometimes she takes only two or three people in her boat—but also people who visit the area are delighted to have the opportunity to get access to the river and the environment.

This should be encouraged. It is a beautiful part of the country. The Frankland River is quite tranquil, and it seems incredible that this woman has been burdened with a fee of \$250 for the use of her own jetty. The fee in the past was \$50, and that would have been ample. I guess the fees are set by regulations flowing from the Act. I took the trouble last night to peruse some recently-tabled regulations flowing from the Jetties Act but they did not relate to fees for jetties, but rather to other matters. However, it would seem there is provision in the regulations for fees to be imposed.

Surely there must be some way for a citizen in these circumstances to give service to the community and pleasure to themselves. People who take pride in their area should be encouraged to show it off to visitors or tourists. It seems incredible that bureaucracy places a stumbling block in the way of these people. I wonder to whom this lady, or any other citizen in this situation, can appeal for redress. Can she get redress by way of ministerial discretion?

Hon. D. K. Dans: It appears to me that she can, but I am not 100 per cent sure of that.

Hon. V. J. FERRY: I hope that is the case. I heard Hon. David Wordsworth mention that he had not had an adequate response from the Premier for a couple of months, I think it was. One would hope that if an appeal can be lodged it will not take more than a couple of days. It is a minor matter and it should be addressed very quickly. I would like the Minister to double check. It is important that this person should not be disadvantaged in that way.

I wish to refer to another matter as we are dealing with the Jetties Act—the famous Busselton Jetty. It is probably the best known tourist feature in Geographe Bay. It is a very long jetty.

Hon. D. K. Dans: It is a hard one to navigate if a person is full. It is about eight kilometres to the end of the jetty. I can say that from practical experience.

Hon. P. G. Pandal: That does not augur well for the America's Cup!

Hon. V. J. FERRY: It is an expensive jetty to maintain, and it has suffered the ravages of time and storms. Cyclone "Alby" did not do much good at all, but strangely the worst damage was done near the shore and not at the seaward extremity of the jetty. The condition of the jetty is quite poor in sections, and there is an arrangement between the Government and the local authority, the Busselton Shire Council, to maintain the jetty out to what is known as the first head.

It would be preferable for the Government to review its obligation and have discussions with the Busselton Shire Council. That will probably happen tomorrow because the Minister for Transport is going down there and will inspect the jetty for himself. It would be money well spent if the jetty were upgraded towards the seaward end. It is the major tourist attraction in Geographe Bay; it is a famous jetty, something like 1¼ miles long in the old terminology. It has given pleasure to hundreds of thousands of men, women, and children, who have taken delight in going out to the end and back, and can say they are proud to have done that.

Money is spent on any number of projects in this State to boost tourism. The America's Cup is one, but there are others. The money would be well spent to upgrade and preserve the jetty and to ensure it is maintained as a focal point for the benefit of visitors and locals alike. I know it is difficult for the people using the waters of Geographe Bay to have the jetty extending such a long way. Notwithstanding that impediment, Geographe Bay is so vast that

the jetty could easily remain and there would be ample water for all to use. I make that plea, and I support the Bill.

**HON. C. J. BELL** (Lower West) [11.49 a.m.]: I rise to make some comment on the Yunderup Canals and the problems which have arisen there in recent years. I understand several residents have been prosecuted for failing to pay a licence fee for so-called jetties, the jetties concerned being a couple of pieces of plank laid on the ground. That construction is then defined as a jetty.

It is illogical to have that in a canal constructed by man. I understand that a rating system is already in place to maintain the canal. Residents whose properties front onto the canal may have a jetty licence imposed on them, and this may apply regardless of whether a jetty is actually constructed on the water.

Many of the existing properties already have so-called jetties which comprise a couple of planks laid on the sand. It appears from the amendment before the House that people who have jetties of this kind will now be required to pay a jetty licence. The amendment does not suggest what sort of ramp should be constructed for the use of launching and landing craft.

Properties which front onto the canals were specifically designed to have access to the water. A provision is included in the Marine and Harbours Act for the owners of such properties to pay a jetty licence.

A number of people who have properties which front onto the canals and have ramps which consist of a couple of planks have complained to me that they have had to pursue the issue of a jetty licence through the courts, and I consider that to be ridiculous. I ask the Leader of the House to clarify the issue. If it is the intent of the Government to issue jetty licences to property owners who have a sand ramp only, I will have reservations about supporting the Bill.

**HON. DOUG WENN** (South-West) [11.52 a.m.]: I support the Bill. I have listened carefully to the previous speakers, and I was delighted to hear Hon. Vic Ferry mention the Busselton Jetty. I will come back to that matter later.

I admit that when I first read the Bill I was a little concerned about it and contacted the Government advisers to clarify several points for me, and I record my appreciation for their assistance.

Before I became a member of this House I had some involvement with the Bunbury Port Authority. The condition of several jetties was brought to my attention and I had to approach the Marine and Harbours Department to obtain its permission to challenge the people concerned about the condition of the jetties. Many people were under the impression that once they erected their jetty it would be there for ever and a day. Members are aware of the weather conditions in the south-west and would know that jetties would not last for ever, especially when they consider the weather conditions which accompanied cyclone "Alby".

The jetties about which I am referring are situated in the Bunbury estuary. During cyclone "Alby" a number of the jetties were destroyed, and the owners decided to leave them as they were. They did not report to the department that they had made a decision to dismantle the jetty and, therefore, were still charged jetty licence fees.

The point is that those people made application to build jetties in the first place and they are responsible for the condition of them. If the jetties are to be dismantled, the owners should bear the costs. It is their responsibility. They cannot just say that they do not want them any more. The condition in which some of the jetties have been left has proved dangerous to the craft which use that part of the river.

I am pleased that in this legislation we will have a new definition of "jetty". Hon. Colin Bell mentioned the Yunderup Canals and pointed out that many people have launching ramps which comprise planks laid on the natural fall of the land. Somewhere along the line someone must have made an application for those jetties or launching ramps to be erected. I do not believe that the Marine and Harbours Department travel along the canals and say, "There is a boat ramp, I think we should license it."

Hon. G. E. Masters: That is what they do.

Hon. DOUG WENN: I am sure that if Hon. Gordon Masters contacted the developers of the Yunderup Canals he would be told that in their advertisements to sell properties they advocate a launching ramp for every house that fronts onto the canals. Provisions are contained in the Act to enable any person who is dissatisfied with the decision of the permanent head of the department in respect of either the granting of a licence or refusal to issue a licence to appeal to the Minister. People have every opportunity to put forward their argument. The min-

ute the appeal is lodged it is up to the department to investigate the jetty concerned, and a decision is then made. I am sure that in most cases that decision is compatible to all concerned.

I refer now to Mrs Peden's letter which Hon. Vic Ferry read to the House. I sympathise with her, but the letter raises many questions. Hon. David Wordsworth pointed out to the House that Mrs Peden is being forced to provide facilities such as toilets. If the lady is being ordered to provide amenities of that kind, she must have a bigger business than she is saying. The question comes down to the fact that she says she takes only two people at a time up the Frankland River in a small boat. How many times a day does she undertake the trip? Mr Deputy President (Hon. D. J. Wordsworth), in your capacity you are in a position to visit Mrs Peden, put up a case to her, and suggest that she has the right of appeal, in order that the matter could be brought to the Minister's attention. I am sure the case would be looked at favourably.

As I have already mentioned, Hon. Vic Ferry raised the matter of the Busselton Jetty. Without being rude to the honourable member I wonder how often he has spoken about this subject in this House. It is a situation which has been around for a long time and no-one seems to have done anything about it. The Government has an agreement with the Busselton Shire Council on a 2:1 financial basis to maintain the junction or the head, as Hon. Vic Ferry referred to it; and that is an on-going agreement.

As the new member for the South-West Province, Busselton is in my electorate and I intend to make sure that the jetty is maintained. The local shire council has formed a committee to investigate the rest of the structure of the jetty in an endeavour to ascertain what can be done with it. I am happy to advise the House that the member for Vasse and I are honorary members of that committee.

My apologies for not mentioning this before, but there will be a meeting in my office in Busselton at 8.30 tomorrow morning with the Minister, Gavan Troy.

Hon. V. J. Ferry: That is very late notice.

Hon. DOUG WENN: I am not sure yet if it is on, because if the Minister cannot obtain leave from the other House it may have to be cancelled.

Several members interjected.

Hon. DOUG WENN: That invitation is extended to Mr Barry Blaikie, who represents that electorate. The Busselton jetty is very important. It must be looked at very carefully. As so often happens in these situations, many people run around and try to do everything on their own, which creates havoc for those trying to operate as a committee.

I support this Bill 100 per cent. It is long overdue.

HON. D. K. DANS (South Metropolitan—Leader of the House) [12.01 p.m.]: I thank members for their comments. I take it they are actually supporting the Bill.

Let me deal with the last point, and that is the question of the Busselton jetty. I have heard Mr Ferry speak about the Busselton jetty on many occasions, as he should, and as Hon. Mr Wenn should. I am fully aware how much jetties cost to maintain, but in most cases they have either been pulled down or allowed to deteriorate to the point where they fall down. We should be looking particularly at tourists, and at the recreational time which is becoming available.

In the United States some years ago I was taken to a place called Manhattan Beach, just outside Los Angeles, where there are a number of beaches. All those beaches had jetties, and people fished from them. Admittedly some were pretty filthy.

It is not possible to maintain the whole of Busselton jetty, but it should be kept in mind as a recreational jetty, if it is commercially viable. In other words, money would not be pouring down never to come up again.

Having made those comments, I want to refer to Mrs Peden. Her problem was raised by a number of members. Mrs Peden runs a business, and she has been contacted and offered some relief. She has been asked to produce some evidence, and if she cannot pay the fee other arrangements will be entered into.

On the question of running away from his responsibilities, let us examine what the Minister does. The Minister signs approximately 1 500 documents a year, and some 2 000 minutes. This is now required under the Act. The shedding of some of that responsibility is long overdue. The Governor before the present Governor was astounded at the number of minutes and documents Ministers were required to sign. Governors have suggested there should be some relief from these onerous duties. It is a pretty arduous task to sign 3 500 documents in



relation to one Act. This is a sensible argument, and I do not see any problem.

With regard to the question of jetties and the right of entry, they have always been required to be licensed. Sand ramps are not included. That should put the member's mind at rest. The amendments are long overdue. When we reach the Committee stage, if any member has further comments to make I will be only too pleased to attend to them.

It was suggested that the increase of 5 000 per cent in fines was heavy. Let me remind the House that the penalty has not been increased since 1926, which is a fair while ago.

Hon. P. G. Pental: Did you handle the Bill?

Hon. D. K. DANS: No, I handled the one the year before. My junior handled it the following year, so I have some knowledge of it.

Hon. P. G. Pental: I think it was Mrs Hallahan.

Hon. D. K. DANS: That is unkind of you. She is much younger than I am. With those few comments, I commend the Bill to the House.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Deputy Chairman of Committees (Hon. John Williams) in the Chair; Hon. D. K. Dans (Leader of the House) in charge of the Bill.

Clauses 1 and 2 put and passed.

Clause 3: Section 3 amended—

Hon. C. J. BELL: I raise the definition of "jetty". People have been pursued for jetty licence fees where ramp grids have been placed so that the water does not actually wash sand back into the canal. That ramp has been construed as a jetty.

As I understand the clause, the jetty must be erected wholly or in part over any water. In many cases these ramps are not on or over water. They are on private property, yet they are registered as jetties. I would like further information on how this Bill extends that aspect relating to private property.

Hon. D. K. DANS: I do not know whether Mr Bell means what he says—that he has seen jetties which are not over the water.

Hon. C. J. Bell: I have seen them, and they have been construed to be jetties.

Hon. D. K. DANS: Even a land-backed wharf has an edge on the sea.

Hon. N. F. Moore: It depends on where it is. At Yunderup this does not apply.

Hon. D. K. DANS: I can understand a jetty in a tidal creek or a tidal river, where the water comes in and out; but it would not be a jetty. It would be some other structure if it was just over the land. Does the member know what he said?

Hon. C. J. Bell: I know what I said.

Hon. D. K. DANS: If it is just over the land and it has no access to the water it should not be a jetty. The definition says—

"Jetty" includes—

- (a) any jetty, pier, wharf, quay, grid, slip, landing place, stage, platform (other than a platform that is a vessel for the purposes of the *Western Australian Marine Act 1982*) or similar structure, whether fixed or floating, erected or placed, wholly or in part, in, on or over any waters; and
- (b) any ramp which is or which may be used for the purpose of launching or landing a vessel.

Most launching ramps go into the water. I have had a heap of problems with my boat when the tide has been low and there has not been enough water to drag it up the ramp. If one puts it in when there is not enough water, one is a dill. The ramp has to go in the water, otherwise it is not much use. The definition of "jetty" must include those structures used for the launching, berthing, or unberthing of a vessel of any description.

If Hon. Colin Bell can give me an indication of what he means I might be able to give him a better answer, but I think the operative part of the definition is "... wholly or in part, in, on or over any waters; ..." If someone is getting knocked off for putting a box-like structure on the Yunderup Canals we would have to speak to them because that would be a matter for the police, not for the Marine and Harbours Department.

Hon. C. J. BELL: I think the Leader of the House almost understands what I am talking about. The situation with the Yunderup Canals is that all the lots about the water, and to improve their properties many property owners have chosen to put a footing down for putting boats in and out of the water. Some such improvements do not protrude into the water, nor past the boundaries of the properties.

Hon. P. G. Pental: Are they being charged?

Hon. C. J. BELL: Yes, because the department construes that they can land a boat there.

Hon. G. E. Masters: Even if it is just a dinghy?

Hon. C. J. BELL: Yes. Up to this stage, if the improvements have been made to stop sand falling into the water, which can cause deterioration in the canal, they have been construed as jetties. They could contribute to the deterioration of the canal and not pay a fee, but if they were to improve the land and their properties to ensure their properties did not get pulled into the canal by physical action or erosion, that was not all right.

It seems to me that if there are no improvements over the water, wholly or in part, those property owners should not be charged a licence fee. If they are, any straight slope in the land which allows one to put a boat into the water could also be construed as a jetty.

Hon. D. K. DANS: The last point is not correct. I said yesterday that a picture is worth a thousand words. We are not talking about Yunderup only, but about the whole State. If one constructed a ramp on the bank of a river and the water did not reach up to the ramp, it would not be a jetty; but if one cut through the bank of the river and allowed the water onto the ramp, then it would be construed as a jetty.

Hon. P. G. Pendal: In that case, isn't the bank of the river your property?

Hon. D. K. DANS: No.

Hon. P. G. Pendal: Are you sure of that?

Hon. D. K. DANS: I am pretty sure of that.

Hon. P. G. Pendal: At Yunderup?

Hon. D. K. DANS: I was around when the Yunderup Canals were brought into being. The area adjoins the river itself. There is an access channel to the river, through which the water comes. Once one cuts into the bank of the river and allows water to flow back, one has a jetty or a ramp. If we were to allow people all over the State to cut into the banks of rivers—all along the Swan River, the Canning River, and other rivers in this State—we would have a very depleted waterway system in no time. One of the reasons I am proud to live in Western Australia is the excellent laws governing our waterways, and members do not have to walk far from here to see that approach in the Swan River.

That is the explanation. If people want to put their boats over a couple of rubber rollers to put them in and out of the water, they will not be liable for licence fees for a jetty or a ramp.

Hon. C. J. BELL: I am pleased to hear the explanation by the Leader of the House. The case he gave as an example—that of a property not being liable for a jetty licence—has in fact been pursued through the courts and it was found that the right thing had not been done. In fact, a fine was imposed by the court.

The explanation by the Leader of the House will cause great concern among the people of Yunderup because many of them have done exactly as he outlined and have been pursued for their licence fees. Others are resisting or have paid under protest.

In Yunderup all the blocks have waterfront frontages. From what the Leader of the House said, if property owners boarded up their boundaries to ensure there was no erosion, that would be construed as a jetty.

Hon. D. K. Dans interjected.

Hon. C. J. BELL: The water is right there in the canal. It was done in the original agreement with the intention of having waterfront access. If they merely had a sandbank, the Leader of the House is saying they would not be pursued for a jetty licence fee, yet if they do any improvements to their own land—not on the common land of the canal but their own land—they are pursued for a licence. If they neglect their water frontage they will not be pursued, yet I think the interpretation of subclause 3(b) quite clearly would make it possible for someone to be liable for a jetty licence fee if they could physically get a boat in and out of the water from their land.

Hon. D. K. DANS: That is not correct. Hon. Colin Bell stated that some people have been fined merely for getting a boat in and out of the water. I have discussed that with the department officer, who says that is incorrect. If Hon. Colin Bell has any evidence and can bring forward any person to whom that has happened, he should take the matter up with the Minister, because the department is fairly reliable.

I demonstrate to members the point I am trying to make by showing a drawing that I have made.

Hon. P. G. Pendal: Did you pass tech drawing?

Hon. D. K. DANS: It was one of my best subjects at school. We can put this in *Hansard*, if you like. If one goes down the bank and boards it up and puts bollards along it, it is a jetty.

Hon. D. J. WORDSWORTH: There seems to be a little confusion over this matter.

The DEPUTY PRESIDENT (Hon. John Williams): Order! I can hardly hear the member, and how the reporters are taking this down I do not know. There is far too much audible conversation.

Hon. D. J. WORDSWORTH: There seems to be some difficulty in identifying a jetty when it comes to a matter of private land adjoining the water. It does not happen very often, other than in this canal development, but I would have thought that a man had the right to put a wall on his boundary to stop the rest of his land washing away.

Hon. D. K. Dans: There is no problem with that until he ties a boat up to it. Hon. David Wordsworth will get into the area of the Waterways Conservation Act if he continues down that track.

Hon. D. J. WORDSWORTH: There needs to be some definition, maybe not within this Bill, but in another one.

Hon. D. K. Dans: The Waterways Conservation Act would be the one.

Hon. D. J. WORDSWORTH: A definition is required for a retaining wall for those properties where freehold land adjoins the water, especially when they are only small housing blocks.

**Clause put and passed.**

**Clauses 4 to 9 put and passed.**

**Clause 10: Section 10 amended—**

Hon. D. J. WORDSWORTH: This clause seeks to increase the fine to \$2 000 as the penalty for lighting a fire on a jetty. Section 10 reads as follows—

No person shall light, place, or keep a fire upon or so near as to endanger any public jetty which is constructed wholly or in part of wood.

It is a habit of pensioners and other fishermen when fishing in the cold to light little fires adjoining their fishing spots. Unfortunately that practice has caused jetties to burn down. Indeed, when it is necessary for Government officers and others to remove jetties, the common way to do so is by means of fire. Therefore, I warn fishermen about their practice of lighting fires on jetties.

However, I would have thought the word "open" could have been used so that the clause related to open fires rather than just to fires.

When I was in India recently I went fishing in the Himalayas; and there one must take a gillie when one goes fishing. The weather was

cold; indeed, it snowed practically every afternoon. Kashmirians wear cloaks under which they carry little earthenware containers about nine inches round which contain hot coals. The container has two handles and it is carried wherever the person goes. The point I make is that fire can be contained.

Hon. D. K. Dans: I was in Japan many years ago and charcoal braziers were used. Japanese fire officers were experts, because each year the Japanese used to burn half of Japan!

I ask members to cast back their minds to the occasion on which people lit a fire on the Carnarvon Jetty and caused \$10 000-worth of damage. A great deal of volunteer labour had been organised by the Lions Club to enable that jetty to be turned into a recreational facility. No-one would want to be lighting a fire on the Busselton Jetty. Therefore, I do not think we should discriminate between the various kinds of fire. If someone sets a jetty on fire it causes a great deal of trouble.

**Clause put and passed.**

**Clause 11: Section 11 amended—**

Hon. D. J. WORDSWORTH: I issue a further warning here to members who go fishing. Section 11 says—

No person shall make fast any vessel, raft, or timber or other thing to any public buoy (not being a warping buoy), beacon, river or sea mark, fender, or other piling.

The clause seeks to increase the fine for such an offence from \$40 to \$2 000.

It is a common practice for fishermen to tie their vessels to various things, sometimes blocking navigational lights. I just draw attention to the fact that this provision refers to piling as well as other things.

**Clause put and passed.**

**Clause 12 put and passed.**

**Title put and passed.**

### *Report*

Bill reported, without amendment, and the report adopted.

### *Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

## CONSTRUCTION SAFETY AMENDMENT BILL

### *Receipt and First Reading*

Bill received from the Assembly; and, on motion by Hon. D. K. Dans (Leader of the House), read a first time.

### *Second Reading*

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [12.27 p.m.]: I move—

That the Bill be now read a second time.

This Bill relates to a package of measures designed by the Government to create the necessary conditions for industrial harmony in the building and construction industry.

The package, as members are aware, follows lengthy discussions with employer organisations, the Trades and Labor Council, major building industry employers, and building unions.

It is believed that the provisions contained in this Bill in conjunction with related initiatives in the industrial relations area, will increase the industry's productivity and encourage self-regulation.

The Bill provides, firstly, for penalties for breaches of safety regulations to be raised to more realistic levels. It also provides for a time limit of seven years beyond which past offences will not be considered in terms of determining the relevant penalty. The level of increase is designed to encourage more responsibility among employers. Penalties on employees are considered adequate and remain largely unaltered.

Secondly, it provides for workers to have access to the written directions issued to their employers by construction safety inspectors.

These measures are in line with the Government's overall approach to occupational health, safety and welfare, an approach which stresses consultation, information sharing and the acceptance of responsibility by both workers and management for workplace safety.

It is proposed to rationalise penalty provisions within the Act by removing certain specific penalties and providing for general penalties for any offences against the Act or regulations.

The specific penalty provisions to be removed are as follows—

At section 9 (7): Penalty for forging or counterfeiting certificates or impersonating an inspector.

At section 13: Penalties for—

- (a) assault or obstruction of inspectors;
- (b) failure to answer questions;
- (c) failure to comply with written requests;
- (d) failure to furnish information;
- (e) failure to produce records;
- (f) prevention of access to inspectors; and
- (g) use of threats or abusive language.

At section 24: Penalty for misuse of safety equipment.

At section 25: Penalty for failure to provide adequate lighting for work to be carried out.

General penalty provisions for any offence against the Act or regulations are to be provided at section 44. It is proposed to set new penalties as follows—

For employees—

First offence	\$1 000
Second offence	\$3 000
Third and subsequent offence	\$5 000

For employers (other than a body corporate)—

First offence	\$2 000
Second offence	\$5 000
Third and subsequent offence	\$10 000

For an employer who is a body corporate—

First offence	\$10 000
Second offence	\$30 000
Third and subsequent offence	\$50 000

It is also proposed to provide penalties for continuation of offences against the Act—

For employees: \$50 per day.

For all employers: \$250 per day.

It should be noted that these amendments remedy a deficiency in the current penalty structure in that the current Act makes no distinction between individual employers who breach safety regulations and companies. It is considered that the proposed levels of penalty are sufficient to constitute a genuine deterrent to unsafe practices across the industry.

While the Act under section 44 has previously provided for first, second, and third offences, it has not previously placed a time limit over which these offences are assessed.

This Bill seeks to do this and provides for a time limit of seven years.

Section 28(1) to (4) of the Act specifies the conditions under which the Chief Inspector shall give directions, in writing, to the main contractor, subcontractor or, if neither is on site, to the person apparently in charge of the work. Section 28(5) provides that where such directions are given in writing, a copy shall also be passed to the recipient.

These directions may be in the form of an improvement notice, directing that unsafe conditions be rectified within a specific time, or a prohibition notice, directing that work cease until directions to improve have been complied with, as provided in section 29(1).

Sections 14 and 29(2) allow for orders, directions and notices to be cancelled or varied. It is proposed to add, after section 29, a section 29A specifying that the person to whom the notice is given shall ensure that a copy is displayed in a prominent position on site and that it remains on display for a specified period. Furthermore, copies are to be supplied to workmen working on the site on request.

Similar provisions will apply where an order or direction is varied or replaced on appeal. This will ensure that workers have access to relevant information about any hazards they may be exposed to at work and about the steps which should be taken to make that workplace safe.

This Bill supports the code of conduct in relation to the building industry which provides that work shall proceed in areas not affected by safety issues or "site clean up".

I commend the Bill to the House.

**HON. G. E. MASTERS** (West—Leader of the Opposition) [12.32 p.m.]: The Opposition supports the Bill. Reference was made in the Minister's second reading speech to self-regulation and that is a very important aspect in the workplace.

**Hon. D. K. Dans**: It is the only way it can work.

**Hon. G. E. MASTERS**: It is indeed the responsibility of the employer and the employee to work together and to observe the rules and regulations. All too often we see pinned up on notice boards in workplaces certain safety requirements, and for one reason or another the people employed on sites might simply ignore some of those directions. Having done that, the employer simply does not enforce the requirements, so there is fault on both sides.

I have been involved in construction industries and have seen a lot of accidents. Some years ago, when I worked in the construction industry, I certainly did not enforce the requirements. I told my employees they had to do this or that and if they did not do so, so be it, and I did not worry about it. That was the wrong attitude; and with the high cost of workers' compensation it is important to observe and to pursue safety measures to cut down the cost.

**The PRESIDENT**: Order! Everybody is carrying on sub-committee meetings, and I suggest they listen to the member speaking.

**Hon. G. E. MASTERS**: It is a matter of educating the employee and employer groups and, more particularly, as the Minister mentioned in his second reading speech, working together on both sides and recognising the joint responsibility.

I noticed the fines have been increased substantially, and that is fair enough if it will cut down the accident level. In the end the objective is to cut down workers' compensation premium rates which in some industries are crippling, to say the least. I see that as the only real way to achieve that objective. It is a good idea, certainly, that if the industrial inspectors give certain directions or require changes to be made in the workplace dealing with safety aspects or whatever, written notice is made available to the people working on the site, because again it comes back to a dual responsibility.

The Opposition supports the move of the Government and certainly will not stand in its way to progress the Bill immediately.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

*Third Reading*

Bill read a third time, on motion by **Hon. D. K. Dans** (Leader of the House), and passed.

## **WORKERS' COMPENSATION AND ASSISTANCE AMENDMENT BILL**

*Second Reading*

Debate resumed from 22 July.

**HON. G. E. MASTERS** (West—Leader of the Opposition) [12.35 p.m.]: Again the Opposition has no objection to this Bill. As is normal

with workers' compensation and assistance Bills, the Opposition has made it quite clear that it examines carefully the legislation introduced. We know that the Government is doing a great deal of work in this area.

This Bill deals with some administrative changes and a change of direction in responsibilities. However, it raises the question that the premium rates committee, as in the past, has set the premiums for very small wage declarations. People who are self-employed at home or people who only work part-time nevertheless all have to be covered, and I understand that the premium rates committee used some flexibility in setting the premiums. The ability of the committee to set these rates has come under doubt, so this legislation is a matter of tidying up.

It now appears from the reports and comments made by the Premier that an increasing number of employers, for one reason or another, are not taking out the necessary workers' compensation cover; and that is a sign of the times. Recently a person told me that he had neglected to take out the cover, one of his employees was injured, and now he is in trouble. I suppose many employers under pressure try to cut corners, and of course sometimes they get caught out and have to suffer the consequences. Fortunately a fund is provided as a reserve to make sure that the injured person does not suffer unduly, certainly not financially, but that does not avoid the responsibility of employers to make sure that they take out the necessary cover.

My understanding is that this Bill will simply increase the penalties and perhaps it will be more likely to persuade some of the people who take a chance not to do so any more because the end result, of course, is that if they get caught out they could well and truly become bankrupt.

Hon. D. K. Dans: And load the premiums up for other people.

Hon. G. E. MASTERS: That is right, and load the premiums up for other people.

The Opposition supports the Bill.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

### *Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

## **SALARIES AND ALLOWANCES AMENDMENT BILL**

### *Second Reading*

Debate resumed from 22 July.

HON. P. G. PENDAL (South Central Metropolitan) [12.40 p.m.]: The Opposition supports the amendment to the Salaries and Allowances Act which, in effect, reduces from seven to five the members of Parliament that a party must have to qualify for a variety of parliamentary allowances and facilities.

Hon. Tom Stephens: The Bill ensures that your party will have the prospect of a paid leader after the next election.

Hon. P. G. PENDAL: The member knows that sometimes history comes back to haunt those who make such smart alec comments. I suggest that the political reality being what is, Hon. Tom Stephens may live to regret remarks of that kind.

I say, "Good luck to the National Party" because, as a result of the discussions held with the Government, it will receive substantially more by way of parliamentary facilities. There is no doubt in my mind that there is a disgraceful lack of assistance given, not only to the National Party, but to other people who do not happen to be members of Government parties. The disgraceful lack of facilities is not only the fault of the present Government, but also the fault of past Governments which, as I said before, have had a vested interest in keeping non-executive members of Parliament in a state of ignorance because, by doing that, Government becomes an easier process.

In recent times we have been criticised by no less a person than the Premier for even having the temerity to ask parliamentary questions. We were told that it costs \$178 to answer every question asked in Parliament. I took the opportunity to request assistance to find out the cost of my questions in this session. Up until 17 July I had asked 86 questions at an alleged cost of \$178 for each question. In this session alone, therefore, my questions have cost \$15 308 to answer. I think that is absurd. Whoever suggested that has overestimated the cost, as so often happens when someone is making an invalid point.

If that cost is applied to the next session of Parliament to be held this year, it will mean that my questions will have cost \$30 616 to answer.

The PRESIDENT: Order! I remind the Leader of the Opposition and the Minister for Community Services that they are in Parliament and, in a minute or so, they will be able to carry on their rude conversation while the sitting is suspended.

Hon. P. G. PENDAL: I suggest to the Government that it could satisfy many of us and save itself money if it gave a research officer to every member of Parliament. That would cost substantially less than the \$30 616 spent in answering my questions this year.

Hon. Mark Nevill: Will you promise not to ask any questions?

Hon. P. G. PENDAL: I do not know whether I can make that promise but I will promise to ask fewer questions if I had access to research assistance.

I think the National Party is lucky to be the subject of this special Bill in order to give it that assistance and I do not begrudge its receiving that assistance. I think it is the type of facility that ought to be made available to every member of Parliament. I have no doubt that my plea will fall on deaf ears.

Apart from those points, the Opposition supports the Bill.

*Sitting suspended from 12.45 to 2.30 p.m.*

HON. H. W. GAYFER (Central) [2.30 p.m.]: I will not speak at any great length on this Bill, but I want to refer to the simple thing it does. It recognises that the National Party of Australia is an established party in this place. The party is currently represented in the Parliament by some 10 persons. It is at the discretion of the Government that the status of that party is recognised in this Bill.

I want to go on record as thanking the Government and the Opposition and Liberal Party for supporting this amendment. It has enabled the National Party to appear as a fully-fledged part of the Parliament. In fact it has given Mr Hendy Cowan, MLA some status and awarded him certain rights and privileges. We are grateful for this, as it enables us to carry on with our work more easily than before.

Without going into any further diversification, I thank the Government and the Liberal Party for their support.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

*Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

## SITTING OF THE HOUSE

*Extension*

On motion by Hon. D. K. Dans (Leader of the House), resolved—

That the House continue with the despatch of business beyond 5.30 p.m.

Motion passed.

## ACTS AMENDMENT (ACTIONS FOR DAMAGES) BILL

*Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and returned to the Assembly with amendments.

## PERTH MINT AMENDMENT BILL

*Second Reading*

Debate resumed from 22 July.

HON. MAX EVANS (Metropolitan) [2.36 p.m.]: The Perth Mint is a completely new concept in nearly 100 years. On an initial reading of the Bill, I find it is a very commendable concept. We are to have three Perth Mints. The turnover will be increased so that more profits will accrue from the Mint.

Members of our party were grateful for the opportunity afforded by Treasury to be briefed by Michael Naylor of the WADC, Mike Button, the Acting General Manager of the Mint, Tony Lloyd from Treasury, and Jan Sherraf from Crown Law Department. They gave a full run-down of what the Bill is all about and answered many of our questions. They gave an excellent, well-argued case in their explanation, but gave no financial facts.

This proposition can be likened to the prospectus of a public company. It is even more than a public company. The public's money will go into the Perth Mint to expand its activities. When one receives a prospectus one is given some idea of the bottom line or the profitability of the company as a result of investigation by accountants. One is also told the status of the directors. One can read whether they have specific abilities related to the task required to be done by that company.

When one looks at this Bill, one does not know who the directors will be. Some will come from the WADC. We, the public custodians, should have a lot more information on how the Mint will expand and spend something like \$20 million of public money. We want to know how the Mint will expand, apart from how much it will make and who will be the directors.

I believe the directors need to be of a far higher calibre than those suggested at the moment, because wheeling and dealing with gold as an international operator is a different thing altogether from what they have been doing in recent years. They buy gold at \$500 an ounce and sell it at \$507. That is a margin of seven dollars. On the international market that margin is far finer.

Developing three Mints appears to be against all the best management principles, even though the Minister has given us logical reasons for having three separate locations.

I see serious impediments in respect of earning a profit with such a small margin achieved from smelting. Fifty to 60c an ounce will be earned. One only has to relate that to an extra million ounces at 50c which is only \$500 000 if one looks at the ratio of cost. There is not going to be much net profit.

We are told that the Perth Mint will be redeveloped to the extent of \$1.7 million. The building will be upgraded to mint coins as a result of the new facilities. We were advised—and I am not certain of the exact statistics—that the Mint is still not refining the same amount of gold as it was at the turn of the century. As we all know, the gold going out of this country has only just reached the former output of 1917. We do concede the Mint needs a lot more equipment and the offices and administration section need refurbishing.

I refer to the other two parts of the Mint. We are to have an international branch to be located near Perth International Airport. That is good logic. Security is needed at the airport when gold is being flown to other countries. The gold is sold to international dealers who want quick movement of their gold.

I refer to the cost. We are talking about \$12.5 million to be spent at the airport site. An amount of \$7.5 million is to be spent from internal funds which represents land, bullion, and cash assets to finance the new complex. I hope the Minister can explain which land is to be used. The only land I know of is in Hay Street. I assume that will not be sold. I am not sure where the funds will come from. I would

have thought that the land and other assets would be still maintained at the existing site. A further \$5 million will be provided in the form of debt or equity capital. I would have thought that the custodian of public money would be told where this money will come from. I presumed the Treasury would be told that. We are told there will be no outside shareholders. Surprise, surprise! This is one venture in which WADC or Exim does not have an interest, yet it is presumed that a number of their directors will have an interest under the Companies Code. They will have control of the company through directorships without having a shareholding. The directorships are far more important in the long term. I look forward to the Minister advising us where the money will come from.

An analysis of the Mint's clients shows that 90 per cent of its customers are small depositors lodging 100 ounces or less of gold for refining. After jazzing up this big international Mint, I hope we will not suddenly find that we cannot cope with the requirements of the small man and the little orders. We may find that we have a big wholesale department which does not want the small customers. I hope there will be some protection and that that small customer will be properly looked after. After all, he is the backbone of the industry and that is why we have the Mint today.

Hon. D. K. Dans: That is referred to in the second reading speech.

Hon. MAX EVANS: I am just saying that I hope they will be protected. I hope the rates do not go up when we have this new monster. The running costs will be a lot higher. It will not be as economical to run as the old Mint where the plant has been written off over a number of years.

The new refining capacity is said to be from two million to three million ounces a year. At the present time the Mint can refine between 1.4 and 1.5 million ounces a year. The return is only about 50c or 60c an ounce after refining. That is not high enough to cover the huge cost of the new operations.

The storage facilities will hold around 20 million ounces—about 600 tonnes. If three million ounces of gold are refined a year we might find that only two million ounces is put back into storage if we are lucky. It will take at least 10 years to use up the storage to obtain a full return on the investment with a value of around \$12.5 million including the Mint. It will be a Fort Knox type establishment.



The present value of gold at the Mint is about \$1.4 million. The accounts show that the Mint makes two per cent on turnover of gold when it is bought and sold. That is a fine margin. It requires a huge volume if it is to succeed in the future. We have about \$6 million worth of capital in the business. The Mint would need about \$21 million in the future; so we would need to raise \$15 million. Interest on that would be from 15 per cent to 12.5 per cent depending on the rate paid by the Government. It would take a big volume to make a return on the moneys invested.

The Kalgoorlie Mint will be developed as a one-stop shop. That is very good especially for the tourists because it will be somewhere to visit. We are told that will cost about \$6 million. I would have thought money would have been put into a public company prospectus, to make a profit. Here, the public are putting money into something and having no say in the matter. They should be entitled to financial figures showing exactly what they will earn because, as I said, \$6 million of public money is to be used to help the tourist industry, to refine gold and to make other items that can be sold in Kalgoorlie.

I hope the Minister will confirm that the money to be used will be Government funds. Jobs will be created in Kalgoorlie; that is good. In the long term, there is no point in developing jobs if we make a loss. Does the Mint stand on its own two feet? Will it be money down the drain or will money have to be found elsewhere? I will be interested to see how it works out.

I refer to the bullion. I would like more information with respect to the skills required. Normally, in a public company, someone on the board is highly skilled and has the technology requirements which have brought the company to what it is today. He knows what it is all about and makes sure that the company is making a profit. There is a new acting general manager at the Mint who has not been in this game before. He has been around the world. I could imagine that most of the gold dealers in Amsterdam, Zurich and London do not employ wheeler-dealers but have their own operators who come from second and third generation families who have been in the gold industry, and know the problems and challenges of making profits when buying and selling gold.

I turn now to a closer look at the finances of the Perth Mint. In the past I was worried about Government accounting practices, but I was assured by the Auditor General yesterday that

Australian Accounting Standards will apply in all Government statutory bodies as from 1 July this year; an accrual accounting method will be used.

We have all heard of a lot of ways of avoiding tax at a Federal level. The Perth Mint purchased gold in 1983 at \$470 an ounce, in 1984 at \$425 an ounce, in 1985 at \$470 an ounce and in 1986 at \$530 an ounce. That went into the Mint's trading account as purchases. Stock on hand at year end is \$50 an ounce. This was done to show a big trading loss for the last two years which was contrived by this notional \$50 an ounce. I assume that the Director of the Perth Mint, having made a profit in 1983 of around \$967 000, was reluctant to pay any more tax after paying tax to the Treasury of \$483 678. He must have thought, "Hang on, I will keep this in the bank account rather than pay that amount." He worked it out well, and over the next two years he bought a lot of gold and had a lot of stock at year end at \$50—and we talk about bottom of the harbour schemes!

An investigating accountant would look at previous accounts and decide what the Mint's track record was. He would establish the amount it made or lost over a period and then make all the adjustments for stock values and so on. Last year was the first year that the SGIO used accrual accounting. Previously it had managed to reduce a \$3.9 million loss to a \$1.8 million loss just by bringing in figures which it had never brought in before but which it should have and which it will in the future. Its trading statement showed a loss.

I look forward to a further elaboration of the \$20 million investment, particularly with respect to what profit it is going to make.

I support the Bill.

**HON. MARK NEVILL** (South-East) [2.53 p.m.]: I support the Bill. This re-examination of the operations of the Perth Mint is the first in 86 years and it has presented a number of opportunities for the Government to take advantage of the Mint's natural assets, including its good reputation.

Over the last 30 to 40 years the Mint has tended to languish. The technology it uses today is essentially the same as that it used when it first commenced 86 years ago. The building of a new Mint will allow the present technology to be updated to the most modern in the world.

One of the critical requirements of the new Mint will be to ensure that its costs are as low as possible, because refining gold is a very com-

petitive business with very small margins. Unless its prices are at the bottom of those custom refiners it will not attract the business.

The Perth Mint has an impeccable reputation and was a branch of the Royal Mint of London, an institution which goes back to the second or third century when the Romans were minting coins near Tower Hill in London.

The rundown of the Mint over the last 30 to 40 years has been shown by its loss of a number of commercial contracts. I suppose it was the loss of those contracts that brought to a head the move to look at it and revamp it. It is a sad reflection on Government management that we can allow an institution like this to continue for so long without a thorough review.

I have never mentioned before that I have always been quite frightened about the location of the Perth Mint. If one walks down Hill Street one can see a great big cylinder of chlorine which, if it were hit by a runaway car, could cause a major problem in Perth with chlorine gas invading the city. The sooner the refining operations of the Mint are removed from the corner of Hay and Hill Streets the better from a public safety point of view.

About 18 months ago I was in South Africa and took the opportunity to inspect the Rand refinery. That refinery completely upgraded its technology back in the early sixties; it brought in induction furnaces and mechanisation to lower its costs. They are now looking at completely rebuilding the Rand refinery and modernising its technology. So, the Perth Mint in its life has completely missed one step of major technological improvements. It is still operating basically in a similar fashion to the early days except that probably a lot more analytical instrumentation is used nowadays. The man considered to be the father of the Rand refinery was a former Director of the Perth Mint who left here in 1919 or 1920, one Raoul Khan. The people there look at the Perth Mint very affectionately because of that.

The new Mint will have three different facilities. In Kalgoorlie, a smaller mint will be built to process small gold parcels, which are by far the majority of separate parcels presented to the Mint. The Kalgoorlie Mint will in future be processing those smaller parcels. It will have a carbon stripping facility, something which flows from the carbon-in-pulp technology, where carbon is used to strip the gold from the solution. That gold impregnated carbon can be then sent off to the mint and stripped there rather than having people set up their own

stripping facilities throughout the goldfields. It should attract a good deal of business. It will also have a jewellery side to its operations, something the Queen's jeweller, Stuart Devlin, promoted. I understand he was on a WADC working party. He proposed the idea of having a gold fabrication facility at the Kalgoorlie Mint. That will be a great tourist attraction, and if handled properly its potential could add tremendous value to the gold mined in the area and also the precious stones such as diamonds being mined at Argyle. It is an exciting development and its tourist attraction potential is magnificent.

In Esperance last year I spoke with the Japanese Consul after he had recently visited Kalgoorlie.

He said he could not buy a gold coin or similar souvenir in Kalgoorlie. If tourists can visit Kalgoorlie and purchase jewellery, coins, and other souvenirs, the tourist trade in Western Australia will be boosted, especially in the goldfields area.

I refer to the so-called Fort Knox facility at the Perth International Airport. We were told in the Minister's second reading speech that it will hold up to 600 tonnes of gold, which is the equivalent of 20 years' production at Western Australia's current rate, or about one year of South Africa's production, or about 60 per cent of annual world production. The idea of siting it at the airport is sound. There would be no transport problems, and savings on the cost of insurance for transporting gold over long distances from the airport to an outside storage facility.

The other important aspect of locating that storage and refining facility at Perth Airport is that it will allow the Mint to receive gold from international sources, and I would not be surprised if the Mint attracts gold from African countries such as Zimbabwe. We will see an increase in gold production from countries such as Indonesia, the Phillipines, New Guinea, Fiji, and a few other Pacific islands. There is tremendous potential to custom refine gold from international sources. It is important that the facility is sited at the Perth Airport.

Another matter which was not touched upon in the second reading speech but which I think is very important in regard to such a large storage facility at Perth Airport, is that Perth has the capacity with the proposed Mint to become a physical gold market. I use the word "physical" because two types of gold markets are recognised in the world, the paper gold

markets and the physical gold markets. The premier physical gold market in the world is Zurich, which is the market in which the Russians and many other countries sell their gold. When gold is bought or sold in Zurich, it is put on a trolley and wheeled from one vault to another, whereas with paper gold markets, such as those in Hong Kong and Tokyo, the actual gold does not physically change hands. One receives a piece of paper and trusts that there is some gold behind it. Members know that people have been caught with that situation before. It would be tremendous if Perth could develop into a physical gold market. I am not exaggerating when I say Perth could become the financial capital, or at least the premier physical gold market, of the Asian region.

I hope the board of directors of the new Mint try to achieve that status because there is a definite gap in the market. I read the other day that Japan buys a lot of gold for private hoarding. Last year Japan purchased approximately 150 tonnes of gold from Zurich. If our refining costs are low enough and we can attract that bullion to be refined in Perth perhaps the Japanese and the Arabs, if the price of oil increases, would look towards Perth to purchase their gold.

The other exciting factor is that the Perth Mint will produce the Australian nugget coin. Four different sized coins will be produced, the quarter ounce, the half ounce, the three-quarter ounce, and the ounce. That will be a very exciting string for the Mint's bow. The Mint has an exciting future. I have not seen the feasibility studies and I do not know that they are the sorts of things which should be circulated because information on throughput and cost of refinement is very sensitive and is not the sort of thing the Mint would want its competitors to know about.

I strongly support this Bill and I hope that the newly revamped Western Australian Mint is a major success.

**HON. N. F. MOORE** (Lower North) [3.07 p.m.]: Having spent a lot of my life living in goldmining towns, and my father having worked for a goldmining company for many years, I have always been fascinated at the way in which gold is mined and the way in which it is used throughout the world. Gold is a fascinating product and the recent increase in the level of activity in the goldmining industry in Western Australia indicates the degree of interest the world has in gold.

There were times when the mining of gold in Western Australia was practically non-existent due to the fixed price of \$US35 per ounce for many years and we saw the goldmining towns of Western Australia and major mines close down. It was only in recent times that the price of gold began to reach a reasonable level and we saw a resurgence in goldmining in Western Australia. It is great to see that happen. In fact, Western Australia's economy at the moment is practically carried on the back of the goldmining industry. It is the only major resource industry that is operating in this State at this time, and without gold the resource development sector of our economy would grow very sorry indeed.

Members who have the opportunity to travel to the eastern goldfields, the Murchison or the Pilbara would see tremendous opportunities being developed by goldmining companies.

I indicate my support for this legislation. The WADC and the Government have shown a marked degree of imagination in their plans for the Mint. I never accuse the Government of having no imagination. It has tremendous imagination which varies from being useful to totally useless, though on this occasion the initiative it has taken with respect to the Mint has my full support.

I would have preferred, given a choice, to see the entire Mint operation in Kalgoorlie, but I am told that it is not feasible for economic or other reasons and I am prepared to accept that only part of the operation will be located at Kalgoorlie.

I remember only too well that during the election campaign in January and February a lot of noise was made in Kalgoorlie about the magnificent structure that would be built in Hannan Street. The front page of the *Kalgoorlie Miner* depicted an artist's impression of this building which would dominate the Kalgoorlie scene. I thought it very opportune that it should be announced at that time, bearing in mind that an election was imminent.

I support any activity in Kalgoorlie of this nature. I think Kalgoorlie has a tremendous future; it has had its ups and downs over the years but in recent times it has continued to grow and is now a major centre in Western Australia. Further down the track I hope the Government might see fit to put an industrial area in Kalgoorlie, based upon the Hampton idea mooted by the Eastern Goldfields Regional Development Committee. That would take some of the pressure off Kwinana in Hon.

D. K. Dans' electorate, and make life easier for people down there.

However, one aspect of this legislation which concerns me is the question of the State Batteries. As members know, the State Batteries were set up originally to provide assistance to prospectors to test their mineral deposits in order to see whether they had a viable operation. A prospector would take a load of ore into the State Batteries, have it tested and he would then know whether his deposit was a viable proposition in respect of mining the ore. If his deposit was large enough, a prospector could set up his own production plant.

It was also considered that the State Batteries were a public service provided by the State to assist the exploration industry, particularly in respect of prospecting for gold. It is a fact of life that over the years the State Batteries have cost the taxpayers money. I understand that in 1984-85 the loss was \$2.4 million. I believe when the previous Government looked at the cost of the State Batteries, it was \$1.5 million per annum. I wonder whether the Minister could respond to this question in his contribution to the second reading debate: What is really intended for the State Batteries of Western Australia as a result of this legislation?

We know that the control of the batteries will be placed in the hands of the person who is to control the Kalgoorlie section of the Mint. I understand this is to be Mr Doug Dawes, who is a person of enormous capacity. There has been considerable talk and a fair amount of rumour about what will happen to some of the State Batteries in Western Australia. It has been suggested that at least five batteries will be closed down. I make the point that many of the batteries which exist are in my electorate and provide a service to my constituents. Even though the State Batteries do cost the taxpayers some money to keep them operating, it is my view that they are an essential requirement for the goldmining industry.

I hope the Minister may be able to tell me what the Government has in mind for the State Batteries—whether it intends to close them down, whether it will spend some money on them to make them more efficient, or whether it intends to put the prices up so that costs can be recovered. It would be very interesting not only to me, but to my constituents to know what the Government's ultimate intention is in respect of the State Batteries of Western Australia.

With those remarks I indicate that I support what the Government is doing. As I said earlier, it is very imaginative and it demonstrates the importance to the Australian economy, and in particular the Western Australian economy, of the goldmining industry. It also demonstrates how ludicrous it would be if the Federal Government were to proceed with the proposed gold tax. I am pleased that this State Government supports the Opposition's view that there should be no such tax. I hope that when the report is presented, it says first of all that there should be no gold tax, and secondly that a gold tax, if introduced, would burden the industry even more. I hope the Federal Government will have the sense to realise that if it does bring in a gold tax, it will literally be killing the goose that lays the golden egg. I hope Mr Paul Keating takes into account some of the views which have been expressed to him over the last few months.

I support the Bill.

**HON. J. M. BROWN** (South-East) [3.15 p.m.]: I join other members of the House in supporting the Bill.

As has been said before, the Western Australian Development Corporation has put in place an imaginative process. I would like to place on the record recognition of the great contribution made to this new enterprise by the corporation manager, Mr John Horgan, and the executive officer, Mr Mike Naylor, together with the WADC board and staff. Hours of work have been put into the project, and as the Deputy Leader of the Opposition, Hon. Norman Moore, said quite unequivocally, the programme is imaginative and will certainly bring great benefits to this State.

I am mindful of what Hon. Max Evans said earlier; one has to look to the bottom line—perhaps that is better than looking at the bottom of the harbour. Be that as it may, I know that there is, and has long been, strong feeling in the goldfields that this project should have been completely built within the Kalgoorlie area. The local members were quite actively endeavouring to see that come to fruition. Fortunately the WADC, the Government and the Premier were able to point out to members of that area that it was essential the establishment of the Mint be in close proximity to Perth International Airport because it is very necessary to be attuned to the international market with the existing facility. Their programme of development was appreciated not only by the local members but also by local government in the goldfields. Local government personnel were

able to have quite open and frank discussions about the project.

I commend the WADC for its important role, and for the time it spent solving difficult problems in order to come up with a solution which would be to the benefit of Western Australian gold production and to the benefit of Australia as a whole. It is significant that the WADC is looking ahead to 1990 when it hopes to be able to refine some four million ounces of gold; 2.2 million ounces will come from Western Australia, while 0.5 million ounces will come from the other States of Australia and 1.3 million ounces will come from overseas. That in itself is a significant project. The Perth Mint will produce 80 per cent of the business, with a present capacity for dealing with 2.6 million ounces of gold. Mention has been made of the contribution by Stuart Devlin, the artisan-in-metals of the Queen's household who has been employed by the WA Development Corporation. Stuart Devlin is well known to the people of Kalgoorlie; his efforts convinced local people of the benefits which could be derived in Kalgoorlie if this particular project put forward by the Government through the WADC was proceeded with.

It is common knowledge that a group of local business people in Kalgoorlie are looking to establish a four-star hotel rather than see outsiders come into the town during the catalytic period which will be created by the establishment of the Mint itself. The refining and processing of gold which will take place in Kalgoorlie will be of tremendous benefit to the local producers and prospectors.

Currently some 93 per cent of the industry produces less than 100 ounces of gold and it is anticipated that 2 000 ounces of gold will be produced in Kalgoorlie weekly, with an opportunity for payment within a 24 hour turn-about period. That additional benefit is available to local people. Of course there is another spin-off to be received by the people within the goldfields in respect of the activities of the Western Australian School of Mines. I believe that there is no finer teaching institution in the world than the WA School of Mines, together with the Kalgoorlie College, which, I am pleased to say, is probably one of the finest colleges of technical and further education we have in Western Australia.

I am sure that the colleges will play a large part in the progress of technical education in Western Australia. The two institutions to which I have referred will be beneficiaries of the proposed Mint.

Many other people will benefit from the proposed Mint and it has been indicated to this House that eight people will be employed immediately in Kalgoorlie and it is envisaged that at least another 80 people will be employed elsewhere. The metropolitan operations will employ approximately 82 people and I do not believe this is too large a work force when one considers the size of the project.

The overall cost of the Kalgoorlie project will be \$30 million and the Mint will provide \$6 million through Treasury loan funds and the remainder will come from the private sector.

The people on the goldfields are to be involved in the establishment of a four-star hotel which will provide 200 rooms. It is an example of the type of planning that has been undertaken by the Western Australian Development Corporation.

I am pleased to be associated with this project and the people on the goldfields are satisfied that the Government's action will be of tremendous benefit to the gold producers.

The project will include a new international mint complex to be developed near the new Perth International Airport, the Kalgoorlie Mint and the existing Mint which will be retained in Perth. The proposal to establish the Kalgoorlie Mint will be of great benefit to the people on the goldfields and I have pleasure in supporting the Bill.

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [3.21 p.m.]: I am happy to be handling this Bill because of my connection with Kalgoorlie and my family's involvement in gold mining which goes back to the early days in Ballarat and because I was in Kalgoorlie when the Premier made the announcement.

I was pleased to read in the notes I have been given that the Premier made his offices available to the Opposition to provide briefing on this legislation and that three members from this House accompanied the Leader of the Opposition (Mr Hassell) to that briefing. I would have thought that many of the questions addressed to this House today would have been canvassed at that meeting.

Hon. N. F. Moore: I was not there.

Hon. D. K. DANS: I understand that.

Hon. N. F. Moore: I was not there and I want that on the record.

Hon. D. K. DANS: I would not name anyone and I am sure that if Hon. Norman Moore had been available he would have attended that meeting.

Hon. N. F. Moore: I would have asked all of the questions then.

Hon. D. K. DANS: No doubt I will have to answer some of the pertinent questions asked by Hon. Norman Moore in the Committee stage; however, he did ask what would happen to the existing State Batteries. The State Batteries are to be upgraded and hopefully run on a commercial basis and it is hoped that the loss of \$2 million a year may be turned into a small profit.

Hon. N. F. Moore: So you will charge more?

Hon. D. K. DANS: I said "commercial" and the member can put what interpretation he likes on that.

Hon. N. F. Moore: Just as long as the prospectors know there will be a significant increase in costs.

Hon. D. K. DANS: I have no idea what the cost of using the State Batteries is now or what it will be in the future.

Hon. Max Evans raised a couple of points and I am informed that he is absolutely correct in his criticism of the current valuation of the Mint's gold stocks. The reason for the nominal valuation by the previous directors is that a fixed nominal valuation would allow the Mint to hold gold for in-circuit and processing requirements without the profit and loss positions being affected by the day-to-day fluctuations of the gold price. It is a perfectly reasonable explanation to me and it is an honest one.

It is important to understand that the Mint has a substantial requirement for gold in-circuit.

The member's proposal that the Mint adopt the Australian accounting standards has been acted upon and he will find that the 1985-86 accounts will be prepared accordingly.

Hon. Max Evans asked a number of questions about bullion banking and I believe that they would be better addressed during the Committee stage. I thank Hon. Mark Nevill and Hon. Jim Brown for their support of the Bill.

Question put and passed.

Bill read a second time.

### *In Committee*

The Deputy Chairman of Committees (Hon. John Williams) in the Chair; Hon. D. K. Dans (Leader of the House) in charge of the Bill.

#### **Clause 1: Short title—**

Hon. MAX EVANS: At the time of the briefing by the Government officers I did not have any of the financial figures to which I could refer when asking Mr Naylor questions.

Hon. D. K. Dans: He has since sent me a note to tell me.

Hon. MAX EVANS: I wish to ask several questions which apply mainly to the Minister's second reading speech notes and I do not know whether I should raise them at this stage.

The DEPUTY CHAIRMAN (Hon. John Williams): The question is whether the Leader of the House wants to answer those questions now.

Hon. D. K. Dans: If Hon. Max Evans wants to put the questions it is proper for him to do so now.

Hon. MAX EVANS: I refer to the \$7.5 million which will be provided by the Mint and ask the Minister from where that money will come?

Hon. D. K. Dans: It will come from cash reserves, property and gold in stock.

Hon. MAX EVANS: If it is to cost \$12.5 million to develop the international Mint complex, how can the Hay Street property be included in that asset? The Government does not have cash or gold reserves for it and it will need an additional \$5 million, and I ask where that will come from?

Hon. D. K. DANS: The 1985-86 financial statements are not available as yet. However, as soon as they are available they will be provided to Hon. Max Evans and I am sure they will adequately answer his question.

Hon. MAX EVANS: There must be a big influx of capital or a magnificent profit to create so much more capital than we have now. I want the figures.

The Kalgoorlie Mint is said to have an investment of \$6 million. Will this represent more funds invested? If so, where will the funds come from? Will there be no outside shareholders in this operation?

Hon. D. K. DANS: There will be borrowings of \$6 million to finance Kalgoorlie.

Hon. MAX EVANS: If one checks, last year \$2 million might have been the value of stock. If all the stocks were liquidated that might just

cover the refurbishing of the Perth Mint. It is a lot of money.

Just look at the balance sheet. The same dollars seem to be used two or three times.

Hon. D. K. DANS: I gave an answer two or three minutes ago that the 1985-86 balance sheets should be made available to the member. He may be able to see if this can happen.

Hon. MAX EVANS: I do not believe in giving away secrets, but when the Government is floating a new company with public money I would have expected a little more information. There will be a very high profit margin. The refining is 50c or 60c an ounce. It will be hard to make a profit. I would like an explanation.

Hon. D. K. DANS: I understand the Mint itself will be substantially upgraded. It will go into producing gold coins and a whole host of things. It will enter new markets. The Western Australian share was 760 000 ounces, or 76.4 per cent; the Eastern States share was 125 ounces, or 5.4 per cent, and the Pacific regions, share was 420 000 ounces, or 18.2 per cent. That gives a total of 2.305 million ounces per annum.

I do not want to weary the Committee, but the member would have been fully apprised of the people on the committee who approved the viability of the Mint. These are commercial transactions, I do not want to disclose them, but the London gold market people were involved in supplying the necessary information to the Western Australian Government. I understood those things would have been told to the member at the briefing.

Hon. A. A. LEWIS: It is all very well the Minister's talking about the briefing. Some members of this Committee were not at the briefing.

Hon. D. K. Dans: The Leader of the Opposition was offered a briefing, and it is up to the Leader of the Opposition—

Hon. P. G. Pandal: The member is not a member of the Opposition; that is the point he is making.

Hon. D. K. Dans: He is certainly not in the Government.

Several members interjected.

The CHAIRMAN: Order! Order!

Hon. D. K. Dans: Who is he if he is not in the Opposition? He might not be yours, but he is a member of the Opposition.

Hon. A. A. LEWIS: I feel like the petunia in the onion patch.

Several members interjected.

The CHAIRMAN: Order! Honourable members, we have a workload to get through. It is not going to be achieved through these continual interjections.

Hon. A. A. LEWIS: It is no good from my point of view. I am sorry—

Hon. D. K. Dans: Do not be sorry for anything—

The CHAIRMAN: Order! The Leader of the House will come to order. Hon. A. A. Lewis has the call.

Hon. A. A. LEWIS: Thank you, Mr Chairman. I am sorry, I cannot understand the mentality of the Leader of the Government. We are asked to deal with this Bill at the present moment. Hon. Max Evans has asked some fairly pertinent questions. Perhaps we can be shown the rough figures for 1985-86 so that Hon. Max Evans and the rest of us can find out where this capital will come from. It appears to me that the answer comes back every time that the whole thing balances on the 1985-86 figures. How are we as a Committee to make a decision when we do not have those figures? It would be fair for us to be shown them.

I suggest the Minister report progress so that at least Mr Evans can convince himself, as the person handling the Bill, that those figures are accurate. I do not think this is asking anything untoward. The Government wants to put the Bill through. It seems we are being fobbed off by the excuse that these figures will be available. That is not good enough for the Committee.

Hon. D. K. DANS: I am putting this Mint proposal before the Committee. I have already told the Committee the 1985-86 figures are not available. I am informed that because they were not available they were not shown at the briefing, so I apologise for that.

I have already said that \$7.5 million is available now. When I said there was gold in stock I also said \$6 million would be borrowed for Kalgoorlie, and that is available, together with a further \$5 million borrowed for the international complex in Perth.

Planning was mentioned. The Government has not planned the Mint on an ad hoc basis. The people who drew up the redevelopment plans comprised Mr D. Morley, the Director of Finance Administration of the Western Mining Corporation, Mr H. Crawford, Chairman of the Gold Producers Association, Mr Gilroy, Secretary of the Gold Producers Association, Mr

W. Williams, Director of the Perth Mint, Mr D. T. Trainor, Director of the Perth Mint, Mr Carroll, Director of the Commodities Division, Macquarie Bank Limited, Mr M. Naylor, head of WADC, and Mr N. Cotton, Project Manager, Western Australian Development Corporation.

Those people are experts in their fields and would not have recommended anything to the Government that was not a manageable or viable proposition.

I have already outlined where the money is to come from and have said that when the 1985-86 figures are available they will be given to the people interested in them. I do not know if I can or should go any further than that. Either the Opposition supports it, or it does not.

Hon. MAX EVANS: I was warned before I went to the briefing that we would be cut off, because everyone said we would get the answers here. I will know in future not to leave the 50 other questions I had and bring them to the Chamber and expect to get answers to them. Not all these questions were raised at the briefing. We were given a few general points on what we could see at that stage.

My next question is: In respect of the experts, how many meetings did they have, for how many hours, and were they given the full feasibility and financial figures to show the viability of the project?

Secondly, I ask the Leader of the House to show me on the balance sheet where he gets \$7.5 million in addition to the assets listed there. The Government can revalue up property and gold as much as it likes, but it still has not got the international complex.

Hon. G. E. MASTERS: I rise to make sure that Hon. Des Dans has ample opportunity to answer the question. I listened with interest to Hon. Max Evans. It is our function in this Chamber to get answers, and if Hon. Max Evans did not get sufficient answers at the briefing, he is entitled to get them here. A statement such as, "If you do not agree then it is too bad, take it or leave it", is not the right attitude to progress a Bill of this importance through the Chamber.

Hon. D. K. DANS: I said that the Bill is now before the Committee; and in the Committee stage a Bill either passes or fails. The Minister's job is to answer the questions to the best of his ability. With the information I have before me, I have answered those questions.

The people commissioned to do the study are all experts in their own fields. They certainly were not given access to the financial arrangements that would have been made, and Hon. Max Evans understands why—they are actively engaged in the industry and there would be a conflict of interest.

No-one is saying to this Committee that we will not give the figures. What we are saying is that the Committee is entitled to the figures, and when they become available they will be made available to anyone who is interested. I do not know how we can go much further down the track than that.

*Sitting suspended from 3.43 to 4.00 p.m.*

#### [Questions taken.]

Hon. MAX EVANS: Much has not been said about briefing. Obviously the Minister has not been well briefed by his advisers, which is not good enough because it is not his money which is being spent. I am responsible to the public and because public money is being spent in this regard I should be able to ask some questions. The so-called experts have provided some information, but nothing which relates to financial matters. It is what I would call a "snow-job". One talks to these people, and they say, "The concept is great", and the Minister can then come out, name them and this gives them credibility.

I would like to know how much briefing was done in respect of this matter and what information was given. How much credibility does the Minister receive by referring to what the experts have said?

Hon. D. K. DANS: No-one is doing a snow-job. Mr Evans is quite entitled to ask his questions here, and I am entitled to try to answer them. I would point out to Hon. Max Evans that this committee was put together to examine the projects. The names of the people involved appear on the sheet before me. I know some of them personally, as I am sure Hon. Max Evans does.

I think Hon. Max Evans is doing a disservice to the mining community by suggesting that somehow or other the Government or the WADC conned it. I cannot see Pat Gilroy being conned for a start. I do not know what information was given to the committee; its job was to see whether the project was a viable proposition or not, and the Government has accepted its recommendations.



I spoke earlier about the financing of the project. I would refer Hon. Max Evans to a question he asked previously about accounting procedures. The Government has now adopted better accounting procedures, but I do not want to go into what the accounting procedures were in previous years because it might make some people in this Chamber red-faced.

I have been assured that for 1985-1986, \$7.5 million was available. The construction period will be over a period of 18 months to 24 months which will enable more finance to be generated from the current operations. The bottom line is this: Even if the money is not available, the Government will make it available. The Government has sources of finance to see that this project is a goer. No Government would go ahead with something of this magnitude if it were likely to lose money. Even if there were to be a shortfall in funding from other sources, the Government would be prepared to make the funding available.

I do not know whether I can go much further than that.

Hon. A. A. LEWIS: I am confused in particular that the figures are not ready for 1985-86, yet the figures will show that the money is there. Until the figures are ready, how do we know they will show the money is there?

Hon. D. K. DANS: Mr Lewis knows that what I am saying is correct. The audits have been collated but they have not yet been published. They will be published in the very near future. I mentioned that anyone who wants to look at the figures can do so. I did not say I would distribute them like confetti.

Hon. MAX EVANS: I have two further questions. My last question was, I thought, directed towards Government finance, for I believe a lot of Government money will be used in this matter. I put to the Minister and his adviser that I know there must be a projected balance sheet on day one. The figures for the Mint are public documents at any time. I thought the Minister would have backed this up by saying, "This is what the financial structure is going to be; this is how much money will be in it" so that people could look at that and see how much money will be invested in this project. I ask firstly: Is there a projection? If there is not, this is a very serious matter. Is the Government going to put in \$x-million for State Batteries and so on? Secondly, has a feasibility study been done to determine what possible losses and profits might ensue in coming years? This may be a

public document when it is history, but surely the public are entitled to it now.

Hon. D. K. DANS: The financial projections have been done for the next three years because we are going to have a new approach to the Mint. I have been informed it would not be in the best interests of this venture to table those documents at present.

**Clause put and passed.**

**Clauses 2 to 26 put and passed.**

**Clause 27: Sections 37, 38 and 39 inserted—**

Hon. N. F. MOORE: Clause 27 relates to the new clause 38, which deals with the transfer of the State Batteries to the jurisdiction of the Mint. During my comments on the second reading stage of this Bill, I raised the question of the State Batteries and I asked Hon. D. K. Dans if he could explain to me what was going to happen to the State Batteries under the new arrangements. Hon. D. K. Dans said that the batteries would be made more efficient and would become commercial in order to get rid of the \$2.2 million debt.

That sounds very nice on the surface, but when one looks at it in some detail, one is led to ask the question: How does the Government intend to achieve this? To say one is going to make the batteries more efficient could mean that a lot more capital will be spent on them. Is this going to happen? Is the Government going to make the batteries more commercial by spending more capital and by reducing the number of batteries? The Government could make the batteries more commercial and reduce its debts by charging a lot more for the services provided by the State Batteries. I would like to know whether this will happen and what prospects the prospectors and small business people can expect in terms of the cost of having a tonne of ore treated at the State Batteries.

While Mr Dans' words sound wonderful, I feel that the State Batteries' service will no longer be priced in such a way that it will provide for the needs of small prospectors. Private custom mill operators provide modern up-to-date treating facilities that charge about three times the amount, I think, that is currently charged by State Batteries. If State Batteries are modernised and the prospectors have to pay what it costs to treat their ore, I want to know how much they will pay them. I wonder whether the Minister can give me details of how he will achieve what he proposes to achieve.

Hon. D. K. DANS: I have no idea of what prospectors will pay in the future. The State Batteries are about to undergo a major re-evaluation for the reasons I have stated previously. At present, the State Batteries' operations are subsidised from CRF to the tune of \$2 million a year.

I mentioned a figure of \$6 million for the Kalgoorlie Mint complex. The major re-evaluation of the State Batteries system and the preservation of that system on a commercial basis will be attended to out of that \$6 million. Until that evaluation is done, there is no way the Government can tell members what the charge to prospectors will be. I think it would be very foolish for any Government to embark on a programme that would force small prospectors away from the State Batteries. I am confident that the Government is mindful of the role of small prospectors and the contribution they make to the State's well-being.

Hon. MAX EVANS: Do we have a notional balance sheet of the assets of State Batteries? Is there an evaluation of batteries at this stage and what does that evaluation amount to?

Hon. D. K. DANS: The Mines Department has records but they have not accompanied this Bill.

Hon. N. F. MOORE: I am pleased that the previous Government was not foolish enough to get rid of any State Batteries because it would have been to my detriment.

Hon. Tom Stephens: I assumed you were a supporter of privatisation.

Hon. N. F. MOORE: I am, but I also support Governments providing services in areas where it is impossible for the private sector to provide those services. The batteries were provided as a public facility for small prospectors to find out whether they had a viable operation. I support that. The fact that it costs \$2 million a year is a good investment of public funds because the potential for future mines is very great. I hope this Government will not be foolish enough to attempt to run the battery service as a break-even operation or attempt to make money out of it if it means that there will be a reduction in the number of batteries. There are serious rumours around that at least five batteries will close. The Minister in the other place has not been prepared to answer questions about whether they will close.

Before I agree to legislation I want to know whether batteries in my electorate will be closed and if they will, which ones?

Hon. D. K. DANS: The member knows that I cannot answer that question until an evaluation is made of the State Batteries' operations. I have been told that, at this stage, there are no plans to close any batteries. That is not to say that, at some time after an evaluation is made, that might not occur.

I believe that a comprehensive balance sheet on the operations of State Batteries should be drawn up. That will have to be done before the State Batteries can be transferred to the Mint.

Hon. N. F. Moore: So the rumours are false?

Hon. D. K. DANS: I have not heard the rumours so I cannot comment on them. There are no current plans to close the batteries.

Hon. MAX EVANS: The Minister referred to a balance sheet. I would have expected his adviser who has been close to the figures to be able to give those figures to us off the top of his head. When can we expect to see an evaluation of the assets?

Hon. D. K. DANS: The valuation is still being done. At the moment the State Batteries are an arm of the Mines Department.

Clause put and passed.

Clauses 28 to 35 put and passed.

Title put and passed.

### *Report*

Bill reported, without amendment, and the report adopted.

### *Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

## **STATE GOVERNMENT INSURANCE COMMISSION BILL**

### *Second Reading*

Debate resumed from 17 July.

HON. MAX EVANS (Metropolitan) [4.30 p.m.]: We hear so much about the secrecy that is required to protect organisations. The documents of the Perth Mint and the State Government Insurance Office are public documents. We are entitled to receive information through their annual reports at the end of the year. I believe that we also are entitled now to receive more information. We have been told that the public cannot have access to the Rothwells-Price Waterhouse report on the SGIO. It gives only a general summary of what could happen, mainly with respect to amalgamating the Motor Vehicle Insurance

Trust with the State Government Insurance Office.

I apologise for referring to public companies, but we are the public and our money is being invested in these companies. If two companies were merging, the National Companies and Securities Commission would have stringent requirements with respect to the amount of information that is put out so that shareholders can know what is going on and can have confidence. We are the shareholders. The Cabinet Ministers may believe that they are the shareholders, that they are the custodians and that they are the only ones who need to know. We should be told a lot more about the commission. What will its balance sheet look like? I am worried that the existing liabilities of the SGIO and the MVIT are to be vested in the commission. I refer to compulsory third party insurance and workers' compensation. I know that the balance sheet of the corporation will be improved if its liabilities are moved into that of the commission. That is good accounting, but the result will be the same.

Hon. J. M. Berinson: But it is more than good accounting, isn't it? It is a reflection of the realities.

Hon. MAX EVANS: It reflects the realities; it helps to make the corporation solvent. However, the debt of the body is still the same, but there is the Government guarantee at the top.

Hon. J. M. Berinson: But it recognises the entirely different nature of the business of the commission.

Hon. MAX EVANS: It recognises that the corporation will be doing extra work, extra business, which was agreed to in 1983. However, the structure is the same, with the commission having shares in the corporation to consolidate them as we would any public structure. The end result is the same, because the commission completely owns the corporation. I know that Government accounting will not do a consolidation for me.

As I mentioned earlier, I am pleased that the Australian Accounting Standards will apply to the SGIO from 1 July 1986. We were told today that the Perth Mint will use Australian Accounting Standards for 30 June 1986. I would very much appreciate it if the SGIO also adopted those procedures from that date, but I realise that might be very difficult.

When we were told that the MVIT was to merge with the SGIO, we were told that one of the problems with MVIT was that it needed to put up its premiums and improve its invest-

ments. The premiums would have been put up, whether by the MVIT or the commission. Investment policies can be improved with the use of outside advisers or by changing the location of funds. I do not think that is a reason for merging the MVIT and the SGIO.

For many years Governments of both political colours have been reluctant to put up the premiums for compulsory third party insurance. The trust had to show a degree of solvency or credibility, although the deficit a few years ago was about \$50 million. It is now down to about \$32 million. The deficit for provisional claims is about \$411 million, so it is less than eight per cent. The amount does not worry me very much, but if the liability is taken over by the commission—that commission being guaranteed by the Government of Western Australia—more and more pressure will be put on the commission by Governments of the day not to put up premiums. Despite the fact that the Minister in his second reading speech said that the premiums should go up, they have not been increased for the last four years. The trust would have had a responsibility to increase the premiums. With respect to the Government workers' compensation fund, the annual report of the State Government Insurance Office stated that the fund was run basically on an unfunded basis, although the objective had been to provide a partial provision for outstandings.

That is incredible; I wonder where those funds can come from. If there is no new capital, profits must be made. It is sad that outstanding claims have not been funded before. I do not hold the present manager responsible. It has been the policy of Governments or the board in years gone by. Things such as Government superannuation and Government workers' compensation go on on a cash basis. One of the problems of society today is that all these debts are catching up on us and will have to be paid.

I look forward to seeing the accounts next year. I hope those accounts provide us with a breakdown of the funds. We have had such a breakdown in the past, but I fear that we may not have it in the future.

The corporation will pay tax to the commission, which will pass it on to the Government. What will happen to the existing losses of the SGIO? The manager would look forward to carrying forward those losses in order to save future taxes and to build up reserves. With a clean balance sheet and clean accounts under the new structure a profit will be made and

taxes will be paid at a rate of 50c in the dollar to the State Government.

Solvency ratios have come in for a lot of discussion. Questions have been asked on them in the other place. The Rothwells report stated that its solvency calculations with respect to 1984 were: net worth \$33 million; liability for industrial disease, contingent liability, \$21 million; net asset for solvency \$12 million; and that the solvency ratio was the net worth in relation to the gross premiums.

On my calculations that gives a percentage figure of 8.8 per cent. The report also stated that the solvency requirement at that stage was \$20.5 million; therefore, there was a shortfall of \$8.4 million which would require extra capital. That would soon become 20 per cent of gross premiums to be phased in over four years, 1984-1988. That percentage of 20 per cent would require \$27 million, which would mean a shortfall of \$15 million. I know that the problem would be solved to a certain degree by taking some of the liabilities from the SGIO and putting them in the commission, but with consolidation the liabilities would still come under the same body.

When asked a question about solvency, the Premier referred to the fact that the margin of solvency for the SGIO was 48 per cent, double the solvency margin of many private companies. From other comments he made, it is obvious that he had a few problems. He said that they would comply with all solvency requirements on the basis of their standing and that legislation was proceeding. He followed that up by saying that the opinion in the Price Waterhouse letter was qualified. I can see that any good firm of accountants—and Price Waterhouse is a good firm—would qualify its opinion on very many counts when it is rushed into making a calculation like this. Phrases such as, “on the one hand”, and “on the other hand” would abound. As the Premier said, the auditors have not finished the accounts for June 1985-86. There might be a difference then. The Premier did not tell us what instructions were given to the firm which was to make the solvency calculations. What criteria were used for the calculations? I believe the letter should be tabled, particularly as the answer given in the other place was not clear. We should be given a clear answer. I do not believe that there would be anything secret in that letter. I would like to know whether the letter was written many months ago or recently. The Premier has followed up the answer with a let-

ter to the member for Nedlands which has confused me even more. That letter states—

... I stated that the total liability of the SGIO is presently exceeded by its total assets by a percentage in excess of 40 per cent. In fact, this percentage is in excess of 30 per cent with the solvency margin being in excess of 40 per cent—(earlier during the debate I indicated that the solvency margin was 48 per cent and the technical similarity of the figures led me to my latter statement.)

The solvency statement from the Rothwells report is that solvency is the net worth of tangible assets less liabilities. That is the net worth—a percentage of gross premiums.

The Premier was talking about solvency ratios. On what is the solvency of the company based? Is it on assets equalling liabilities, or on the solvency ratio that is required to carry on insurance business? There seem to be two different stories. I would like some help at a later stage.

Hon. J. M. Berinson: I appreciate the member's interest in this, but given the acceptance of this Bill, that is historical. Surely the position is fully covered by the requirement for solvency in the current Bill?

Hon. MAX EVANS: What I am saying is that we have not had clarified what the Premier is saying about the 48 per cent.

Hon. J. M. Berinson: What difference would that make to the proposal that is now before the Parliament.

Hon. MAX EVANS: The SGIO will be solvent, because in my view the new corporation will be insolvent. I would like to know how that will be. If one takes out industrial diseases, that will account for \$21 million. A lot of play has been made about the solvency of the SGIO because it is important for the Bill. The capital will be some \$20 million, we are told.

As a result of the consolidation of the balance sheets of MVIT and SGIO we had a big deficit of \$32 million. That was the MVIT position last year. It might be less than that now. In 1983 Rothwells could not see the MVIT making a profit; but it did last year. There is a deficit situation there.

We come to the SGIO assets. Where is the investment going to come from for \$20 million? Will the Government put in more funds?

Hon. J. M. Berinson: The MVIT is not subject to the solvency provisions.

Hon. MAX EVANS: I am not saying it is. I am saying that the capital to take over the State Government Insurance Corporation will be \$20 million.

Hon. J. M. Berinson: The MVIT goes to the commission.

Hon. MAX EVANS: I know that. Where will the commission obtain its \$20 million to put into the corporation? Will it obtain more money from outside because it has a deficit? It has taken on the Government's workers' compensation, which, as I said before, is unfunded. Somewhere there is a \$7.5 million deficit.

The Government is taking on the industrial diseases sector which has a deficit of \$20 million-odd. I wonder where the \$2 million will come from to go into the State Government Insurance Corporation.

This and the previous Bill have not advised the source of the money or the amount. Money is most important, as Mr Hawke is finding out. We must have confidence that public money is being properly spent and invested. As I said last week, I would like to see a projected balance sheet. It will not be a secret document, it will be shown to us at the end of the year. The Government knows how it will kick off the SGIC. Any finance man or merchant banker should be able to show the balance sheet and how things kick off. That is so that this House and the public can have confidence in the Government and the way in which it manages public money.

HON. V. J. FERRY (South-West) [4.44 p.m.]: I do not propose to spend much time on the second reading of this Bill because a number of amendments have been foreshadowed already, and I believe that is the appropriate time to tackle that part of this legislation. But I want to refer back, as I feel obliged to, to a debate in 1983.

This Government is not only looking in the mirror on the wall every morning and asking satirical questions, but also it selected a halo and rubs Brasso over it. It indulges in its own glorification. A clear undertaking was given to this Parliament by the Premier and the Attorney General.

To refresh members' memory on this it will be noted that in 1983 this Parliament was given a very clear undertaking that a committee of the Parliament comprising one member nominated by the Premier, one member nominated by the Leader of the Opposition and one member nominated by the Leader of the National Country Party would be set up

and charged with the responsibility of supervising the competitive nature of the State Government Insurance Office's continued operations and activities so as to ensure that the State Government Insurance Office did not receive any improper or unfair advantage or preference over its competitors in the insurance industry. The committee was to be afforded all the facilities and opportunities necessary to obtain relevant information in order to carry out its duties and report to Parliament not less than once every 12 months. That was the understanding of this Parliament, and it was confirmed in this House. Every member accepted that that committee would be established and asked to do its job.

The Premier is on record on 23 November 1983 as saying—

As discussed with the Leader of the Opposition, it is not the Government's intention to resile from its undertaking.

When the Bill was debated in this House, further undertakings were given. I want to refer to a contribution of Hon. J. M. Berinson, Attorney General, on Wednesday, 9 November 1983. I quote from page 4177 of *Hansard* as follows—

It is true that a committee with a majority Opposition membership has previously been agreed to by the Premier. More than that, a committee with that most unusual constitution was proposed by the Premier and there is no question but that the Government will stand by that commitment.

Mr Berinson went on to say on page 4178—

There is no shortage of power in this Chamber, let alone in any other section of the Parliament, to make sure that the commitment is honoured fully and in spirit, as well as in merely formal terms.

It continues—

The commitment has been made. It is clear that the Government will proceed to establish a committee of two members of the Opposition as opposed to only one Government member. It will have adequate powers, and to the extent that this Chamber feels that the membership or the powers of the committee are inadequate, we have the remedy in our own hands.

I want to refer to the very historic words of a well-respected former member of this Chamber, Hon. W. G. Atkinson. I will quote what he said—

The Attorney's words on this amendment trouble me. I have supported the Government on this Bill, and one of the reasons for that is the clear undertaking given by the Premier. However, being of a suspicious nature, I feel it is essential that this clause be written into the Bill.

The late Hon. W. G. Atkinson certainly had some concerns. It is a great pity that he is no longer with us. Obviously he was a man of great wisdom.

I refer now to comments made by Hon. Robert Hetherington on 9 November 1983 as recorded at page 4179 of *Hansard*. He said—

It would be a good idea if members of the Opposition accepted the Premier's word, because when has a word of a Premier been given to the Parliament in a way like this and the Premier has gone back on his word?

He went on to say—

I am talking about a statement made by the Premier as Premier.

He said further—

I understand what the Hon. Gordon Masters is doing, but he ought to think it through a bit further, withdraw his amendment, and accept the word of the Premier on this one.

At page 4180 of *Hansard* Mr Berinson said—

It is a reflection on the willingness of the Premier and the Government to meet a commitment made in the clearest terms.

And what happened? The Government reneged on it. The Premier has been found to be completely unreliable and he has offended against Parliament. Hon. Robert Hetherington asked when a Premier had reneged on an undertaking given to Parliament. Hon. Brian Burke has reneged; he is most unreliable; and, if one may say so, he is a dishonest Premier.

Government members: Absolute rubbish!

Hon. P. G. Pental: And so is the Attorney General.

Hon. V. J. FERRY: He will stand by his own inaction. It is extraordinary that members of the ALP can sit there and ignore their own Premier's unreliability. They ought to be ashamed of themselves for accepting that.

Hon. P. G. Pental: Do you support them telling lies?

#### *Withdrawal of Remark*

Hon. J. M. BERINSON: This nonsense has gone far enough. The members will be replied to substantively in due course, but that comment was totally out of order and ought to be withdrawn.

The DEPUTY PRESIDENT (Hon. D. J. Wordsworth): Are you referring to the interjection made by Mr Pental?

Hon. J. M. BERINSON: Yes.

The DEPUTY PRESIDENT: The interjection was out of order anyway, and must be withdrawn.

Hon. P. G. PENDAL: Mr Deputy President, I withdraw.

#### *Debate Resumed*

Hon. V. J. FERRY: It is amazing that members of the Australian Labor Party can sit in this Chamber and support a Premier who has reneged on an undertaking given to Parliament. It is extremely serious. In the Westminster system, if the Premier was in this place, it is possible he could be called to the Bar, asked to resign, or something of that nature could happen.

Hon. G. E. Masters: These people condone it. They are cheering him along. They are proud of him. It is absolutely disgraceful.

Hon. Tom Stephens: Call him to the Bar and see how far you get.

Hon. V. J. FERRY: The Attorney General is culpable to some extent. As the responsible Minister in this House, he represented the Premier on that occasion and is doing so again today in respect of this legislation, and he resiled from that and did not deny what the Premier undertook. In fact Hon. Mr Hetherington supported his own Premier. I am sure Hon. Robert Hetherington fully expected his Premier to carry out his obligation to the Parliament, but the Premier coldly reneged on it.

Hon. J. M. Berinson: You really don't know what you are talking about. That is the problem.

Hon. G. E. Masters: You can read *Hansard*, can't you?

Hon. P. G. Pental: The truth hurts, Mr Berinson.

The DEPUTY PRESIDENT (Hon. D. J. Wordsworth): Order! I would ask members on the Opposition frontbench to stop interjecting, and those on the Government backbench to stop rising to the bait. Hon. V. J. Ferry is speaking and will be heard in silence.

Hon. P. G. Pandal: Hear, Hear!

Hon. Tom Stephens: Stop laying bets—

The DEPUTY PRESIDENT: Order! I asked you to stop interjecting and you went straight on. Members know what the penalty is for that.

Hon. V. J. FERRY: What I am saying is not a figment of my imagination. It is reported in *Hansard*, the official record of Parliament, and honourable members cannot deny that. They are spitting into the wind if they think they can deny it, and it will come right back into their faces. Indeed, that is what I am doing right now; I am sending it back into their faces. They have insulted Parliament and I cannot understand how they can support a Premier who lets them down so badly. The Attorney General has a shocking cross to bear. He must try to represent a Premier who, to put it in the kindest way, is unreliable. The Premier has sold his credibility down the drain. We in the Parliament are asked to accept the word of Ministers, especially that of the Premier, and it has always been accepted that a Minister's word is taken as being his bond. How can we trust this Government?

It is no good ALP members in this Chamber denying it; their own Premier has let down the Parliament and has sullied the State Government Insurance Office by his own actions. That is sad, because the SGIO has served this State well and does not deserve that treatment from the Premier, let alone from the ALP. It is absolutely scurrilous. I shall be very reluctant in the future to accept the word of any Minister, be it the Premier or one of his colleagues. If an undertaking is given, we will want to insert safeguards, regardless of the issue. If an undertaking is given to the Parliament, it should be legal and binding; but this Premier reneged completely and utterly on his undertaking.

It was an unusual undertaking; at the time we gave the Premier credit for that. There was a move to set up a committee in another way, but the Premier, in consultation with his Ministers, accepted the proposition and reinforced it not once but several times, and then reneged on it. Therefore, this Government and the Premier stand condemned. The Premier was referred to as "the best new Leader in Australia". My goodness, he should be called "the leader in

unreliability". He has been absolutely misleading and untruthful in this regard, because he has not carried out what he said he would do. How can this State perform when it has a leader of that calibre?

The Attorney General must bear the cross and carry some of the odium, because in many instances he is an honourable man. In this case he has been caught in the net and has been asked to do the dirty work for his leader. Members of the ALP, especially the new members in this place, must be extremely distressed to find that they came into the Parliament thinking that the Premier was a white knight in shining armour only to discover that he is a most unreliable man.

This is a complicated Bill with a number of clauses which will be addressed by members. A number of amendments appear on the Notice Paper and I shall be interested to see the way in which they are dealt with and whether this becomes a more acceptable piece of legislation.

HON. H. W. GAYFER (Central) [4.59 p.m.]: As the Minister said, this Bill consolidates the insurance activities of the Government sector through the amalgamation of the State Government Insurance Office and the Motor Vehicle Insurance Trust to form a new body to be called the State Government Insurance Commission.

As the Minister has said, the two arms within the State Government Insurance Commission—those of the commission and the corporation—will be established along the lines of private sector insurance. In his second reading speech the Minister went on to say—

The aim of the corporation will be to compete with the private sector in both life and general insurance and, accordingly, the legislation allows the corporation to have financial and business powers similar to its private sector competitors. There is no extension of the SGIO franchise beyond that which was approved by the House in the 1983 SGIO Amendment Act.

Debate on this Bill in this House and the other place has attracted remarks primarily in regard to such a venture taking place and, secondly, the likely success of it. Many people who are well versed in insurance matters consider it to be a very precarious industry that the Government is endeavouring to settle into; indeed, it is one that will take the Government's utmost presentation and credibility in order to succeed. Research indicates that it is not at all certain that it will succeed.

In fact, the Commonwealth of Australia Insurance Commissioners' Annual Report for 1984-85, the last report produced, states that 172 insurance companies exist in Australia, and that 15 authorised companies have ceased to underwrite insurance business. It also indicates that the traditional measure of the performance of the insurance industry is shown in the underwriting result. This report states—

The underwriting result of the private sector direct underwriters deteriorated from a deficit of \$299 million for the year ended 31 December 1983 to a deficit of \$344 million for the year ended 31 December 1984.

It goes on to say that—

The public sector results show a dramatic deterioration. The 1983 deficit of \$448 million increased in the year ended 31 December 1984 to a deficit of \$912 million. This is equivalent to an underwriting loss of 43 cents on each dollar of premium earned in the sector.

It then lists tables in respect to the various companies and completely sets out all the facts. We discover that an unfunded scheme involves this year's premium being utilised to meet claims paid rather than claims incurred during that period. We discover an insurance deficit for 1984 of \$34 million compared with the underwriting deficit traditionally calculated at \$408 million. The report indicates the fragility of the insurance industry.

I suppose it was for this reason that the Premier and the Government caused a report to be made of the entire industry. In the third paragraph of his second reading speech the Premier said—

This consolidation is based on the recommendations of a State insurance task force established by the Government to examine the operations of the State Government Insurance Office and the Motor Vehicle Insurance Trust.

Part of that investigation culminated in the release of the Price-Waterhouse-Rothwells Report, page 9 of which states—

The State Government Insurance Office Act of 1983 is not suitable for a number of reasons including

Solvency problems in the event it is proclaimed

The need for amendment as indicated by legal advice

An understanding that the management of the SGIO agree that the Act should not be proclaimed without further amendment or without the assurances of such amendments passing through the Parliament within 12 months.

The need for legislative changes to implement the recommendations of this report.

We recommend that this Act not be proclaimed and that new legislation be framed in accordance with the recommendations of this report.

The Act was, however, proclaimed on 1 July 1986. The new South Australian Government insurance office has lost \$18 million in the last three years. The report illustrates examples of ministerial overview of similar funds in Victoria and states that the compulsory third party shortfall after only 10 years in 1984 was \$339 million. The projected shortfall to 1988 will be \$900 million. In 1986 compulsory third party funds in Victoria have further deteriorated to an estimated \$1.578 million unfunded.

This leads us to wonder how huge the deficiencies will be of our enterprise and how necessary it is that every move that is made and every parameter which is placed on other insurance companies should be acceded to the State Government Insurance Office, unless the office is governed by the same people as every other company. Reportability is such that it is seen to be operating exactly as every other insurance company in the private sector, but unless it is efficient it will not succeed and if it does succeed we will have our doubts as to how it did so.

It is interesting to read further in the Minister's second reading speech as follows—

When legislation to extend the franchise of the State Government Insurance Office was approved by the House in 1983, the Government gave an undertaking that a Standing Committee would be established to oversee the competitive neutrality of the Government's insurance activities. As evident, this legislation ensures the competitive neutrality of Government Insurance activities by imposing a code of conduct on the boards of both the commission and the corporation.



Then comes the crunch line—

For this reason, the Government believes that the legislation would not only make a Standing Committee redundant, but also that by incorporating the basis for competitive neutrality in the legislation itself, the legislation goes well beyond the effectiveness of a Standing Committee in ensuring competitive neutrality.

Immediately after that was stated, *The West Australian*, in its editorial headline on Friday, 11 July, stated it was a broken pledge and that the shackles had finally been removed from the State Government Insurance Office proposals to give the SGIO freedom to compete fully in the insurance market.

The Labor Party's efforts were finally rewarded this month when the 1983 legislation took effect to allow the SGIO to sell forms of general insurance such as home insurance, fire insurance, accident insurance and life insurance. The action was tarnished and the legislation was achieved on the strength of a broken promise.

The Opposition approved of the legislation in 1983 because of an unqualified commitment by Mr Burke to set up an all-party committee to ensure that the SGIO would not receive an unfair advantage or preference over its competitors in the private sector. The SGIO now has its new franchise but Mr Burke refuses to establish a proper committee.

On Wednesday, 30 November 1983 the SGIO Bill was passed in another place. It was sent to this House, and we amended clause 6. That amendment was rejected and another one substituted by the other place and the Bill was returned to this place. The amendment was similar to the other amendment; the two amendments could be seen to be a play with words. One referred to a Standing Committee and the other to a committee of Parliament, with little difference between the two. Not only that, the amendment that had been framed in this place was exactly the same as the projected amendment as stated by the Premier in another place. The following day a newspaper report was given on the proceedings in this House, when the Bill came back to us. The newspaper heading stated, "MLCs back down on SGIO Bill". It said—

The Legislative Council has backed down over the legislation widening the State Government Insurance Office franchise.

When the SGIO Bill returned to the Council yesterday it agreed to remove the only amendment that it had earlier attached to the legislation against the Government's wish.

It accepted the Government's original proposal for a parliamentary standing committee to oversee the fairness of the SGIO's new operations and shelved its original move for a statutory committee.

The Leader of the Opposition in the Upper House, Mr Gordon Masters, said that the Government's original standing-committee proposal was the right choice.

The committee, which would include one nomination from the Premier, one from the Leader of the Opposition and one from the National Country Party, was originally included in the Government's legislation. The legislation passed through the Legislative Assembly last month.

The Opposition-dominated Upper House sought to have the committee written into the Bill to give it a statutory basis.

The story of that proposed committee is somewhat sad. It is sad because the pledges made have since been broken and the fact that some of us believed utterly what was being said by the Premier subsequently did not eventuate.

I refer to *Hansard* of 18 October 1983, page 3236 where the Premier said—

The truth of the question is this: The Government is proposing to expand the franchise of the SGIO in concert with a guarantee about the operations of the expanded State Government Insurance Office that it shall be competitive with private enterprise and that it will have no special advantage in anything it does.

It goes on to say on page 3248—

I am prepared to go as far as to say that if the legislation passes the Parliament, we will appoint a committee consisting of the Leader of the Opposition, or his deputy or representative; the Leader of the National Country party, or his deputy or representative; and the Premier or his deputy or representative. That Committee will be charged with the responsibility of supervising the competitive nature of the SGIO's operations. We cannot be any fairer than that. If that is desired by the Opposition, we will willingly establish a parliamentary committee on which we will put a majority of Opposition members, as outlined a mo-

ment ago. We will charge that committee with the responsibility of superintending the activities of the SGIO, to ensure that it does not receive any competitive advantage.

The Premier went on to say—

To what greater length can we go to assure the Opposition that the SGIO will compete on an even footing with everyone else?

On 23 November 1983 on page 5106 of *Hansard* the Premier said—

The Government does not intend to renege from its undertaking, and it will be moving for the establishment of a committee comprising the Premier or his nominee, the leader of the Opposition or his nominee, and the Leader of the National Country Party or his nominee.

All I can say is that we are quite serious about this proposition. It was an undertaking and we will move it as soon as we can. The Premier further went on to say—

I would be proposing that we advance from this Chamber, as part of our reasons for not accepting the amendment, the following proposition—

That the Legislative Assembly advises that a motion will be moved by the Hon. the Premier for a standing committee of Parliament, comprising one member nominated by the Premier, one member nominated by the Leader of the Opposition, and one member nominated by the Leader of the National Country Party to monitor the competitive nature of the State Government Insurance Office's continuing operations and activities so as to ensure that the State Government Insurance Office does not receive any improper or unfair advantage or preference over its competitors in the insurance industry. The motion establishing the Committee will provide that the Committee shall be afforded all proper facilities and opportunities to obtain relevant information in order to carry out its duties, and that the Committee shall report to Parliament not less than once every twelve months.

I emphasise, "Every twelve months".

On page 5108 of *Hansard* dated 23 November 1983 it is recorded that the report was adopted in another place. A committee consisting of Mr O'Connor, (then Leader of the Opposition), Mr Bertram and Mr Brian Burke (Premier) drew up the reasons for not agreeing to amendment No. 6 made by the Council. What greater names could we have to form a committee to compile a report to be sent to the Legislative Council. The political leaders of this State were named to compile this report. The strength of the committee is truly remarkable and I do not know if a report has ever before been compiled by such august people in this Parliament. If there has been, I do not know about it. However, as I have mentioned those members were appointed to draw up the reasons for not agreeing to amendment No. 6 which was made by the Council.

Amendment No. 6 was framed in this Chamber and sent to the Assembly as an amendment, but not agreed to by the other place. The reasons for not agreeing to it were as follows—

The Legislative Assembly is unable to agree with the amendment because it believes a standing committee of the Parliament is a more appropriate method of supervising the competitive nature of the State Government Insurance Office's continuing operations and activities.

The Legislative Assembly advises that a motion will be moved by the Hon. Premier for a standing committee of Parliament, comprising one member nominated by the Premier, one member nominated by the Leader of the Opposition, and one member nominated by the Leader of the National Country Party to monitor the competitive nature of the State Government Insurance Office's continuing operations and activities so as to ensure that the State Government Insurance Office does not receive any improper or unfair advantage or preference over its competitors in the insurance industry. The motion establishing the Committee will provide that the Committee shall be afforded all proper facilities and opportunities to obtain relevant information in order to carry out its duties, and that the Committee shall report to Parliament not less than once every twelve months.

I know that members are becoming tired of listening to me read that out, but it is recorded in *Hansard* and it was repeated ad nauseam time and time again to this House.

On page 5109 of *Hansard* dated 23 November 1983 the Premier said—

I thank the Leader of the Opposition—

He was referring to Hon. R. J. O'Connor. He continued—

—for his qualified support and I assure members that we do not have any intention of failing to proceed with the establishment of this committee.

A message was returned to the Legislative Council and at that time Hon. David Wordsworth was in the Chair and Hon. J. M. Berinson (Attorney General) was in charge of the Bill. The Chairman of Committees read out the message which contained in the first instance the Legislative Council's amendment as it had been sent to the other place and was followed by the Assembly's reason for disagreeing to the Council's amendment. It stated—

The Legislative Assembly is unable to agree with the amendment because it believes a standing committee of the Parliament is a more appropriate method of supervising the competitive nature of the State Government Insurance Office continuing operations and activities.

The Legislative Assembly advises that a motion will be moved by the Hon. Premier for a standing committee of Parliament, comprising one member nominated by the Premier, one member nominated by the Leader of the Opposition, and one member nominated by the Leader of the National Country Party to monitor the competitive nature of the State Government Insurance Office's continuing operations and activities so as to ensure that the State Government Insurance Office does not receive any improper or unfair advantage or preference over its competitors in the insurance industry. The motion establishing the Committee will provide that the Committee shall be afforded all proper facilities and opportunities to obtain relevant information in order to carry out its duties, and that the Committee shall report to Parliament not less than once every twelve months.

After the above reasons had been read to the House Hon. J. M. Berinson said—

With respect to proposed section 7C, I move—

That amendment No. 6 made by the Council be not insisted on.

He went on to say—

The message from the Assembly includes an unqualified undertaking by the Premier, endorsed by the Assembly—

Hon. P. G. Pandal: Who said that?

Hon. H. W. GAYFER: It was said by Hon. J. M. Berinson (Attorney General) who was the Minister in charge of the Bill at the time—he is in this House at the moment and he is still in charge of the Bill.

Hon. P. G. Pandal: It is hard to believe.

Hon. Kay Hallahan: He is a good man and a good Minister.

The PRESIDENT: Order!

Hon. G. E. Masters: He is deeply embarrassed now.

Hon. H. W. GAYFER: Hon. J. M. Berinson went on to say—

—that all requirements originally included in the amendment are duplicated in the undertaking by the Premier and the Assembly. Without going into any great detail I simply put it on the basis of commonsense. . .

Commonsense prevailed to the degree that we supported the proposition. We supported the fact that we would not insist on this Council's amendment which was virtually the same as the amendment we finally agreed to, which was put forward by Hon. J. M. Berinson.

Hon. P. G. Pandal: Right.

Hon. H. W. GAYFER: As a result of this Council's actions the headlines in the Press read, "MLC's backdown".

Hon. P. G. Pandal: We could not win either way.

Hon. H. W. GAYFER: We could not win and that stuck in my craw, but I believed that the members might have got it wrong and that it was only a matter of waiting a while and the promises would be adhered to. It had already been stated that the SGIO Bill would never be introduced—that statement appears in *Hansard*, but I will not quote it—until the committee had been set up. However, it was set up on 1 July this year without the promise being fulfilled. Am I right?

Hon. G. E. Masters: Absolutely.

Hon. H. W. GAYFER: It is a sheer abrogation of a promise made to Parliament. I am not a technical man as far as Orders of the Day and the good book are concerned, but I can seriously say I feel we have been made to look perfect asses in believing that the Premier's

promise would be honoured. Honour is the thing that worries me.

I have quotes by the dozen. When this legislation was introduced the insurance industry became a little worried because the Act had been promulgated on 1 July without the overseeing committee being set up. Naturally people involved in the insurance industry raised their eyebrows and became upset.

Hon. G. E. Masters: They were also told privately.

Hon. H. W. GAYFER: Mr Reg Trigg, the group manager of the Western Zone of the Insurance Council of Australia issued not a letter but a Press statement, the heading of which was, "Government Promises Not Kept in State Government Insurance Commission Bill". The Press statement read as follows—

"Private insurers in Western Australia are currently providing an over supply of insurance facilities in the community. There are currently fifty three (53) private insurers supplying all classes of insurance business at competitive rates. The last thing they need in this relatively lowly populated State of Western Australia is additional competition from a Government sponsored activity", Mr Reg Trigg, Group Manager—Western Zone of the Insurance Council of Australia Limited, said today.

"If, however, the Parliament of the State is bound to follow the decision it took in 1983 to extend the franchise of the State Government Insurance Office to accept all classes of insurance, including life assurance, the promises made in that debate concerning the solvency requirements, Commonwealth regulations, and the payments of all State and Commonwealth taxes and charges normally imposed on private insurers must be met by the Government instrumentality. In effect, it was decided in both the Legislative Assembly and Council that competitive neutrality in all areas of overview and taxes and charges by the Australian and State Government must be met", Mr Trigg said.

To achieve this the Premier sent an unqualified undertaking, to the Legislative Council, endorsed by the Legislative Assembly, to establish a Standing Committee of Parliament comprising one member nominated by the Premier, one member nominated by the Leader of the Oppo-

sition and one member nominated by the other major party represented in Parliament "to ensure that the SGIO, does not receive any improper or unfair advantage or preference over its competitors in the insurance industry".

"That unqualified undertaking which had the effect of neutralising the debate in 1983 has not been kept", Mr Trigg said. "In short, the Bill before Parliament establishes a Commission to take over the activities of the Motor Vehicle Insurance Trust to undertake insurance for liability for personal injuries to third parties involved in motor vehicle accidents in the terms of the Motor Vehicle (Third Party Insurance) Act 1943 and, among other things, to undertake responsibility for mining diseases such as pneumoconiosis and mesothelioma and other diseases specified by the Minister and to generally provide services and facilities and supervise the State Government Insurance Corporation in writing of all other classes of business. The Commission has express powers which are overridden by the fact that the Minister may give directions to the Commission on any matter and the Commission shall give effect to those directions."

"There is no doubt that under these very loose conditions, political interference (particularly with rates of premiums in election years) will ensure that these "social insurance funds" will generate massive unfunded liabilities to be met by the Treasury and by future generations by way of crippling taxes. To be reasonably funded, hard decisions must be made to put a "cap" on benefits and limit the level of awards at the common law."

"More importantly the Corporation underwriting all other classes of business shall act generally under the conditions of the Insurance Act 1973 (Commonwealth) which places strict solvency and trading and investment responsibilities on private insurers in Australia, *except as determined by the Minister.*"

"The promises and undertakings by the Government to impose competitive neutrality in those areas are a sham."

I stress, "are a sham". Those are not my words but the words of an official from the association of insurance companies of this country. Mr Trigg went on to say—

"The powers of the Minister must be reviewed. Whilst political overview may be acceptable in administrative matters it is not acceptable in premium structures and in corporate trading hard decision making to make the Corporation responsible for its own solvency and not be guaranteed by the Treasury", Mr Trigg said.

This shows that the insurance industry was far from happy with what had taken place and the fact that the Act had been promulgated on 1 July without the setting up of the Committee.

On 2 July, one day after the Act was promulgated, a motion was moved by the Leader of the Opposition in the other place to the effect that a Standing Committee of the Parliament should be established. That debate was well espoused by the Leader of the Opposition but was subsequently adjourned by the Premier on the same day and it has never raised its head again. Subsequently, when the new Bill came before this House, one had to look hard to see whether there were safeguards incorporated within the Bill. The insurance companies desired such safeguards, as did the Parliament because it desired to preserve the insurance industry and in doing so preserve the Government's own company, of which members are all shareholders, as Hon. Max Evans said earlier. One must search through the Bill to find out what it contains which gives the Premier the justification for not proceeding. On doing so, one finds that clause 20, which deals with the application of the Financial Administration and Audit Act to the commission, reads as follows—

20. The provisions of the *Financial Administration and Audit Act 1985* regulating the financial administration, audit and reporting of statutory authorities apply to and in respect of the Commission and its operations.

Clause 41 of the legislation says much the same sort of thing. I suggest members look at the Financial Administration and Audit Act to see whether or not these fears of underhand trading and all of the other things which have been feared by the insurance companies and members in this place are covered by that referral.

Hon. J. M. Berinson: If you will excuse me for just a moment, may I point out to you that the amendments listed in my name extend the provisions?

Hon. H. W. GAYFER: I will deal with that in a little while.

I am speaking about a Bill that was put forward to Parliament which abrogates what the Premier promised. In other words, there was no attempt when the Bill came before the House to clear up the fact that the Premier had no intention of proceeding with that Committee. The original Act was promulgated on 1 July after the Premier had said it would not be unless that Committee was formed. The Premier said that and then this new Bill was brought in, again with no obvious intention of forming a committee. The only reference in this new Bill to the referral is in clauses 20 and 41. I would quote from clause 48 of the Financial Administration and Audit Act, which deals with division 14, statutory authorities. It reads as follows—

66. (1) The accountable authority of a statutory authority shall cause to be prepared and submitted to the Minister, within 2 months after the end of the financial year of the statutory, an annual report containing—

- (a) financial statements for the financial year;
- (b) performance indicators and such other information as may be directed by the Treasurer's Instructions;
- (c) a report on the operations of the statutory authority during the preceding financial year; and
- (d) such other information as the Minister may direct in writing.

(2) A report of operations required to be prepared by subsection (1) shall contain all the information that is required by the Treasurer's Instructions.

(3) The financial year of a statutory authority shall end on 30 June unless an Act provides otherwise.

Section 68 says—

The accountable authority of a statutory authority shall within 2 months after the end of the financial year of the statutory authority cause to be submitted to the Auditor General the financial statements and the other information referred to in section 66 (1) (a) and (b).

In section 69 it further says—

(1) The Minister shall cause copies of each annual report referred to in section 66 together with a copy of the opinion of the Auditor General to be laid before both Houses of Parliament within 21 days of receiving the Auditor General's opinion.

It deals fully with the financial returns of the particular statutory authority. It deals further with the instructions which have been given by the Treasurer to the statutory authority to declare. The statutory authority has to comply with directions given by the Minister. This is not the type of safeguard which an independent committee would set up in order to make sure that everything was clean and above board. In no way can one read that into the Financial Administration and Audit Act.

However, I believe it was the Government's intention that the referral to the Financial Administration and Audit Act would suffice in the new Bill. But it was not very long before it started to find out that it was not good enough. The Minister is now endeavouring to place more amendments on the Notice Paper, and he has more amendments on the Table to be incorporated in the legislation.

Hon. P. G. Pental: They are pretty slow learners.

Hon. H. W. GAYFER: They have done all this, and further declared that a committee of inquiry, as was suggested ad nauseam a while ago, was not necessary, yet here we are coming up with this Bill now together with amendments to rectify what we knew needed rectifying when we accepted the Assembly's message in November 1983.

What effect has this had on the industry? The industry has made several representations. The 53 companies concerned must have had something to say about this to all members of Parliament; not to one or two of us, but to all members of Parliament. Indeed most of us in our party rooms have talked with members of the insurance industry, and that goes on at all times. That is our job, to talk and to find out what is disturbing these people. At every one of the interviews I attended it was pointed out how upset these people were with the Premier for backing away from the pledge given.

Consequently, seeing that we were also of the same frame of mind—that a pledge had been broken; it had not been kept and the provisions were not included in the new legislation—we started to do something about the matter.

As a consequence, an amendment appears on the Notice Paper under my name stating quite clearly that a committee should be set up and incorporated in the Bill so that there is no more duck-shoving and getting away from the promise that one would be set up at some future time. This assurance must be in the Bill, because in no way has the previous promise been kept, and in no way can we accept that such an overview committee will be set up in the near future as the Bill stands.

These amendments appeared a week ago. Yesterday we received a letter from the Insurance Council of Australia Ltd. I will read all of this because it is vital to what is happening in respect of this piece of legislation. This memorandum was sent to several members of Parliament, and it is dated 23 July 1986, which is yesterday. It reads—

Reference: State Government Insurance Corporation

Attached please find a copy of my recent file in the above connection.

Members of I.C.A. wish to advise you that, subject to the main thrust of major amendments of Ministerial overview, etc., as previously discussed being accepted by the Legislative Council and by the Government, we believe that much of the need for a Standing Committee of Parliament with its inherent problems has been overcome.

The proposition put forward by the Premiers' Department then becomes reasonably acceptable but is a fall back position. The position is dependent upon the wishes of the Liberal Party and the National Party and by the Hon. Sandy Lewis who were told lies in 1983 even though the circumstances may have changed in 1986.

Whatever the outcome of a Standing Committee of Parliament or overview from a Public Accounts Committee with the before mentioned provisos, we sincerely thank you all for your endorsement and for your endeavours in the interests of sensibility in the future.

I will tell members what that letter did to me. It sent me up the wall. I have no intention of agreeing with the council that all is right in the garden. I will tell members why as I go on into the file. I quote again from the letter, which was signed by Mr Trigg. It comes under the

heading of "Notes for consideration during the progress of the SGIC Bill". It reads—

1. Ross Harrison and Tony Lloyd from the Premier's Department called on me to discuss the Standing Committee of Parliament issue which was the only matter that the Premier is really incensed about. The other amendments in the main do not appear to worry him. I informed him that the issue was in the hands of the Liberals and the National Party not I.C.A. as they were told lies.
2. The attached letter 'A' from the Premier was delivered at the same time.

I interrupt by saying that these two gentlemen, Ross Harrison and Tony Lloyd, are the out-riders. To continue—

3. I can appreciate that—

- (a) The Insurance Commissioner has the authority under the Insurance Act 1973 (Commonwealth) to exercise his prerogative on deviations from solvency, investments returns, etc. (Examples are Section 25, 26, 30, etc.)
- (b) The Commissioner has no powers over S.G.I.C. so deviations from the "hard" line of the law cannot apply to S.G.I.C. as they may be applied to private insurers if all of the prerogatives are removed entirely.

4. I do not believe that we should ease up in our endeavours excepting that, providing all the other recommended safeguards are in place, there may be an "overkill" in pursuing the Standing Committee of Parliament overview.

He is shaking at the knees. I do not know why. To continue—

5. Since the early 1970's there has been a Public Accounts Committee of the Legislative Assembly, the powers of which have recently been extended from a Consolidated Revenue base to a wider charter.
6. I advised the Premier's representatives that, if we were to consider alternatives to the Standing Committee, proposed instructions to the Public Accounts Committee would have to be agreed for our consider-

ation. The resultant paper is attached as Appendix 'B'.

I will now read to members the Premier's letter of 21 July to Mr Trigg—

Mr R. Trigg,  
Group Manager—Western Zone,  
Insurance Council of Australia,  
4th Floor,  
248 St. George's Terrace,  
Perth WA 6000.

Dear Mr Trigg,

As you may be aware there are currently amendments to the State Government Insurance Commission Act before the Legislative Council, which propose that a Committee of Parliament comprising one member nominated each by the Premier, the Leader of the Opposition and the Leader of the National Party be appointed to supervise the competitive nature of the SGIC's operations on a continuing basis.

You may also be aware that when amendments were made to the State Government Insurance Office Act in 1983, a similar proposal for a Committee was put forward, and the Government supported a Standing Committee of Parliament, although it opposed the Committee being established as part of the legislation.

It is just as well it did, because if it had been the legislation when the Act was proclaimed on 1 July it would have been in—where it should have been. To continue—

That Standing Committee was not proceeded with because the legislation was not proclaimed at the time.

Legislation has been introduced yet it is still not in there. What a trick this is to sell this to Mr Trigg and the ICA. To continue—

The Bill currently before the House contains specific safeguards to ensure the competitive neutrality of the Government's insurance activities. They include requirements that the Commission should:

be administered at arm's length from the Government by a Board of Commissioners.

Yet it provides for ministerial referral in about three or four clauses in the Bill. Arms length! That does not ring true when there are all these ministerial referrals. To continue—

comply with the Financial Administration and Audit Act which means it will be subject to scrutiny by the Auditor-General and

the Parliament's public accounts committee.

I have already stated to what extent the Financial Administration and Audit Act goes.

Hon. P. G. Pendal: It is a snow-job.

Hon. H. W. GAYFER: Certainly it does not deal with the matters that are of concern to us; namely the competitive trading aspect and the equality of operation between all bodies concerned. That is our concern. We have no objection to the SGIO's entering this wider field, and we never have had an objection; but it must operate in a fair manner in the same way as all other commercial operations must. To continue—

observe all the solvency and other requirements imposed on private insurers under Commonwealth legislation.

pay the equivalent of all Commonwealth taxes and charges to the State Government.

pay all State and local government taxes and charges.

pay a commercial fee for services from Government authorities and instrumentalities.

All the little things but not the big things. To continue—

Ensuring competitive neutrality was one of the Government's primary objectives in drawing up the legislation.

I have still to find that. To continue—

The new organisation will have to compete fairly because it will be compelled by law to do so. As well it will be subject to scrutiny through the Parliamentary Public Accounts Committee and the Auditor General who reports to Parliament.

In other words, it will not be subject to scrutiny by a committee of three members of Parliament, one from each party; rather, it is to be subject to scrutiny by the Public Accounts Committee, which is heavily loaded in favour of the Government of the day, whichever Government may be in power. To continue—

Thus a separate Standing Committee would be superfluous. However, it is the specific nature of the proposals to establish the Standing Committee contained in the amendments proposed by the Liberal and National Parties which are of great concern to the Government.

The Standing Committee proposed will have enormous powers to involve itself in all aspects of the Commission's day to day activity. As a result—

commercial confidences between the Corporation and its clients and agents would be destroyed.

That is a slight on members of Parliament elected to a committee.

Hon. G. E. Masters: Dead right!

Hon. H. W. GAYFER: It is a slight on members of Parliament for the Premier to tell the insurance industry in this communique that it cannot trust three members of Parliament but it can trust all the bosses who administer the business in St. George's Terrace, or wherever.

Hon. P. G. Pendal: Hear, hear!

Hon. H. W. GAYFER: It is an absolute indictment. To continue—

personal details of insurers would be open to scrutiny and publication with Parliamentary privilege. This represents a gross invasion of privacy.

details of the Corporation's commercial operations, future plans and marketing arrangements would be available either through publication, or by being passed on privately to other insurers. This would render the Corporation commercially disadvantaged with its competitors. The reverse of this situation would be if the SGIO was entitled to call for all papers and was entitled to question any officer of a private insurance company, with that officer being compelled to comply with a direction to respond and to provide papers.

I have already dealt with the Commonwealth reports that cover this. To continue—

When the original proposal for a Standing Committee was put up in 1983 there were not the safeguards contained within the current legislation, and there was not a Financial Administration and Audit Act with which the SGIC would have to comply.

Those words "would have to comply" are just a figure of speech. To continue—

As well if the legislation passed in 1983 had been proclaimed at an early stage and the Standing Committee had been set up then as envisaged, that Committee would have had its powers limited to ensuring that the SGIO was commercially competitive and it would not have been given the



far reaching and draconian powers proposed by the Liberal Party and the National Party.

I am sure you will appreciate that if these powers are misused they would have the capacity to severely damage the commercial operations of the State Government Insurance Corporation.

Whilst the insurance industry's interest in ensuring that the Government's insurance activities remain competitively neutral are understood, I do not believe that the industry would wish to see a situation whereby misuse of draconian powers could destroy commercial confidences and render the corporation commercially disadvantaged.

Yours sincerely,

The Premier's name was signed for him in his absence.

*Sitting suspended from 6.00 to 7.30 p.m.*

Hon. H. W. GAYFER: Accompanying the Premier's letter dated 23 July to Mr Reg Trigg—it is on what we call the Trigg file—was a summary in response to Trigg's sixth point for consideration by the Premier. He said—

I advised the Premier's representatives that, if we were to consider alternatives to the Standing Committee, proposed instructions to the Public Accounts Committee would have to be agreed for our consideration. The resultant paper is attached as appendix "B"

Appendix "B" states—

The Public Accounts Committee is to examine the financial accounts, records and business conduct of the State Government Insurance Corporation and report to Parliament within 12 months of the commencement of the State Government Insurance Commission Act 1986 and subsequently as the Committee determines as to whether it believes that the State Government Insurance Corporation has received any unfair advantage or preference over its competitors in the insurance industry. For this purpose, the Public Accounts Committee is to examine and consider:—

all Commonwealth and State taxes and charges, or payments in lieu thereof, paid or payable;

the use of any public sector service or facility and associated charges and fees paid or payable;

the relationship between the State Government Insurance Commission and the State Government Insurance Corporation and the use of the Commission's services and facilities and any associated fees and charges; and

compliance with Commonwealth solvency and minimum valuation requirements, and other Commonwealth laws relating to insurance.

In the course of this examination, and for this purpose, the Public Accounts Committee can receive or solicit such advice and evidence as it thinks fit.

In conducting this inquiry, the Committee shall not require information relating to the insurance arrangements between the Corporation and individual clients. Any information relating to other business dealings between the Corporation and private individuals and companies is to remain confidential to the Committee.

In the event that the Committee believes that the State Government Insurance Corporation receives any unfair competitive advantage over its competitors, the Committee is to make recommendations for action considered necessary to ensure the competitive neutrality of the State Government Insurance Corporation.

The PRESIDENT: Order! Audible conversation is not allowed. I recommend that honourable members cease so that we can hear Hon. H. W. Gayfer.

Hon. H. W. GAYFER: That document is considered to include the conditions under which the Public Accounts Committee would work and it would replace the promised committee which was referred to ad nauseam prior to the suspension. There are some very marked differences. The ICA would not be aware of the content of it.

The motion passed by the Legislative Assembly to set up the committee stated, in its last paragraph, that the committee shall report to Parliament not less than once every 12 months. The proposed Public Accounts Committee proposed to consider these matters will be required to report to Parliament within 12 months of the commencement of the State Government Insurance Office Commission Bill and subsequently as the committee determines whether it believes that the State Government Insurance Commission has received any unfair advantage. In other words, it is as clear as a pikestaff in the broken promise that the com-

mittee was to report to Parliament not less than once every 12 months and in its place, the Public Accounts Committee will be required to report within 12 months of the commencement of the legislation and consideration would then be given by the committee as to whether it should report again.

The Public Accounts Committee set up by the Legislative Assembly includes Mr D. L. Smith, Dr Lawrence, Dr Watson, Mr Crane and Mr Schell. That is three Labor members, one Liberal member, and one National Party member. The committee proposed by the Premier included one member from each party, ensuring absolute neutrality. If anybody denies that, it is a stain and slur on the Premier's motion because he was satisfied with it. He said that the SGIO legislation would never be proclaimed without that committee being set up. Yet, he proclaimed it on 1 July without setting up that committee.

Apparently Trigg has been given assurances about the committee because we wonder what has happened to cause him to take the heat off and to say that he thinks that what is being offered to him is good enough. I say in the confines of this Parliament that there is something radically wrong with this legislation. I cannot believe that the insurance profession is one minute calling for blood because of broken pledges by the Premier, and the next minute is saying that it would be reasonably content with the conditions contained in appendix "B" which has no teeth whatsoever, as far as I am concerned.

Today, 24 July 1986, Mr R. G. Trigg, the group manager of the western zone of the Insurance Council of Australia wrote a letter to Hon. Brian Burke and sent copies of it to Hon. Gordon Masters, MLC, and Mr Hendy Cowan, MLA. That letter stated—

Dear Premier

**STATE GOVERNMENT INSURANCE COMMISSION BILL 1986**

This Council on behalf of its members has advised on some major amendments which are required to be made to the Bill to delete Ministerial discretion and overview and to ensure competitive neutrality of the State Government Insurance Corporation in particular.

In addition a "watch dog" committee is essential in our view and we have already relayed our views to you.

We trust that the Legislative Council and the Government in another place accepts those reasonable amendments.

We then agree to the minimum requirements discussed with your Department as guidelines (which we understand have since been confirmed) for the Public Accounts Committee of the Parliament.

We are not really conversant with the effectability of the Public Accounts Committee nor of inherent problems associated with a "Standing Committee of Parliament".

The format of the "watch dog" committee now becomes a matter for the Parliament to determine.

Yours sincerely

R. J. TRIGG

Group Manager

In other words, the Premier sent two representatives, Mr Lloyd and Mr Harrison, to see the council with a letter from the Premier and an attachment marked "B", containing parameters for the Public Accounts Committee, and within 24 hours the council was having doubts. This letter expresses very serious doubts, and I do not wonder at them. These people are not legislators; they are insurance salesmen. They are used to taking people at their face value. They took the Premier's pledge at face value. That is how he sold the SGIO broadening powers to the industry. He said that he would set up a committee that would act as a watchdog. These people are now claiming that the watchdog did not have the teeth that they thought it might have had, and that is patently obvious. I repeat that the letter stated—

We are not really conversant with the effectability of the Public Accounts Committee nor of inherent problems associated with a "Standing Committee of Parliament".

They need to ask questions about it. I have already pointed out that membership of the committee will be composed of three Labor members, one Liberal member and one National Party member. The committee is to report in the first 12 months and can then make up its mind when it will next report. It is to investigate the relationship between the State Government Insurance Commission and the State Government Insurance Corporation. That would be a great help as far as unfair trading, one with the other, is concerned!

There is talk of Commonwealth solvency and that all Commonwealth and State taxes shall be paid. That is provided for in the Bill, and the committee can check on it. The committee is being set up to see whether the SGIC gets any unfair advantage over the other trading insurance companies. That is what the watchdog is for—to make sure that everybody behaves himself. A former Premier of this State, Hon. John Tonkin, used to talk at great length about political subterfuge. In my opinion, this reeks of political subterfuge. It is not even a poor substitute for what was originally promised. It is certainly not a substitute for a broken pledge. I would hope that in this place we at least attempt to act with honour. I would hope that if we make a statement and repeat it ad nauseam it would hammer home to members that we mean what we say. This is not the case in this instance.

There is something radically wrong. For this reason I have standing on the Notice Paper in my name an amendment which I will move during the Committee stage. I hope that the Committee will look at the amendment and will realise that it is no different from what the Premier promised us in 1983. It is no different from the one proposed in the Assembly which was knocked out. All we want is to have that committee set up as was originally promised, if only that to do so would mean that a man's word was kept.

**HON. A. A. LEWIS (Lower Central)** [7.45 p.m.]: It is an interesting Bill, is it not, Mr President?

Hon. Mark Nevill interjected.

**HON. A. A. LEWIS:** If Mr Nevill wants to delay the Bill, he can do so. I suggest that his Whip talk to him so that his unruly interjections cease.

I was extremely interested in the speech of the Leader of the National Party. I thought it was extremely good. Even I now understand the nature of the membership of the committee as promised by the Premier and by Hon. Joe Berinson. Hon. Joe Berinson has said that he has changed his mind with respect to a speech that he made in 1980. I guess he has changed his mind again; I do not know. One would not expect a Minister in this place to go on this way and support the diminution of the Premier's words just three years ago.

Over the last few weeks I have had some words to say about the standard of second reading speeches. This speech says that the commission will achieve certain principal

objectives. The first objective is to minimise premiums on compulsory forms of insurance. However, no explanation of how that is to happen was given. In fact, judging from the figures from the other places, that will not happen. The second principal objective was to maximise the financial returns to Government from its commercial insurance activities. No explanation was given as to how that would happen. I hope the Minister will tell me how he is going to lower premiums and maximise profits when he is in direct competition with 53 other companies. How is he to achieve such a miracle? I will be extremely interested to see the conniving and the working out that the Minister will have to do.

Running through the second reading speech is a wonderful phrase, "competitive neutrality". Competitive neutrality in my mind is a contradiction in terms. According to the dictionary, compete means "strive against others". Neutrality is defined as "neither help either of two belligerent states; stand aloof; impartial". What does "competitive neutrality" mean?

I think it means "impotent". I think the State Government is trying to make the other 53 firms impotent because of the Premier's not sticking to his word. The Attorney General is not sticking to his word. You, Sir, have been in this place for a long time. This is not the first time that the Government has given us a commitment and cast it aside. The truth is one of the things some of us value. It obviously does not run too deep in the Australian Labor Party.

**Hon. Tom Helm:** Shame!

**HON. A. A. LEWIS:** It is a shame, Mr Helm. It probably runs very strongly in someone like the honourable member.

**Hon. Kay Hallahan:** Not like all his other colleagues.

**HON. A. A. LEWIS:** Not like all his other colleagues, because Hon. Joe Berinson has been caught out more than once. I stood here for hours debating the Western Australian Development Corporation Bill and received an undertaking from the Attorney General which was not honoured. So the member should not say this refers to all the other colleagues. Hon. Kay Hallahan will get herself into trouble, because it is on record that that is not the position. It is on record that these commitments were given, and fairly lightly, I suppose, because they were not honoured.

If *Hansard* is wrong—and Hon. H. W. Gayfer quoted at length from *Hansard*—where was the complaint? If these Government people, the Premier and the Attorney General, did not make these statements, was there a complaint to *Hansard* that their words were incorrectly recorded?

A very young Premier has been caught on the hook, as he has been a number of times. He has felt that by making a statement which sounded good he could get off the hook. I am pleased to say that the Liberal Party and the National Party in this House will not let him off the hook.

Hon. P. G. Pental: And the Independent!

Hon. A. A. LEWIS: Members know exactly where he stands as far as the truth is concerned, or he would not be an Independent.

Several members interjected.

Hon. A. A. LEWIS: We had discussions on the Interpretation Act, and the Attorney told us that words put into second reading speeches would be taken up in the law courts—Ministers' words would be listened to in law courts. The judge would be in a hell of a mess now, because we have had two sets of insurance Bills and two sets of ideas. The poor old judge will have to toss a coin or stand it on edge.

Mr President, can you think back on your long career and imagine Bert Hawke, David Brand, John Tonkin, Charles Court, or Ray O'Connor giving a commitment to the House and then rejecting it out of hand? Do you really think any of those honourable Premiers would have lasted any time in this business if they had said to the insurance industry, "This is what we will do"?

Several members interjected.

Hon. A. A. LEWIS: Members can give all the examples they like.

Hon. Tom Stephens: He did not last very long as Premier.

Hon. A. A. LEWIS: Whom is the member talking about? Bert Hawke, David Brand, or whom?

Hon. Tom Stephens: I am really thinking of Hon. Ray O'Connor.

Hon. A. A. LEWIS: We have heard how the Attorney can change his mind. We have read and heard also how the Premier, in letters to the insurance industry, has said that three people, one nominated by the Leader of the National Party, one by the Leader of the Opposition, and one by the Premier, could not be trusted.

Hon. G. E. Masters: That is exactly what he said.

Hon. A. A. LEWIS: If that is not a slur on every one of us in this place, I do not know what is. To take it a little deeper, can he trust his Minister? He has appointed his Minister. There is no watchdog over the Minister, is there? So the Labor Party Minister can be trusted, but no other party member can be trusted. Surely that is a contradiction of what we have here.

Three years ago the Government made statements, and now it has done a somersault. It has tried to turn this place into a circus by performing these somersaults, and we will not let it do so. For once the Government will be nailed. For once its untruths, with the help of the National Party and the Liberal Party—

Hon. G. E. Masters: And the Independent.

Hon. A. A. LEWIS: I am expecting the Leader of the Opposition to help me. For once the Government will be nailed for what its members are—pedlars of untruths; people who will not stick to their words; people whose word cannot be accepted by this Parliament.

Hon. Mick Gayfer went on long enough and told us about numerous things I was going to talk about, but I would like to know how, with this competitive neutrality, the Government can keep all its own insurance and not let one of those 53 outside firms have a jot of it.

Hon. J. M. Berinson: Because it has a system of self-insurance.

Hon. A. A. LEWIS: Oh, self-insurance! That is very good. And what is the cost? Is the cost to be counted? Is the cost to be taken into account by the new body?

Hon. J. M. Berinson: What makes you doubt it?

Hon. A. A. LEWIS: If it is, then throw it open to its competitive neutrality.

Hon. J. M. Berinson: How can you open self-insurance? What sort of nonsense is that?

Hon. A. A. LEWIS: The Attorney should not snap at me.

Several members interjected.

The PRESIDENT: Order!

Hon. A. A. LEWIS: The Attorney knows he has made a fool of himself again by his comments. Self-insurance will be covered by this body, but it makes no difference because that is the way we want to work it. Come off it! Will claims be paid out for the department which is

self-insured? Will premiums be charged? No answer!

Hon. Fred McKenzie interjected.

Hon. A. A. LEWIS: Not unless the member wants to; it is out of order.

Hon. J. M. Berinson: What do you expect?

Hon. A. A. LEWIS: I expect the Attorney to play the game by the rules he laid down three years ago.

Hon. J. M. Berinson: Three years ago we anticipated self-insurance. Self-insurance has been in place for many years, and nobody has suggested that should change.

Hon. A. A. LEWIS: I am suggesting it now. That might be good if there is to be competitive neutrality. These were the Minister's words, not mine; the Minister read them to the House, or had somebody do it for him.

Hon. J. M. Berinson: I also read the words about self-insurance. Why don't you approach the proposition in the proper context?

The PRESIDENT: Order! I will read Standing Order No. 106 in a moment.

Hon. A. A. LEWIS: The Minister went on to say in his second reading speech—

It is intended to compete with private sector insurers in all classes of life and general insurance.

The Minister made a farce of this House in the words of his second reading speech. I am not the first person to complain about second reading speeches. However, the Minister's second reading speech then went on to the effect that the Government was going to keep on all of the staff but it was going to put in some extra efficiencies.

Hon. J. M. Berinson: Have you ever heard of natural attrition?

Hon. A. A. LEWIS: I have, but natural attrition starts when it is applied to all workers equally. This Government has been giving golden handshake payouts to some public servants, while other people have not received the same sort of payouts. Is the Attorney General playing a game? That is what he will make this insurance business of the Government, if it is not to be completely equal. I suggest that he should not give the House that sort of rot.

Hon. Max Evans dealt with the solvency aspects of this legislation. There is no way this Government can be dinkum because it is starting behind the mark. I would comment on some changes to the 1983 legislation. Section 7(A)(4) is to be abolished. This section requires Government business to be put out to

tender with no Government monopoly. This has been abolished, weakening the requirements in section 7A(8) and (9) of the 1983 legislation. The ministerial direction could thus reduce the reporting requirements by abolishing the requirement to table accounts for figures and so on. This weakens the solvency and ministerial requirements by allowing ministerial discretion.

As you would know, Mr President, the public have reached the stage where they no longer believe Ministers of this Government should be given any discretion at all. The public have had enough. I base that statement on comments I have heard from people in the community about taxes on beer and cigarettes, and increased water and light charges. The Government is attempting to go into a monopoly in the insurance industry. I remember an old politician saying to me once about a previous Government, "Gradually, bit by bit, this Government will offend one section and another section and another section; and those sections will build up and there will be a God almighty landslide." That is what is happening now to the Government. It has upset the rural industry and the insurance industry; it has upset the smokers and the drinkers, the people who use electricity and the people who use water. Lord help us, there are very few sections of the community left for the Government to upset, but it is going on its glorious way to disaster.

Hon. Kay Hallahan: On its way to victory, you mean.

Hon. J. M. Berinson: We were down to 55 per cent in the last Gallup poll.

Hon. A. A. LEWIS: It is interesting that the Attorney General has referred to the Gallup poll because I remember Hon. Tom Butler referred to a Gallup poll in respect of Hobart and what Ron Cameron—

The PRESIDENT: Order! I, too, look at Gallup polls, but I am interested in listening to this particular Bill. I can read the Gallup poll tomorrow.

Hon. A. A. LEWIS: Well, Sir, I will give you all the information tomorrow morning about the Gallup poll.

The PRESIDENT: The House is discussing the State Government Insurance Bill.

Hon. A. A. LEWIS: Far be it from me to defy you, Sir.

I would make another point: There has been a change from 50 per cent net profit to an amount, "as the Treasurer may determine". There is no indication in the second reading speech of the Minister as to what the Treasurer may determine. Mr President, having read the Bill and being very keen on this sort of thing, you will know that this is not mentioned anywhere in the second reading speech. Whereas in 1983 the Bill was specific, it now refers vaguely to ministerial and Cabinet discretion. It seems that the Government wants to enlarge the role of the SGIO to enable it to do more things. I have yet to see the proof that it can do what it is doing now efficiently in a competitive sense.

I think we must forget about competitive neutrality. Let us look at two or three years' figures on competition in the marketplace without all these helpful handouts from Government. I suppose there are kickbacks from Government because Government is self-insured. It would seem to me that it is about time this Government fronted up and forgot about trying to go into competition with private enterprise. There are plenty of private enterprise companies to do the job.

One needs only to look at the workers' compensation in New South Wales and Victoria. The Leader of the House at one time would quote workers' compensation premiums in Queensland, because they were lower. He was very keen on that until someone told him what the percentage payouts of the total wages were, and he was cured of that aberration. The Australian Democrat in the South Australian Parliament saved the South Australian Treasury a heap of money by sending that State's workers' compensation Bill out to grass. One needs only to look at the horrific effects of the workers' care programmes and their costs in New South Wales and Victoria to realise that this is the way this State is heading. This is why I believe members should oppose any more Bills of this ilk coming from the Government.

**HON. J. M. BROWN** (South-East) {8.09 p.m.}: When the Bill was introduced in 1983, I did not take the opportunity to make any comment on it. The House subsequently passed the legislation, although there were many members, particularly in the Australian Labor Party, who were concerned at the length of time the Act took to be proclaimed. It has only been in operation now for some three weeks.

A lot has been said about the Premier's undertaking given previously about a Standing Committee, and about the clear comment made by the Attorney General, who has

indicated that the Premier no longer wishes to have such a Standing Committee. Be that as it may, it is not my intention to comment at length about this committee. I have the greatest admiration for the Premier and for his contribution to the State. From my experience I would say that we have never had a better Premier. His untiring efforts on behalf of the people of this State could not be excelled.

**Hon. Kay Hallahan**: Hear, hear!

**Hon. J. M. BROWN**: I have great admiration for the Premier and the job he is doing. He is well capable of responding to Opposition comments about his integrity and activities as Premier of Western Australia.

For many years I have been mindful of the part the insurance industry has played in the development of WA. People who were involved in the industry, either as agents or brokers, never had a very high reputation among members of the community. I have seen newspaper articles where they have been classed alongside second-hand car dealers; they were considered in the same mould. The public had the general impression that they were robbers.

The matter raised with respect to the 1983 legislation points out to me the tremendous strides this Government has made in trying to establish an insurance industry on a plane where it has the respect and the confidence of the people who are obliged to use its services.

I am very mindful of the fate of the Palmdale insurance group, the Motor, Marine and General insurance group, and Bishopsgate. All three companies went to the wall and no protection whatsoever was provided for the people insured with them. I understand that the Australian Insurance Council, if it sees fit, can underwrite operations which go into liquidation and which leave the people who are insured with those companies in a sad state of loss and confusion.

This Government's record of raising the standards of the insurance industry is impeccable. It was this Government that introduced the General Insurance Brokers and Agents Act. The Commonwealth Government had refused to take any steps to cover this area, and we as a Government believe this was the type of legislation necessary to maintain the standards and the integrity so necessary in the industry. We gave an undertaking to the Western Australian Insurance industry that we would legislate to establish a General Insurance Brokers and Agents Act. That Act has just recently been repealed in this Chamber because the Com-

monwealth has legislated for a similar Act. I will not go into the detail of the Act, but everyone should understand that it is for the benefit of the industry itself.

To his credit, Hon. Vic. Ferry indicated that the SGIO had given great service to the people of this State, and I would like to dwell on that point. In particular I will refer to the SGIO's efforts in looking after workers' compensation insurance for members of the mining industry. Earlier Hon. Max Evans spoke about profitability dropping dramatically to \$2 million for the last financial year. I make the point that the SGIO has met all its responsibilities in relation to covering industrial diseases.

No-one is more mindful than I of the work of the SGIO in that area, particularly in covering workers in the mining industry in the goldfields, especially remembering the diseases mentioned by Mr Gayfer—diseases such as mesothelioma and pneumoconiosis.

Another name for the disease is asbestosis, which was contracted by many people who worked at Wittenoom, and it really has been a tragedy. I know that in 1946 one Dennis Marsh worked for the asbestos mining company at Wittenoom for six months. He worked on a loader up there. The danger of the disease was not mentioned to him when he came out from England; he was not told to take any safeguards. After six months he went to the eastern goldfields and finally became the Shire Clerk of the Westonia Shire. In the late 1970s he found he had the dreaded disease of asbestosis, but he could not prove that he had worked at Wittenoom in 1946. He came to see me and I was able to tell him that he would not have been able to get onto that site without a union ticket. Alf Barwick in Kalgoorlie, and Joe Keenan and Joe Isherwood from the Australian Workers Union, were able to provide Dennis with a copy of the ticket for which he paid one pound five shillings in 1946. Immediately he was able to satisfy the SGIO that he had worked at Wittenoom and had contracted asbestosis. I saw the cheque for \$30 000 as an interim payment to him made just three days after his establishing his rightful claim. The final balance of the claim—\$14 000-odd—unfortunately was paid out on his untimely death. That is an illustration of the responsible way the SGIO handles the insurance of industrial diseases; it is an indication of how it has been able to maintain a great service to the people of WA.

In the 1970s I was involved with the insurance industry. The organisation I represented would not permit me to insure a motor vehicle. In those days a truck was definitely taboo, and the industry would not have a bar of workers' compensation. In an endeavour to give service to my clients I carried SGIO proposals in my briefcase so that I could effectively handle the business. But no insurance company would handle it for the rural community—no motor vehicle insurance and no workers' compensation. Those areas were left to the SGIO. As Hon. Vic. Ferry said, it provided a great service to the State.

Eventually the insurance industry decided it wanted to be involved in those activities, and we now see general competition for the insurance of motor vehicles. We hear advertising for it every day on the radio. But the SGIO had a restricted franchise, and the only way one could insure one's home and its contents was by having a bill of sale with the Rural & Industries Bank. The SGIO was then able to give cover to the owners of such premises and goods. It has been a remarkable effort on the SGIO's part to maintain the standard of insurance with its restricted franchise. How was it able to do that? It was because of the insurance brokers themselves—the broking firms which handle around \$70 million of premium income on behalf of the SGIO in servicing their clients.

So the broking industry has certainly been able to give a complete portfolio to the SGIO's clients, and the industry would not be doing that for the SGIO if it did not think it was worthwhile both for itself and its clients, and not necessarily in that order. I emphasise that point. It was the service to the clients which came first, but the broking industry probably handles 50 per cent of the premium income of the SGIO.

So the insurance industry is to be commended for what has been achieved. The standard within the industry through the Government's perception of its needs and the activities of the SGIO and the broking industry, and indeed of the Australian Insurance Council and its Western Australian body, has demonstrated to the public the valuable contribution it makes to the well-being and welfare of this State.

I want to go a stage further and refer to the 139 local authorities in Western Australia. At one stage this was a closed shop for the SGIO. It handled all local authority insurance business, and through the Local Government As-

sociation and the Country Shire Councils Association the SGIO was able to establish a rebate for every local authority which took the opportunity to insure with it, depending of course on the authority's claims performance. That represented hundreds of thousands of dollars to local authorities in Western Australia. Some of them have employed insurance brokers to handle their affairs with the SGIO, and I believe the Perth City Council is one.

Not every local authority at present enjoys the benefits of handling its insurance through the SGIO; some believe that their operations are outside this area and that is satisfactory to themselves and their ratepayers. That is a commendation of the industry itself. Not only did the SGIO handle the insurance operations of local authorities, but also it has been able to lend millions of dollars to local authorities to carry on their activities.

I can remember on many occasions when the Merredin Shire Council could not obtain funds for its works programme or purchase of new plant and equipment it took the opportunity to remind the SGIO that it was a valued client—as other local authorities did—and ultimately it received loan assistance from the SGIO at very competitive rates. The SGIO was investing its earnings back in our State. We could not measure the value of that contribution, particularly to the smaller local authorities whose borrowing programmes were not very large and who needed additional financial assistance in that respect.

That is the history of the SGIO in brief. I believe the industry has benefited from its activities, and I believe it will benefit from the expansion of its franchise. I am confident that the image of all insurance companies and agents will be enhanced by the SGIO's participation under the guidelines which have been presented to Parliament, with fair competition in the marketplace by an organisation which has helped set the industry on the right path.

I have a great deal of pleasure in supporting the Bill.

**HON. J. M. BERINSON** (North Central Metropolitan—Attorney General) [8.26 p.m.]: The Opposition invested a great deal of passion in the debate on this Bill, and I must say by way of introduction that to be fair, most of that was misplaced and misconceived. That applies to nothing so much as the constant and repeated reference to the special supervisory committee which was referred to in the debate on the 1983 Bill. I think I am right in saying

that almost all Opposition speakers referred to this matter. Certainly Hon. Gordon Masters did in opening the debate for the Opposition, and so did Mr Charlton, Mr Gayfer, Mr Ferry, Mr Lewis, and others. *Hansard* was quoted at length and often, but the fact of the matter is that none of those quotes was necessary, and the repetition really involved an expenditure of wasted energy.

The Government pledge of a supervisory committee in 1983 has never been denied; more than that, it has never been repudiated. The House needs to remember the factual position which existed then and more recently, and members would be excused for forgetting the facts if they had taken too much notice of the sort of comments that were made in debate—for example, that this pledge was made three years ago and has never been implemented. One hears an allegation like that and the invitation is to believe that here is a pledge which should have been implemented three years ago and we have not done it. What sort of unreliable, not to say dishonourable, people are we to have put ourselves in that position?

That is an entirely hypothetical position because it simply does not relate to the facts. The pledge certainly was made three years ago, but no-one could have understood that as commitment which was intended to apply except in relation to the 1983 Act. The 1983 Act was only proclaimed on 1 July 1986. That was not three years ago—it was barely three weeks ago! So where is all this repudiation and dishonour? More than that I ask members to bear in mind the practical considerations. When we came to proclaim the 1983 Act on 1 July there was no point in setting up a committee because on 11 June this year a replacement Bill had already been presented to the Parliament, and we knew that in the ordinary course of events this session would be reaching its completion, as it is now, in about the third week of July. Is somebody seriously suggesting that there is a repudiation of the 1983 undertaking because for this small interim period of three weeks of the 1983 Act before it is totally replaced, the committee was not put into effect? What could the committee have done in those three weeks? It could not have done anything. It would not have met for the first time and by the time the present Bill was enacted it would have no further function.

It seems to me that that is not only a complete answer to these dreadful allegations, but that it is also so obvious that I hardly need to



relate it. I would have thought that for members who have as much interest in this industry and legislation as they have suggested in this debate, the facts would have been well known. They were there for all of us to see.

The truth is that members did know them. They are sticking on a bit of a show because they are not used, in the ordinary course of events, to having a gallery and so decided they were going to perform. I want to say that it was a disgraceful performance—not just ignorant or bad, but disgraceful. The allegations were made in the knowledge that they were untrue and it should have been beneath the dignity of the members who were making them.

The suggestion of a Select Committee is emerging again and there are amendments on the Notice Paper to that effect. The Government opposes the propositions as they have been listed and that is on the basis, in the first place, that in the position which we now have there is really no realistic point to the exercise.

The present Bill embodies a complete rewrite of the Act and the opportunity has been taken to incorporate in the Act itself all the provisions that have been requested in earlier times to ensure competitive neutrality in respect of the corporation's operations. In any event, to the extent that any external parliamentary oversight is desirable, that is met by the position which the Public Accounts Committee has taken in this matter. For the record I intend to read the position of the Public Accounts Committee in full. It reads—

The Public Accounts Committee is to examine the financial accounts, records and business conduct of the State Government Insurance Corporation and report to Parliament within 12 months of the commencement of the State Government Insurance Commission Act 1986 and subsequently as the Committee determines as to whether it believes that the State Government Insurance Corporation has received any unfair advantage or preference over its competitors in the insurance industry. For this purpose, the Public Accounts Committee is to examine and consider:—

all Commonwealth and State taxes and charges, or payments in lieu thereof, paid or payable;

the use of any public sector service or facility and associated charges and fees paid or payable;

the relationship between the State Government Insurance Commission and the State Government Insurance Corporation and the use of the Commission's services and facilities and any associated fees and charges; and

compliance with Commonwealth solvency and minimum valuation requirements, and other Commonwealth laws relating to insurance.

In the course of this examination, and for this purpose, the Public Accounts Committee can receive or solicit such advice and evidence as it thinks fit.

In conducting this inquiry, the Committee shall not require information relating to the insurance arrangements between the Corporation and individual clients. Any information relating to other business dealings between the Corporation and private individuals and companies is to remain confidential to the Committee.

In the event that the Committee believes that the State Government Insurance Corporation receives any unfair competitive advantage over its competitors, the Committee is to make recommendations for action considered necessary to ensure the competitive neutrality of the State Government Insurance Corporation.

I think Hon. Mick Gayfer had some reservations about the adequacy of this provision on the basis that it requires only one report after 12 months and it leaves the question of further reports of the committee to be determined.

Hon. H. W. Gayfer: Will the committee makes up its mind whether it should report?

Hon. J. M. BERINSON: At the same time I think Mr Gayfer will acknowledge the fact that the committee's first report, when presented to the Parliament, will put the Parliament in a position to consider the need for further review of the corporation's activities on the basis then available.

Hon. H. W. Gayfer: You may not want it reviewed for three years.

Hon. J. M. BERINSON: Then it could be done in three years. All I am saying is the fact that the committee in the first place is not obliged to report more than once does not preclude further reports either by the committee or the Parliament making further determinations as they wish.

Hon. Gordon Masters, noting my notice of an amendment to require an annual report and tabling of reports, asked why the provisions were not included in the Bill as originally drafted. The primary reason for that was that we now have a general reporting requirement through the Financial Audit and Administration Act. However, it is acknowledged that the argument in the Assembly and by members in this House went to the desirability of reports which go beyond the requirements of the Financial Administration and Audit Act and look to such information as reports on solvency and matters of that kind. All those requests, both as indicated in the Assembly and in the Council, are accommodated in the amendments I have listed which will shortly come to consideration.

Hon. Gordon Masters also argued that departmental insurance business which was not directed to the Government Insurance Fund, that is, the self-insurance provisions of the commission Bill, should be subject to open competition. Hon. Gordon Masters' amendment to secure the open competition in respect of that business is acceptable and I have incorporated it in my own amendments to clauses 7 and 31 on the Parliamentary Draftsman's advice. I take it from Hon. G. E. Masters' acknowledgment across the Chamber that that is acceptable to him.

Hon. G. E. Masters: I said I have read it.

Hon. J. M. BERINSON: I suggest to Hon. Gordon Masters that he nods his head again and it will obviate further discussion on the point.

Hon. Phil Pental asked for details for payment in lieu of tax since 1983. I think he referred, in particular, to the absence of any tax provision to reflect the reported profit of \$1.1 million in 1983. The reason that no payment in lieu of tax was made in that year is that the profit in that year was offset against earlier accumulated losses. There was also a profit in 1984 but again no tax was paid. There was a combination of reasons for that: In fact in the first place at least part of the profit arose from a capital gain which is not subject to Commonwealth tax and, therefore, did not attract the in-lieu taxation provisions; secondly, accumulated losses to the extent that that was necessary still remained to absorb any further amount.

Hon. P. G. Pental: Can you tell me whether that position applies to a private sector company?

Hon. J. M. BERINSON: Yes, my advice is that it is in keeping with the private sector.

Hon. P. G. Pental: That company can turn a loss into a profit and still not pay company tax?

Hon. J. M. BERINSON: That is my advice.

Hon. P. G. Pental: Are you sure on that point?

Hon. J. M. BERINSON: I am sure that that is my advice. Mr Pental has an advantage I do not have of having Mr Evans on his side and I think he will be able to advise Mr Pental with greater certainty than I on that point. My understanding is that the writing-off of the profits for those years against accumulated losses is in keeping with the provisions which apply to private companies.

Mr Pental also asked for details of sales tax paid and referred in particular to sales tax on motor vehicles. The answer is that no such sales tax has been paid. The reason no sales tax has been paid is that there was no obligation to pay sales tax pending the enactment of the 1983 Act. That was the first occasion on which liability to payment in lieu of sales tax was implemented and, as I have already indicated, that came into effect on 1 July. It was a liability created by section 7B (3) of the 1983 Act. That provision is preserved in clause 34 (4) of the present Bill and will lead to payments in lieu of sales tax being paid and reported as from the 1986-87 year.

Many questions were asked by various speakers, particularly Mr Evans. Having reviewed the *Hansard* I have extracted what I understand to be the major considerations involved. I will deal with a number of these matters in turn.

I refer firstly to the question of competitive bidding for Government insurance business and linked questions in respect of brokerage. The Opposition made reference to the 1983 legislation providing for Government reinsurance to be open to Government tender and to the commitment made by the Government at the industry luncheon prior to the introduction of the insurance commission Bill into the Legislative Assembly. The Opposition also expressed the view that the SGIO and the proposed insurance commission should be permitted to pay insurance brokers normal remuneration in the form of brokerage fees for business directed to them by brokers. The Government's position is that it was not considered necessary when drafting the legislation to make specific reference to competitive bidding for Government business as the legislation

makes a number of references to the way the commission and the corporation conduct their business. For example, in clause 8 the commission is required to conduct itself in an efficient and economic manner. This prohibits the commission when handling Government reinsurance business from making decisions which result in inefficient or uneconomic practices or behaviour. The provisions of clause 38 add to that effect.

However, it is important to make clear that the Government has not changed its reinsurance policy with this legislation. It has a policy of self-insurance in a number of areas and that is not unusual even in the private sector. A number of private companies have similar arrangements and Mt Newman Mining Co Pty Ltd is one of many. Where a department or instrumentality is exempted for any reason from these self-insurance arrangements, it will be free to tender for business and appoint brokers if that is its commercial judgment. When brokers have been engaged, brokerage will be payable in a normal commercial manner. There has never been a suggestion that brokerage would not be paid in such circumstances.

In respect of competitive bidding, the amendment proposed by the Opposition is identical to the 1983 amendment. However, the Government has examined the wording of this amendment and now proposes alternative amendments which are worded in a manner more consistent with the scheme of this Bill but which will have the precise effect the Opposition has proposed. Amendments to that effect have been circulated.

The Opposition also queried why the provision for the Auditor General to audit the annual accounts and the annual report to be tabled in Parliament was left out of the legislation. I have already referred to this in respect of the recent enactment of the Financial Administration and Audit Act, but have also indicated that further amendments have been listed in order to provide for annual reporting on the matters which would not be covered by the Financial Administration and Audit Act.

I come now to the question of Commonwealth solvency requirements. Attention was drawn to clause 33 of the Bill which addresses Commonwealth solvency and minimum valuation provisions. It was argued that the proviso, "Except as otherwise determined by the Minister" may allow for the commission to have a competitive advantage in the event that the Minister absolved it or the corporation

from meeting Commonwealth requirements. That question was also raised in the Legislative Assembly and to give effect to undertakings given in the Assembly, the Government has given notice of amendments to clause 33 which remove the expression, "Except as otherwise determined by the Minister", and widen the scope of the clause to require the corporation to observe all Commonwealth laws relating to insurance other than a requirement which is unlawful, impractical or inappropriate for the corporation to comply with. In this respect the amendment still allows some degree of ministerial discretion in the event that at some future time Commonwealth legislation will change to the disadvantage of the State insurance industry.

It is not suggested that any provisions of the current Commonwealth legislation do or would have that effect. In addition, if the State were to abrogate all of its rights as against the Commonwealth, the Commonwealth Acts would not assume the responsibility in any event as specific exemptions exist within the Commonwealth Acts in respect of State and Northern Territory insurance. It is therefore imperative that the degree of ministerial discretion be maintained to allow such Commonwealth laws to be applied as are required by the circumstances.

I conclude my comments on this aspect of the Bill by making a very important point. It is one which I believe no member of this House should ignore. I would not expect them to disagree with it either. State insurance is currently specifically exempted from Commonwealth powers by virtue of the Australian Constitution. It is the view of the Government that nothing should be done in any way to compromise the independence from the constitutional authority of the Commonwealth which is now in place.

In implementing the new provisions, therefore, I make it clear to the House that all necessary measures will be taken to ensure that the exemption of State insurance from Commonwealth constitutional authority should be maintained.

I think it was Hon. Max Evans who asked a question as to why the SGIO's investment in Government and semi-Government instrumentalities increased from \$27 million to \$47 million in 1984-85. I see Hon. Max Evans denies responsibility for that question but who ever asked the question will no doubt be interested in the reply. The stated increase occurred in 1983-84 and not 1984-85. The in-

crease reflects normal investment decisions based on investment opportunities and market conditions at the time. In response to market conditions, the SGIO's investment in Government and semi-Government securities increased only marginally in 1984-85 from \$47 million to \$54 million.

I turn now to further questions on the reporting requirements of the SGIO. Members of the Opposition complained about having difficulty in determining the taxation paid by the SGIO and whether it received any other form of Government assistance; for example, legal advice without charge from the Crown Law Department. A request was also made that the projected balance sheet of the SGIO and Motor Vehicle Insurance Trust should have the unfunded liabilities included.

Any reporting problems which the Government has should be cleared up by the proposed legislation with its required compliance with the Financial Administration and Audit Act. On other aspects of the question, I advise that the SGIO pays a commercial fee for its services from the Crown Law Department and, of course, the new commission is specifically required to also deal in a commercial way in respect of services of that kind.

The projected balance sheets of the SGIO and the MVIT are not available. Information of the unfunded position is contained in the Auditor General's annual reports.

Hon. E. J. Charlton asked whether the unfunded position of the State insurance operation in Victoria was in fact \$1.3 billion, as had been reported. The implication apparently was that an unfunded risk is a liability to the taxpayers that needs to be given a higher profile. In addition, it was suggested that the Government insurance operation, as it can run in an unfunded position, had a competitive advantage over private sector operations; for example, in the area of workers' compensation.

Members will appreciate that I am not in a position to speak about the position in Victoria. Under the proposed legislation, however, the commission is to disclose its balance sheet and is required to operate in an efficient and economic manner. In respect of the corporation the position is that the corporation will also have to disclose its unfunded liabilities and, to the extent that it builds up unfunded liabilities, it will come into conflict with Commonwealth solvency requirements.

I think I am right this time in saying that Hon. Max Evans noted that staff of the insurance commission will come under two awards. The two awards in question are the Civil Service Association award and the AEIU award. The commission is to negotiate the awards covering staff with the relevant union. These awards will come within industry norms and do not constitute a question for the Government to resolve.

Hon. Max Evans: It will cost you more.

Hon. J. M. BERINSON: Why?

Hon. Max Evans: When you level the two awards. Will you save more or will it cost you money?

Hon. J. M. BERINSON: I am not in a position to say that. I do not have details of the respective awards. Hon. Max Evans also asked who will take up shares in the corporation and specifically, whether the WADC would take up shares. I advise the House there are no plans at this stage to have any other shareholders in the corporation apart from the commission. It is not likely that the WADC will be taking up shares but at some future time organisations such as the Superannuation Board and the R & I Bank might. It is hoped that after-tax profits will provide a sufficient increase in capital and reserves to provide for anticipated growth in premium income.

I think all those questions were asked by Hon. Max Evans in the first instalment of his contribution to the second reading debate. Tonight, when he quoted from the Price Waterhouse report, he also asked to have tabled the letter requesting the Price Waterhouse report.

Hon. Max Evans: The letter the Premier read to the Assembly regarding the present sovereignty ratios of the SGIO. It has nothing to do with the Rothwells report.

Hon. J. M. BERINSON: I said Price Waterhouse.

Hon. Max Evans: It was just a letter the Premier read when he mixed up his figures. He came back with another letter trying to sort the figures out.

Hon. J. M. BERINSON: The original letter from Price Waterhouse in respect of the report on solvency is the matter now in question. Although it has not been possible since Hon. Max Evans' comments to search the files, my adviser's recollection on this matter is that Price Waterhouse was not asked for that advice in writing, but on the basis of an oral request.

Hon. Max Evans: That was in the Premier's speech. He referred to a letter he got from Price Waterhouse about the 48 per cent solvency factor. Later, to Mr Court, he withdrew that and gave the new figures.

Hon. J. M. BERINSON: I understood Hon. Max Evans to be asking for a letter which prompted the Price Waterhouse report with the 48 per cent figure. The answer I provided is on the basis of advice available to me.

Hon. Max Evans: Free accounting advice is only as good as the fee paid.

Hon. J. M. BERINSON: I did not say it was free. I said it was asked for orally rather than by letter. Hon. Max Evans is raising a matter which is interesting in its own way for all of us requiring accountancy services. I get the impression that if one asks for advice orally rather than by letter one gets it free. That has not been my experience.

Hon. Max Evans: The Premier said that he had a letter from Price Waterhouse which set out, in its conclusive view, that the SGIO was recently enjoying a solvency margin of 30 per cent. He went on about the figure going up to 48 per cent. That was on Thursday, 3 July.

Hon. J. M. BERINSON: I think we may be talking about different letters, but I suspect that not a great deal hangs on it.

Hon. Max Evans: Already he has had to go back on the information he gave to the House. He then has given another letter to Mr Court—

The DEPUTY PRESIDENT (Hon. D. J. Wordsworth): Order! I am afraid the member is not allowed to quote from debate in another place.

Hon. J. M. BERINSON: In the course of debate Mr Evans said also that he would like the financial statements of the MVIT and the SGIO as at 30 June 1986 to consider relevant issues. The reports for the year ending 30 June 1986 will not be available until late August–September, because they depend on independent actuarial calculations. Prior to the merger, both organisations will have to prepare financial statements and reports, and they will be available. In addition, the financial reports of both organisations for 1985–86 will be available prior to the merger, as the legislation will most probably not be proclaimed until late 1986 or early 1987.

I am very conscious of the fact that many of the matters to which I have referred will not count as being among the more exciting of the matters to have been put to the House, but I

have attempted as best I can to cover a range of specific questions which were raised in the course of this debate.

The Government sees the merger of the SGIO and the MVIT as being an important organisational rationalisation of its resources and on the advice available to it, and as a matter of its own conclusions, believes that the interests of the organisations and of the people who, in many respects, depend upon the MVIT and the SGIO will be better served by the commission as proposed in this Bill.

Many comments have been made pro and con the threat which might be posed to the private insurance industry as a result of this commission. I feel quite confident in saying that, to the extent that fears are still held, they are purely imaginary. There is nothing in this Bill to extend the franchise of the existing authorities and, if anything, there is a greater emphasis on the oversight of the activities of these two groups than is presently available.

The Government regards this measure as one of high priority and importance. I trust that, especially with the amendments to which I have indicated agreement in advance, the House will agree to implement it without any delay.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Deputy Chairman of Committees (Hon. John Williams) in the Chair; Hon. J. M. Berinson (Attorney General) in charge of the Bill.

#### **Clause 1: Short title—**

Hon. G. E. MASTERS: I listened with great interest to the comments made by the Attorney General in handling this Bill. I can understand his excitement and the words he used bearing in mind the activities of the Premier have certainly destroyed his integrity and that of the Government.

Having said that, let me make it quite clear that the Bill proposes to establish the State Government Insurance Commission, hence the name of the Bill. It seeks to allow a Government instrumentality to enter into competition with the private sector in the insurance industry.

One of the serious matters in the introduction of the Bill was the promise made not only by the Premier, but also by the Government as a whole. It seems to me that all of this criticism

could easily have been avoided, had the Government fulfilled its pledge and set up a committee. It could have been established just prior to 1 July and then, if the Government was dinkum, it would simply have allowed that watchdog committee to continue with this new legislation.

If the watchdog committee had been set up on 1 July or before, as promised by the Premier, it could have operated for three weeks and maybe it would never have met. However, it could then have continued with this new legislation. The Minister has acknowledged already that there needs to be some sort of watchdog committee. He has read the terms of reference. It seems to me the Government is trying deliberately to avoid setting up a watchdog committee; and for what reason? That committee was to comprise a representative from the Government, the National Party, and the Liberal Party. That promise was made and it should be kept. I do not think any members have any doubts about that situation.

The committee could continue with its work under the new arrangement, and so it should. If members listened carefully to the Attorney General they would have heard him make strong reference to the amendments on the Notice Paper. I am pleased to see them there, but had the Government done its job, there would have been no need for them to be placed there.

I do not know who drafted the Bill for the Government and omitted some very important sections of the previous Act. Members will recall that the debate in 1983 on the SGIO Bill was very lengthy and complicated, but the end result was that, under certain conditions, Government departments would have their insurance arrangements open for competitive tender. That was written into the previous legislation and was there for everyone to see. Having fought it through the Parliament, eventually the Government conceded and put it into the Act.

There was another matter of tabled papers. That sort of thing should not be left out of legislation. It was provided in the previous Act. The 1983 debate led to the Opposition being successful in including a requirement for the Minister to table the audited accounts and records, and for some reason that was written out of the present legislation. Why on earth did the Government leave that out? Further, there was a strong clause dealing with solvency.

Again the Opposition maintains that the solvency conditions laid down in 1983 are not covered in this Bill. All of those matters have finally been acknowledged by the Government and it has placed a number of amendments on the Notice Paper. We acknowledge that in some cases they are in better form than Opposition amendments and we will accept some of them. There was no need; surely to goodness, whoever drafted this Bill should have taken into account the 1983 debates and the feelings of the Parliament and indeed the industry and should have written them into this legislation. This whole mess would have been avoided if it had done so. Instead, it has become a lengthy, messy debate in which the industry and members of Parliament have quite properly become upset. The Government has been severely embarrassed. This matter has already passed through the Assembly; the Government rushed it through the Assembly despite the protestations from the National Party and the Liberal Party, and it has now reached the stage where the penny has finally dropped. The industry convinced members of this Chamber that something ought to be done and the Government, adding up numbers as well as it can and recognising it could well suffer defeat, finally brought in the amendments we see on the Notice Paper. The Government would not have done so had it not realised it could have lost the Bill.

Again this shows the value of the Legislative Council in reviewing legislation. The Government has introduced amendments and it recognises our amendments are needed, but we should recognise there was a deliberate move to try to avoid some of the provisions placed in the previous Act. Having said those things, and having suggested some significant amendments which will achieve many of the things we wanted, bearing in mind we want to add further amendments; as we go through the Committee stage we will obviously ask questions and I will make it clear that at some stage we will not proceed with our amendments but we will accept Government amendments. On other occasions we will press for our amendments, but we will accept the Government's amendments together with our amendments to those amendments. We will probably not proceed with our amendments but in certain cases the Government's amendments do not fulfil what we are looking for so we will need to make some additions and changes.

The Attorney General has already helped me on at least one occasion with better wording for our amendments and I am confident that, having thought carefully about it, he will accept our amendments and it will save a lot of time. Let us hope we proceed along those lines, with one proviso: Come hell or high water we will make sure that the Attorney General honours his promise about the watchdog committee. That promise must be kept.

Hon. MAX EVANS: I thank the Attorney General for his replies, and for giving credit where it was due. One of the points which concerns me is the accountability of the public sector. Here we have two public bodies being restructured and amalgamated. The NCSC has very stringent rules about the information which should be available to the public relating to such amalgamations—information such as the profitability of the companies and the proposed structure. The “i’s” must be dotted and the “t’s” crossed. Here we have two public bodies—not the sorts of bodies to which we generally refer, and in which we are able to buy shares—which in effect are owned by the taxpayers of Western Australia. I believe these two companies should be subject to the same level of accountability. They should be required to provide the financial information I am seeking. What is to be the projected structure of the new body? What about the MVIT building? Will that go across to the corporation and thus increase its paid up capital, to improve the solvency ratio? These are questions which would have been answered by the provision of a projected balance sheet. I would be very disappointed if the SGIO had not done these projections, and had not waited for the end-of-year figures. Of course, it can slot in the figures relating to unfunded and actual liabilities and the like as at any particular date. It is all part of the information which any other body proposing this type of amalgamation would be required to provide.

On reading the figures, I find the trust has another \$11.4 million up its sleeve. Government accounting methods really fascinate me. The MVIT has \$11.4 million of accrued interest which was not included in the accounts. That reduced the deficit last year from \$32 million to \$21 million. This year, the deficit may decrease even further to the point where the MVIT is solvent. However, that improves the situation; it reduces the deficit and indicates there was no real reason the MVIT should be taken over by another body.

Finally, as a public company, it should be providing us with projections on the bottom line as to what it expects to make out of the amalgamation. This should not be secret; it should be provided. After all, we will know at the end of the year how the corporation has performed. The projections should be provided now, so that all members and the public are confident about what is going on.

Hon. J. M. BERINSON: It goes without saying that I respect Mr Evans’ professional capability. It is very natural for him to draw public company comparisons when dealing with the merger of the MVIT and the SGIO. With due respect, however, I point out that the attraction of that comparison is superficial because when dealing with the merger of two private companies one is concerned that the interests of two different groups of shareholders should be properly protected, while the shareholders of the SGIO and the MVIT are the same; they are the public. There is no conceivable way in which the merger as such, as a matter of exchange of interests, could cause detriment to anybody. The assets and liabilities of both organisations are well-known and are fully documented and have been publicly disclosed, and the merger will result in the two sides of those factors being brought together.

I hesitate to suggest to Mr Evans that something so close to his own field of expertise might not justify the attention which he believes ought to be given to it. I point out that the position is as I have stated and, whether we have projected balance sheets or not, nothing will change and no individual’s interests will be affected one way or the other.

**Clause put and passed.**

**Clauses 2 and 3 put and passed.**

**Clause 4: State Government Insurance Commission established as a body corporate—**

Hon. G. E. MASTERS: Clause 4 (3) refers to the commission as being an agent for the Crown “except as otherwise prescribed”. Obviously the Crown enjoys certain immunities and privileges. I would like the Minister to comment on those immunities. Obviously the private sector would not want the new corporation to enjoy any immunities to which it was not entitled. I guess they will be publicised and have a regulation to ensure that the information is available to the public.

Hon. J. M. BERINSON: The main overriding immunity which is sought to be preserved is the immunity from Commonwealth company tax and I link to that the ques-

tion of the immunity of State insurance from Commonwealth powers as a constitutional matter. That is the main interest.

Hon. G. E. Masters: Vehicles and all that sort of thing.

Hon. J. M. BERINSON: Income tax and sales tax all come under the same heading.

Hon. G. E. Masters: The Government's purchasing power is quite enormous. Does it enjoy the privileges of that power?

Hon. J. M. BERINSON: The purchasing power is a matter of commercial power. That is not a matter which brings into question notions of State immunities.

Hon. G. E. MASTERS: I am concerned about the words "as otherwise prescribed" in clause 4 (3). I assume the regulations will be laid on the Table of the House as a method of advising those people who are interested about what is happening?

Hon. J. M. BERINSON: I accept that as reflecting the proposition.

Hon. MAX EVANS: Will the commission pay tax to the Government in the same way as the corporation?

Hon. J. M. BERINSON: The commission does not pay taxes, but the corporation does.

Hon. MAX EVANS: If the corporation pays tax to the commission, how will that money get back to the Government?

Hon. J. M. BERINSON: The position in respect of the corporation will be the same as in respect of the SGIO now in that payments in lieu of taxation will be paid directly into CRF.

Hon Max Evans: What happens if the commission makes a profit? Would it pay equivalent taxes to the State Government?

Hon. J. M. BERINSON: The payment in lieu of taxes, as I understand it, applies only to the corporation. There is no similar provision in respect of the commission. Basically that is because the commission is really structured not to produce profits but to cover contingencies and to build up reserves against contingencies. Clause 18 (2) of the Bill provides that where there is a surplus in one of the commission's funds, the commission with the approval of the Treasurer, may transfer the amount, or portion of the amount, of that surplus to another of the funds, the Consolidated Revenue Fund, or any other fund or account.

**Clause put and passed.**

**Clause 5 put and passed.**

# **Clause 6: Functions—**

Hon. G. E. MASTERS: This clause and clause 7 will be amended by the Attorney General. As the Attorney's amendment covers the matters raised by the Opposition's proposed amendments, I do not now intend to proceed with those amendments.

Hon. J. M. BERINSON: I move an amendment—

Page 5, line 1—To insert before "to" the following—

subject to section 7(5),

This amendment has to be considered with my listed amendment to clause 7. It has the effect of implementing one of the proposed provisions of the amendment to clause 6 as previously listed by Mr Masters.

Hon. G. E. MASTERS: The Opposition supports the amendment. It refers to a further amendment of the Attorney General. It is very similar to our amendment.

**Amendment put and passed.**

**Clause, as amended, put and passed.**

# **Clause 7: Powers—**

Hon. J. M. BERINSON: I move an amendment—

Page 6, after line 26—To insert the following subclauses—

(5) Without limiting the generality of subsection (6), the Commission shall ensure that the reinsurance of risks arising from its function under section 6(c) is open to competitive bids within the insurance industry and is not directed preferentially to the Corporation.

(6) In the performance of its functions the Commission shall not do any act or thing so as to confer an unfair commercial advantage on the Corporation.

Hon. G. E. MASTERS: This is the first of the amendments that have been heavily pressed for by the Opposition. It deals with the insurance arrangements of Government departments and instrumentalities. The Attorney General will well recall the debate in 1983 when the Opposition placed these matters in the existing Act. I am quite happy that Government instrumentalities are now able to carry out their own insurance if they wish, but if there is a question of reinsurance and those departments and instrumentalities want to place their



insurance arrangements outside the self-insurance schemes, they will be open to competitive tender. In a further amendment it is noted that brokerage will be paid. I can see no reason to oppose the Government's amendment. I say only that it should have been included in the Bill in the first place. Nevertheless, the fact that the Opposition has had it placed in the legislation is an achievement. Thus we will support the amendment.

**Amendment put and passed.**

**Clause, as amended, put and passed.**

**Clauses 8 and 9 put and passed.**

**Clause 10: Directions by Minister—**

**Hon. G. E. MASTERS:** I move an amendment—

Page 7, line 11—After the word "matter" to insert the following—

excepting that the Minister shall not give directions to the Commission so as to confer an unfair commercial advantage on the Commission,

This amendment is not reflected in the Attorney General's amendment. I guess the amendment is self-explanatory. Under this legislation, the chain of command is that under clause 10 the Minister is able to direct the commission and that under clause 36 the commission can give direction to the corporation. Thus, the chain of command goes from the Minister to the commission to the corporation. I know that it has been said in another place that the commission will not give directions so as to confer an unfair advantage on the corporation, but we are saying that neither should the Minister be able to confer an unfair advantage on the commission. Thus I think it is a reasonable proposition.

It should be noted that the Victorian State Insurance Act places the same sort of requirement. On page 10 of that Act it says—

The Minister shall not make any determination under subsection (5) so far as to confer a commercial advantage on the office.

Thus the Victorian legislation is quite clear. I can see no reason why it should not apply in this legislation. If the Attorney is dinkum, as he appears to be, in saying that no unfair advantage will be conferred, he will accept an amendment to make sure that that is so.

**Hon. J. M. BERINSON:** Earlier this evening I had to confess to Mr Charlton that I was unable to argue the merits or demerits of the deficit in the Victorian equivalent of our

MVIT. In the same way, I am not in a position to argue the merits of the Victorian Act to which Mr Masters referred, if only because I do not have it and have never read it. I am therefore not in a position at the moment to suggest how relevant the provisions of the Victorian Act are to our own.

However, the Government opposes this amendment. It does so on the simple, practical grounds that it would serve no purpose and that it is very difficult to suggest how it might even make any sense. Mr Masters' amendment seeks to include a provision precluding the Minister from giving directions to the commission which would confer an unfair commercial advantage upon the commission. The reason that does not seem to raise any relevant consideration is that the commission is not in competitive commercial activity. It deals with only three matters. The first is self-insurance, which is not competitive; the second is compulsory insurance, namely, the MVIT, which is not competitive; and the third is what has been generally described as social insurance, namely, the industrial diseases cover which is again non-competitive. It therefore does not make sense to preclude the Minister from giving directions that would have the effect that Mr Masters wants.

One of the advantages in my taking so long with that explanation is that it has given me the opportunity to obtain some advice on the Victorian legislation. Even though I know nothing about the Victorian legislation, other people do. I have been advised that the difference is that the Victorian office which is covered by the clause quoted to us combines competitive insurance in a way that this Bill does not.

**Hon. G. E. MASTERS:** The Minister has said that it is not likely that the Minister could confer on the commission an unfair competitive advantage because the commission is not in the competitive field. However, it is possible that the commission could do other things. I refer the Chamber to clause 7(f) which sets out some of the powers of the commission, including establishing any business undertaking. I refer members to the definition of "business undertaking" in clause 3.

As I read this legislation the Minister could direct the commission to set up another corporation, perhaps to handle specialised insurance or some other matter. The commission could then set up another corporation—not the one we are talking about in this legislation—which might have an unfair advantage.

If there is any doubt at all—and I think there is in this case; that is what some fairly expert opinion is—there is no harm in placing this provision in clause 10. The Attorney General and the Premier have said the last thing they want is for the commission or the corporation to enjoy any unfair advantage. The Government instrumentality is not to enjoy an unfair advantage. Where doubt exists, there can be no harm in inserting these words in the clause. If the Government's intention regarding unfair advantage is correct, let us put it in the legislation.

Nowadays we hear Ministers giving assurances that there are no problems, but this should be written into the legislation so that there is no doubt at all. This Minister should not be able to direct the commission to obtain any unfair advantage.

Hon. MAX EVANS: I should like to point out the Victorian scheme. The New South Wales and Victoria CTP schemes are in financial tatters. They have been run by the SGIO in New South Wales and Victoria. The Victorian Labor Government has realised the folly of leaving CTP in the hands of the SGIO. It has a Bill before the Parliament called the Transport Accident Bill to be managed by a separate body.

The Rothwell report suggested that workers' compensation, the transport accident commission and industrial diseases business should be set up as a separate authority. That could still be done and it would improve the financial standing of the new corporation.

Hon. J. M. BERINSON: The potential need for the amendment which the Leader of the Opposition has now outlined seems to be to reflect confusion between "powers" and "functions".

I refer to clause 7 (2) (f). Clause 7 (1) indicates that other powers relate to things necessary or convenient to be done for or in connection with the performance of its functions. The functions of the commission are limited by the provisions of clause 6. These preclude the commission from going into other sorts of insurance such as those suggested by the Leader of the Opposition.

I again suggest to the House that this amendment does not serve the purpose for which Mr Masters is apparently arguing. Since the commission is to be engaged in non-competitive activities, reference to restriction or instructions precluding it from unfair advantage in competitive situations is clearly inappropriate.

Hon. E. J. CHARLTON: The provision in clause 10 specifies it is not possible for the commission to be involved in any other operations, therefore the Minister would not have the power to be involved in that other area.

Hon. J. M. Berinson: I think Mr Charlton and I are agreed.

Hon. E. J. CHARLTON: I was asking whether that was the position.

Hon. J. M. Berinson: I think that is clearly the position I put earlier.

Hon. G. E. MASTERS: That is contrary to the advice I have. My advice is that it is quite possible, following the line I have just mentioned, for the commission to become involved in the setting up of another business undertaking. If there is some doubt—and there may be areas that we have not been able to pick out due to the sheer volume of documents from the industry itself; it would be impossible for me with my rather untrained mind to absorb them all—there would be no harm in including this provision.

We all agree, even the Government, that the Minister shall confer no unfair advantage. Those are the words used by the Premier and everyone else. If there is doubt, what reason could there be for the Government to oppose the placing of those words in the clause if the intention is that there should be no unfair advantage?

All one can say in this case is that it may not be needed. We say it may be needed. There is no harm in putting the words in. It does not restrict the Minister or the commission. It has no powers other than to say that there shall be no unfair advantage.

The whole purpose of this legislation, and every submission made by the Government, has been to reassure the industry there will be no unfair advantage. Let us start with the Minister at the top of the tree, because the Minister, through the process I have already mentioned, may be able to give some advantage. The last thing we want is for that to happen.

Hon. J. M. BERINSON: I do not know that I can take this any further, but I will try once more. It seems to me that whatever the concerns of the insurance industry are, they cannot go beyond the concern that the operation of the industry might be unfairly disadvantaged by unfair competition from the commission.

I have already indicated the limits of the commission's scope. Even Mr Masters agrees to this much—that the scope of its insurance activities does not carry it into any competitive fields where questions of fairness or unfairness in respect of private insurers would arise.

Hon. G. E. Masters: But it may allow them to go into or be involved in other business undertakings.

Hon. J. M. BERINSON: Even on that basis, however, it is impossible to envisage how an unfair advantage could accrue to its insurance activities as opposed to the activities of the private insurance industry. However, it seems to me that we have now covered the same field two or three times, and for my part I am quite happy to let the Chamber determine its position.

**Amendment put and a division taken with the following result—**

**Ayes 16**

Hon. C. J. Bell	Hon. G. E. Masters
Hon. J. N. Caldwell	Hon. Tom McNeil
Hon. E. J. Charlton	Hon. N. F. Moore
Hon. Max Evans	Hon. Neil Oliver
Hon. V. J. Ferry	Hon. P. G. Pendal
Hon. H. W. Gayfer	Hon. W. N. Stretch
Hon. A. A. Lewis	Hon. D. J. Wordsworth
Hon. P. H. Lockyer	Hon. Margaret McAleer

(Teller)

**Noes 16**

Hon. J. M. Berinson	Hon. Robert Hetherington
Hon. J. M. Brown	Hon. Garry Kelly
Hon. T. G. Butler	Hon. B. L. Jones
Hon. D. K. Dans	Hon. Mark Nevill
Hon. Graham Edwards	Hon. S. M. Piantadosi
Hon. John Halden	Hon. Tom Stephens
Hon. Kay Hallahan	Hon. Doug Wenn
Hon. Tom Helm	Hon. Fred McKenzie

(Teller)

The DEPUTY CHAIRMAN (Hon. John Williams): There being a tied vote, the question is resolved in the negative.

**Amendment thus negatived.**

**Clause put and passed.**

**Clauses 11 to 28 put and passed.**

**Clause 29: Board of directors—**

Hon. J. M. BERINSON: I move an amendment—

Page 17, line 15—To delete "his case" and substitute the following—

the case of that director

This amendment is just a matter of terminology and arises from comments made by the Opposition in the Assembly. It was there said

that it would be more consistent with the sex neutral drafting of the Bill to replace the reference to "his" by a reference to "that director". It was such a progressive suggestion from the Opposition that it was accepted with alacrity and an undertaking was given to implement it in this Chamber. The amendment now before the Committee is for that purpose.

**Amendment put and passed.**

**Clause, as amended, put and passed.**

**Clause 30 put and passed.**

**Clause 31: Powers—**

Hon. J. M. BERINSON: I move an amendment—

Page 19, after line 11—To insert the following subclause—

(5) Where a department, authority or instrumentality of the Government proposes to arrange or renew insurance in lieu of or in addition to self insurance arrangements—

(a) that insurance business shall be open to competitive bids within the insurance industry without being preferentially directed to the Corporation; and

(b) where that insurance business is placed with the Corporation brokerage shall be payable by the Corporation on a normal commercial basis.

The purpose of this amendment is to implement another part of the amendment originally listed by Mr Masters in respect of clause 6 of the Bill.

Hon. G. E. MASTERS: The Government has again paid heed to calls from the industry, and certainly from the Opposition. The amendment deals with competitive bids in Government business and also with those other matters that we raised along those lines. The competitive bidding issue is particularly important, and I am assured that the amendment covers those matters we wanted to cover.

**Amendment put and passed.**

**Clause, as amended, put and passed.**

**Clause 32 put and passed.**

**Clause 33: Corporation to comply with insurance laws—**

Hon. J. M. BERINSON: I move an amendment—

Page 19, line 19—To delete “Except as otherwise determined by the Minister the” and substitute the following—

(1) The

This amendment reflects an undertaking given by the Government in the Legislative Assembly and has the effect of removing ministerial discretion over the commission’s requirement to comply with the Commonwealth’s solvency ratio.

Hon. G. E. MASTERS: Clause 33 is an all-important clause as far as we are concerned. The words “Except as otherwise determined by the Minister” are words to which we took exception as did other people who were deeply concerned. This is just the start of the amendment we want to see to this clause because we have strong reservations about it. We will move amendments to the Government’s later amendment after we have dealt with this one. We support this amendment.

Hon. H. W. GAYFER: The National Party also takes exception to these seven words, so we too support the amendment.

**Amendment put and passed.**

Hon. J. M. BERINSON: I move an amendment—

Page 19, after line 30—To insert the following subclauses—

(2) As soon as practicable after each financial year the Commission shall furnish the Minister with a certificate stating whether the Corporation has complied with subsection (1)(b) in respect of that financial year.

(3) Subject to subsection (4), the Minister shall cause—

(a) the accounts and statements supplied under subsection (1)(a); and

(b) the certificate furnished under subsection (2),

in respect of a financial year, to be laid before each House of Parliament within 14 sitting days of such House after the Minister has received both those accounts and statements and that certificate.

(4) Paragraph (a) of subsection (3) shall be deemed to have been complied with if the accounts and statements referred to therein are laid before each House of Parliament within the time specified in that subsection to the extent and in the form that comparable information is customarily published in the annual reports of the Insurance Commissioner appointed under the *Insurance Act 1973* of the Commonwealth and the Life Insurance Commissioner appointed under the *Life Insurance Act 1945* of the Commonwealth, respectively.

(5) This section shall have effect notwithstanding the *Financial Administration and Audit Act 1985*.

(6) Except as otherwise determined by the Minister the directors shall, in addition to causing the Corporation to comply with the requirements mentioned in subsection (1), cause the Corporation to comply with all other requirements imposed on insurers carrying on business in the State by or under Acts of the Commonwealth relating to insurance, other than a requirement which it is unlawful, impracticable or inappropriate for the Corporation, being a body established under an Act of the State, to comply with.

(7) The Minister shall not make any determination under subsection (6) so as to confer an unfair commercial advantage on the Corporation.

The DEPUTY CHAIRMAN (Hon. John Williams): The Leader of the Opposition now has to move his amendments, because we will be dealing first with his amendments to the amendment moved by the Attorney General.

Hon. G. E. MASTERS: The best thing for me to do would be to read out my amendment with a brief explanation and then debate the matter afterwards. I will be moving an amendment to replace subclauses (6) and (7) of the Minister’s amendment. The amendments I am putting forward as subclauses (6) (7) and (8) revise the Government’s subclauses (6) and (7). I move—

That the amendment be amended by deleting subclauses (6) and (7) in the amendments proposed by the Attorney General and substituting the following:

- (6) Subject to subsection (7), the directors shall, in addition to causing the Corporation to comply with the requirements mentioned in subsection (1), cause the Corporation to comply with all other imposed requirements on insurers carrying on business in the State by or under Acts of the Commonwealth relating to insurance.
- (7) Regulations may exempt the Corporation from complying with any of the requirements imposed on insurers by the laws of the Commonwealth relating to insurance.
- (8) Subsection (7) does not authorize the making of a regulation that would confer an unfair commercial advantage on the Corporation.

As I said previously, we consider this to be a very important clause. Members will note that the Opposition itself has a substantial amendment to this clause, a rewrite which follows the amendment we are dealing with at the moment. In some circumstances the Government's amendment is an improvement and perhaps I should make a reference to that matter.

There is a requirement in subclause (2) in the Government's amendment which says that as soon as practicable after each financial year the commission shall furnish the Minister with a certificate stating whether the corporation has complied with subsection (1) (b). We think the provision of a certificate is an advantage and an improvement on the amendment I would have moved. However, in subclause (6) we get right back to where we started because members will recall that clause 33 of the Bill contains the words—

Except as otherwise determined by the Minister the board of directors shall cause the Corporation to—

Then it goes on to list certain things. In the Government's amendment the words used are, "Except as otherwise determined by the Minister", and it goes on to say that the directors shall then do certain things. The Minister may have to make those sorts of decisions in certain circumstances. However, we are very suspicious of what the Government may do, and with good reason. In my amendment we say there should be regulations to that effect and that subject to subsection (7) the directors shall

do certain things. My amendment goes on to say that the regulations may exempt the corporation from complying with any of the requirements imposed on the insurers by the laws of the Commonwealth, etc.

If the Minister is going to make some sort of determination which will relieve the board of certain requirements, those exemptions should be publicised by way of regulations in the *Government Gazette*. They should be open to public scrutiny so the industry or anybody else can make a judgment on whether the Minister has made the right decision, and whether there was any unfair advantage. The regulations should be tabled in the House. If the Minister is going straight down the line, the regulations will not be challenged, but if something is wrong they could be challenged in either House.

It is no good tabling the papers because they cannot be changed; they can only be debated. This needs to be done by way of regulation, and I believe that is a reasonable request.

The Minister in his amendment uses these words: "Other than a requirement which it is unlawful, impracticable or inappropriate...". Obviously the Minister will not give an unlawful direction to the commission or the corporation. Who will determine whether a requirement is impracticable or inappropriate? If the private sector were able to make a decision on whether certain laws were inappropriate or impracticable, it would have a field day.

We are supposed to be playing this straight down the line; it is all supposed to be above-board. It is not likely the Minister will make a silly decision. We think the Government has changed clause 33 so that it ends up with exactly the same result as before and the Minister can grant exemptions, and there are a number of loopholes. We are talking about solvency, minimum valuation basis requirements, and all those things we considered of the utmost importance during the debate in 1983.

I ask members to support the Opposition's amendment to the Government's amendment to make sure there is ample opportunity for the public to know what the Government is doing, and so there will definitely be no loopholes which will enable the commission and the corporation to escape the requirements imposed on the private sector. I come back to the question mark: Fairness, or unfair advantage? If this Bill is to bring fairness into the insurance industry's operations, the Opposition's amendment must be supported.

Hon. J. M. BERINSON: There appears to be no argument in relation to the first five subclauses of my amendment, and I therefore do not comment on those. In respect of Mr Masters' further amendment, the difference comes down to that between a determination and a regulation. My position on this is that my amendment fully protects the competing industry against any conceivable legitimate concern. Subclause (7) of my amendment repeats a provision which now appears in several parts of the Bill, precluding the Minister from making any determination which would confer an unfair commercial advantage on the corporation.

That limits what the Minister can determine under clause 6, and the limitation is not extended by the form in which the decision is made—that is, by determination or regulation. It therefore appears to me that the position sought to be protected is fully covered by the Government's amendment, and for that reason I urge the Chamber not to support the further amendment moved by Mr Masters.

Hon. G. E. MASTERS: The fact remains that the Minister may give a secret direction if he so wishes and no one will ever know whether it is fair or unfair. There should not be secret directions. The Minister may make a determination, but how will people find out what sort of direction he has given? If the Government is above-board and has nothing to hide, and is absolutely determined to bring fairness into this legislation, what is wrong with doing it by regulation?

Let us make it open and above-board, and let people understand what sort of direction the Minister is giving. If there is nothing to hide, let us have it out in the open. The New South Wales legislation contains a similar provision to the proposal put forward by the Opposition. I quote from the New South Wales Insurance (Application of Laws) Bill 1986 as follows—

Except to the extent to which the regulations otherwise provide and subject to any modification specified in the regulations, the provisions of—

- (a) The Insurance Contracts Act 1984 of the Commonwealth, as in force from time to time; and
- (b) any instrument in force under that Act.

I draw attention to the words, "Except to the extent to which the regulation otherwise provide". I quote now from the Application of Insurance (Agents and Brokers) Act 1984 of the

Commonwealth in which these words are used—

Except to the extent to which the regulations otherwise provide and subject to any modifications specified in the regulations, the provisions of—

- (a) the Insurance (Agents and Brokers) Act 1984 of the Commonwealth, as in force from time to time; and . . .

It goes on—

apply as laws of New South Wales to and in respect of—

- (c) State insurance;

Let us do the same thing; let us do it by regulation without secret direction.

**Amendment on the Amendment put and a division called for.**

**Bells rung and the Committee divided.**

The DEPUTY CHAIRMAN (Hon. John Williams): Before the tellers tell I give my vote with the Ayes.

**Division resulted as follows—**

**Ayes 17**

Hon. C. J. Bell	Hon. Tom McNeil
Hon. J. N. Caldwell	Hon. N. F. Moore
Hon. E. J. Charlton	Hon. Neil Oliver
Hon. Max Evans	Hon. P. G. Pandal
Hon. V. J. Ferry	Hon. W. N. Stretch
Hon. H. W. Gayfer	Hon. John Williams
Hon. A. A. Lewis	Hon. D. J. Wordsworth
Hon. P. H. Lockyer	Hon. Margaret McAteer
Hon. G. E. Masters	(Teller)

**Noes 16**

Hon. J. M. Berinson	Hon. Robert
Hon. J. M. Brown	Hetherington
Hon. T. G. Butler	Hon. Garry Kelly
Hon. D. K. Dans	Hon. B. L. Jones
Hon. Graham	Hon. Mark Nevill
Edwards	Hon. S. M. Piantadosi
Hon. John Halden	Hon. Tom Stephens
Hon. Kay Hallahan	Hon. Doug Wenn
Hon. Tom Helm	Hon. Fred McKenzie
	(Teller)

**Amendment on the Amendment thus passed.**

**Amendment, as amended, put and passed.**

**Clause, as amended, put and passed.**

**Clauses 34 and 35 put and passed.**

**Clause 36: Directions by the Commission—**

Hon. G. E. MASTERS: We have come back to virtually the same argument that has persisted throughout the debate on this legislation; that is, unfair advantage. I use those words because they are the words which were used by the Premier in another place when he said that if there were found to be any unfair advantages to the State Government Insurance

Office at that time—it will now be the new commission—he would confiscate those advantages.

Clause 36 states that the commission may give directions to the corporation with respect to its function, powers and duties, either generally or with respect to a particular matter and that the corporation shall give effect to those directions.

I move an amendment—

Page 20, line 30—To insert after the word “matter” the following—

excepting that the Commission shall not give directions to the Corporation so as to confer an unfair commercial advantage on the Corporation,

That argument has been raised during the debate and I am sure that all members understand what I mean.

Hon. J. M. BERINSON: I do not argue with Hon. Gordon Masters about the principle which his listed amendment seeks to implement. I oppose the amendment because it has already been covered by the amendment previously agreed to by the Committee to clause 7.

Clause 7(6) states that in the performance of its functions the commission shall not do any act or thing so as to confer an unfair commercial advantage on the corporation. That is virtually in identical terms to Hon. Gordon Masters' amendment, except that clause 7(6) refers to “any act or thing” whereas his amendment refers to any direction. However, a direction must be within the description of any act or thing and I put it to the Committee, while not objecting to the argument Hon. Gordon Masters has advanced, that this amendment has already been accommodated.

Hon. G. E. MASTERS: The Opposition put this amendment forward before the Attorney General placed his amendments on the Notice Paper. I acknowledge that our requirement is covered under the Attorney's amendment. Having made the point, and emphasising the importance of any unfair advantage, I acknowledge that it is covered and for that reason I will not continue with my amendment.

Amendment, by leave, withdrawn.

Clause put and passed.

Clauses 37 and 38 put and passed.

#### Clause 39: Capital of the Corporation—

Hon. MAX EVANS: I ask the Attorney General in his capacity as Minister for Budget Management whether the Government will put any funds in the commission to take up shares in the corporation.

Hon. J. M. BERINSON: No.

Hon. MAX EVANS: I have been doing some work on the balance sheet to ascertain how it will be structured. I ask the Attorney General how it will be financed? How will the Government take up the capital of \$20 million and will it be by cash or journal entry? If I had been given a projected balance sheet when this Bill was introduced I would have been more aware of the circumstances and would not have asked so many questions.

Hon. J. M. BERINSON: In order to answer this question I have to jump forward a little to page 37 and those following which list the transitional provisions. In the first instance the assets and liabilities of the MVIT and SGIO are vested in the commission. That follows from sections 2 and 9 of the transitional provisions to which I have referred. These assets and liabilities are to be held to the credit of the general fund of the commission and it will then apportion those assets and liabilities to other separate funds of the commission under section 18 of the transitional provisions. At this stage the remaining assets and liabilities in the general fund will be those relating to the competitive activities of the SGIO. The commission will then transfer to the corporation those remaining assets and liabilities in consideration of not less than \$20 million-worth of shares. In other words the remaining fund will be not less than \$20 million.

Clause put and passed.

Clause 40 put and passed.

#### Clause 41: Application of *Financial Administration and Audit Act 1985* to the Corporation—

Hon. MAX EVANS: At the moment a private auditing firm audits the accounts of the MVIT. In future the MVIT will be part of the commission and the corporation. Will the Auditor General audit the accounts for the whole lot or will private firms be involved?

Hon. J. M. BERINSON: I believe I indicated to Mr Evans in an earlier debate that there is a provision within the Financial Administration and Audit Act which permits private auditors to be engaged. However, no decision has been

made in respect of the audit arrangements for the commission.

**Clause put and passed.**

**Clauses 42 to 45 put and passed.**

**Clause 46: Repeal and amendments—**

Hon. J. M. BERINSON: I move an amendment—

Page 26, lines 7 and 8—To delete "*General Insurance Brokers and Agents Act 1981*" and insert the following—

*Fire Brigades Act 1942*

The proposal to delete the words follows from the repeal of the relevant Act and the words proposed to be added are to remedy an omission in the original drafting.

**Amendment put and passed.**

**Clause, as amended, put and passed.**

**Clause 47 put and passed.**

**New clauses 48 to 50—**

Hon. H. W. GAYFER: I move—

Page 26—To insert after clause 47 new clauses 48, 49 and 50 as follows—

**Oversight by parliamentary committee**

48. (1) There is hereby established a committee of the Parliament comprising 3 persons, being members of Parliament, of whom 1 shall be appointed by the Premier, 1 by the Leader of the Opposition, and 1 by the Leader of the National Party of Australia and each person so appointed shall hold office until the day on which Parliament first meets following a dissolution of the Legislative Assembly but may be re-appointed from time to time.

(2) Any member of the committee may resign by writing addressed to the person who made the appointment and, subject to subsection (1), a vacancy occurs when a member of the committee ceases for any reason to be a member of Parliament and any vacancy shall be filled by the person who made the original appointment:

Provided that any member so appointed shall hold office for the balance of the term of the member vacating and is eligible for reappointment.

(3) Any 2 members constitute a quorum.

#### **Functions and Powers**

49. (1) The committee's functions are to oversee the conduct and management of the Corporation's and Commission's affairs, to ensure that neither the Commission nor the Corporation receive any improper or unfair advantage or preference over their competitors in the insurance industry, and to ensure the Corporation's compliance with the requirements of section 32.

(2) Without further authority being required than this subsection, the committee has all the powers of a committee of either House whether derived from section 1, or conferred by the subsequent provisions, of the Parliamentary Privileges Act 1891.

(3) Notwithstanding the provisions of any written law, rule, or custom, the committee may meet and transact business and exercise any power conferred by subsection (2) following a prorogation of Parliament or a dissolution of the Legislative Assembly and anything done or said at such meeting or resulting therefrom is valid or protected, as the case may be, as if that prorogation or dissolution had not occurred.

#### **Administration**

50. The servicing and administration of the committee shall be arranged and performed by agreement between the Clerks of both Houses and not otherwise.

New clause 48 relates to oversight by a parliamentary committee; new clause 49 establishes the functions and powers of that committee; and new clause 50 establishes the administration of the committee.

I do not intend to go on at great length about my comments before the dinner suspension and afterwards. Indeed, 1½ hours of speeches indicated the need for the Committee to agree to these provisions.

When replying to the second reading debate the Attorney General said that there appeared to be no need to appoint a committee when the



SGIO Bill was proclaimed on 1 July, purely and simply because it had only three weeks to run. I make the point again that on page 3248 of *Hansard*, 18 October 1983 the Premier is reported as saying—

I am prepared to go as far as to say that if the legislation passes the Parliament, we will appoint a committee . . .

Whether or not there are three weeks to go before the legislation is introduced or whatever the argument was, the Premier definitely stated, and both Houses agreed, that a committee would be appointed as soon as the legislation passed Parliament. It is in the book and that is good enough for me.

All the huffing and puffing of the Attorney General that there was grandstanding and play-acting does not get over the fact that a promise was made. It does not get over the fact that some of us want that promise honoured. That is the spirit in which we passed the original Bill. We have been offered the appointment of a committee; we have been told that the committee would be appointed, and we have passed the legislation because of that promise. Therefore before we go any further the provision for a watchdog must be included in the legislation. It must not be left to chance that it will be included in some other way.

New Clause 48 is worded in the same terms as the Premier's proposal in the Assembly debate. There can be no argument about the words used because they are words which were agreed to by both the Legislative Assembly and the Legislative Council at another time.

In new clause 48, the functions and powers of the committee are very carefully laid out and I do not think there can be any argument about them whatsoever. New clause 50 deals with the servicing and administration of the committee so that no charge is put upon the Crown. The clause uses the usual parlance for the administration of such a committee—that it will be “performed by agreement between the Clerks of both Houses and not otherwise”. I have received advice that this is the correct way to incorporate this without creating a charge against the Crown.

Hon. G. E. MASTERS: The Liberal Party strongly supports the amendments moved by Hon. Mick Gayfer. We do so for very good reasons, as Hon. Mick Gayfer earlier in the debate made loud and clear.

No matter what Government members say in this Chamber, there is no doubt at all that statement after statement by speakers this

evening have indicated a firm and absolute commitment to the establishment of a watchdog committee to oversee the activities of the State Government Insurance Commission. The legislation was proclaimed and commenced operation on 1 July 1986. I made the point earlier when the Chamber was discussing the short title of the Bill that the Government should have set up that committee, even if it was only for three weeks, because there are very good reasons to suggest there should be a parliamentary watchdog committee.

I pointed out earlier that the Attorney General, when he made a statement about the watchdog committee, proposed that the Public Accounts Committee should be used for that purpose. The Public Accounts Committee comprises three members of the Labor Party, one Liberal Party member and one National Party member. It is heavily weighted in the Government's favour, and members know that Labor Party members are totally and completely directed by the Premier and do not have any flexibility at all. The Liberal Party supported the committee promised by the Premier purely for its composition and its ability to investigate without interference at all.

The Premier, I understand, has suggested in a number of statements that the proposed committee would have draconian powers. I am sure that no-one would really believe the Premier when he makes that sort of statement, for this committee will be composed of three members of Parliament representing all the political parties here. It could comprise the Attorney General, Hon. Mick Gayfer and myself. That is a possibility and to cast doubt on our integrity, as the Premier did, is quite wrong. The committee equally could comprise Hon. Mark Nevill, Hon. Tom McNeil and Hon. Max Evans. This Chamber received an absolute commitment in a message from the Legislative Assembly that the committee would be set up, and that is the reason the legislation was passed.

The Premier sent a letter to Mr Reg Trigg, the group manager of the western zone of the Insurance Council of Australia, which has been quoted extensively by Hon. Mick Gayfer. In the letter the Premier set out reason after reason for the lack of need for the committee to be established. I want to make some reference to the letter, although it has already been extensively quoted. In the letter the Premier said—

. . . a similar proposal for a Committee was put forward, and the Government supported a Standing Committee of Parlia-

ment, although it opposed the Committee being established as part of the legislation.

We must establish first of all the fact that the Premier again has committed himself to setting up the committee. The letter continued—

That Standing Committee was not proceeded with because the legislation was not proclaimed at the time.

The Bill was proclaimed on 1 July. The letter continued—

The Bill currently before the House contains specific safeguards to ensure the competitive neutrality of the Government's insurance activities.

I ask members to consider closely the words, "specific safeguards". The Premier then continued with a number of other matters. While we are at that point—

The DEPUTY CHAIRMAN (Hon. John Williams): Order! There is far too much audible conversation. Members are having difficulty hearing the speaker.

Hon. G. E. MASTERS: I would ask members to look now at some of the competitive advantages that the new SGIC will have immediately. It is guaranteed capital funding by the Government; it has Government backing, and I would suggest that there is no interest, business—whether small or large—company or corporation in this State which would not love to have that sort of guarantee. That is the first obvious competitive advantage which is written into the legislation. This is the sort of competitive advantage that the SGIC will receive. It could well be that the penal constraints in the Commonwealth insurance laws will not apply to the SGIC. As I understand it, there are significant penal constraints and penalties which incur a fine of \$20 000 or 10 years in prison.

The Life Assurance Companies Act 1945 and the Insurance Companies Act 1973 enable penalties of up to \$2 000 on a person or \$10 000 on a corporate body to be applied, plus the loss of licence. I wonder whether that would apply to the SGIC.

It must also comply with the trade practices legislation. I can see nothing in this legislation which would require the SGIC to comply with that. That is despite the fact that, in another place, the Premier promised in answer to a question that the new organisation would be required to comply with the trade practices legislation.

The Premier goes on to say—

... be administered at arm's length from the Government by a Board of Commissioners.

Surely the Premier could not be dinkum about that. It must be some sort of joke. The new commission is guaranteed by the Government; therefore, it will never go broke. It is a Government instrumentality. If ever there was any doubt about the involvement of Government, we need only look at some of the provisions in the Bill. Clause 10, which we have debated already, says that the Minister may give directions. Clause 36 again says that the commission may give directions to the corporation. We go back to a situation in which the Minister may give directions to the commission; so there is a chain of command.

Clause 4 (3) says—

The Commission is an agent of the Crown in right of the State and enjoys the status, immunities and privileges of the Crown except as otherwise prescribed.

Clause 7 says—

(1) The Commission has power to do, in the State or elsewhere, all things necessary or convenient to be done for or in connection with the performance of its functions.

(2) (a) With the approval of the Treasurer, ...

It goes on to say—

(c) with the approval of the Treasurer ...

We see Government involvement all the time. Clause 11 makes the same sort of statement. It says—

(3) The managing director shall be appointed by the Governor on the nomination of the Minister.

The Premier suggested that the Government will have no say in the commission. However, one can go through clause after clause of the Bill and find Government involvement; so the Government is not at arm's length.

When one looks at clause 10, one sees that the Government has its finger in the pie, so we have not been told the truth in this respect, but we are used to that.

The Premier goes on to say—

comply with the Financial Administration and Audit Act which means it will be subject to scrutiny by the Auditor General and the Parliament's public accounts committee.

We are not in favour of the Public Accounts Committee, because we believe a specific committee should be set up to do the job properly. It needs to be a specialist committee, but more particularly it needs to be a committee comprising the people the Premier promised would be on it.

The Premier then said—

observe all the solvency and other requirements imposed on private insurers under the Commonwealth legislation.

We have to tidy that up, or at least the Government now has to do so. It was only through the efforts of the Opposition that the matters in clause 33 were tidied up.

The Premier continues with statements which suggest that there is no necessity for this committee. I have demonstrated that the commission will have significant advantages; the Government is involved and it will receive Government guarantees, so there is a necessity for a watchdog committee.

I was horrified that the Premier should have made the sorts of statements he did when he criticised members of Parliament, doubting their integrity and doubting whether they would retain any information they had, and indeed, he suggested it could well become public knowledge. There must be some way that the Parliament can move to censure the Premier on this matter, because it is a slur on the integrity of members and a contempt of Parliament.

I point out again that there is no need for the Opposition to take this in the wrong light. Surely it has a commitment and obligation, as has the Premier, to set up this watchdog committee. It would cost the Government virtually nothing, it would fulfil its commitment, and it would honour the word of the Premier and bring back some sort of honour to what appears to be a dishonourable man.

I really cannot see how Government members can do anything other than agree to this proposal. If there is a division, I shall be very interested to see how members vote. Hon. Robert Hetherington made all sorts of statements supporting the Premier. He will not go back on his word; he is a man of integrity.

Hon. J. M. Berinson: You have not missed the point, have you, that that was in relation to a different Act?

Hon. G. E. MASTERS: I agree that commitment was in respect of different legislation; it related to the SGIO Bill; but earlier the At-

torney General admitted the need for a watchdog committee.

Hon. J. M. Berinson: I have not admitted that at all.

Hon. G. E. MASTERS: The Attorney General admitted that there needs to be a committee of some sort to keep an eye on it.

Hon. J. M. Berinson: I have not admitted that at all. I have simply said that the Public Accounts Committee has given itself a reference to that effect.

Hon. G. E. MASTERS: Does the Attorney General think that is not needed?

Hon. J. M. Berinson: I am not saying one way or the other, but I am certainly not saying it is necessary. I am simply stating the fact.

Hon. G. E. MASTERS: The Attorney General read some terms of reference of that committee and everyone in this House would have the impression that he supported that committee carrying out the work. All the statements made by Hon. Mick Gayfer, the Premier, the Attorney General, Hon. Robert Hetherington, and a statement to the Legislative Assembly must be complied with. It is no good to use the excuse that those statements applied to a Bill which will not last for long. A watchdog committee must be established. As there are obvious advantages for the new commission, a watchdog committee is essential and we will vote strongly in support of Hon. Mick Gayfer.

Hon. P. G. PENDAL: Both in his second reading response and in his remarks so far in the Committee, the Attorney General has, as you, Sir, know, placed great store on the assertion that, since the Act came into being a mere 23 days ago, the demands and desires of the Opposition arising out of the 1983 debate are irrelevant.

I point out the irrelevance of what the Attorney General himself has said. I remind him and his backbenchers of the fact that the overwhelming discussions in 1983 were not even about the appointment of the committee to oversee the operations of the new SGIO; at the time the overwhelming debate was as to whether this Parliament would agree to an extended franchise for the SGIO. That was the predominant part of the debate and the quid pro quo for the SGIO going into that extended franchise was a parliamentary committee. It is irrelevant whether it would have operated only for the last 24 days. The fact is that Mr Berinson would not have had his Bill proclaimed on 1 July 1986 were it not for the

fact that the assurances were given that the committee would be formed.

Indeed, it has been said before in the debates that several people on this side of the House—I was not one of them, because I voted against the Bill anyway—including the late Gordon Atkinson, in the final analysis agreed to the extended franchise of the SGIO according to the way in which the Government wanted it solely on the grounds that this overseeing committee that is the subject of so much debate now would be appointed.

That was the *quid pro quo*. Therefore the arguments the Attorney General has put up are irrelevant. Members of Government parties should remember that. We should perhaps think about withdrawing the extended franchise for the SGIO because of the fact that members in this House only agreed to the extension because of the commitments that were given, and accepted, I might add, in good faith.

That is what Government members have to face. Do they want to lose the extension of the franchise, because that is what was given by people on this side of the Chamber in the knowledge that a parliamentary committee would be set up?

A member: That was a different Bill.

Hon. P. G. PENDAL: Of course this is a different Bill, silly man, but included in the new Bill before the Committee is the extended franchise, is there not? Therefore that is irrelevant and everything that the Attorney General said has got nothing to do with the fact that people on this side of the Chamber extended the franchise for that reason.

Hon. MARK NEVILL: I want to oppose clause 48. The Opposition has impugned the motives of the Attorney General and the Premier on a number of occasions tonight, and I doubt the motives of Mr Gayfer in moving this amendment.

Hon. G. E. Masters: What do you mean you doubt his motives?

Hon. MARK NEVILL: Mr Masters is probably having one put over him because clause 48 (1) says, "There is hereby established a committee of the Parliament comprising three persons being members of Parliament, of whom one shall be appointed by the Premier, one by the Leader of the Opposition and one by the National Party of Australia." The way the National Party is making inroads into the Liberal Party, it could end up with Mr Gayfer's party having two members on this committee,

and that is one of the main reasons that I will oppose the clause.

Hon. G. E. Masters: I am sure the Attorney General is very pleased to have your help.

Hon. P. G. PENDAL: They are bringing in the heavies now!

Hon. V. J. Ferry: It was a great contribution.

Hon. TOM McNEIL: As is always the case with legislation coming before this place, members are subjected to an avalanche of mail from people who have a vested interest in legislation before the House, and things tend to become very emotive.

Because I was away when the debate was held in another place I took the trouble to read that debate, and in the back of my mind formed the opinion that I considered that the Government had taken all the necessary action it could to produce legislation in a manner which was most acceptable to the Opposition. The difficulty I have in standing here tonight and opposing the motion of my colleague Mr Gayfer is strictly because he is a member of my party. I have made my party aware of my feelings in this matter and nothing that has transpired tonight has changed my mind. Certainly last night I was in receipt of correspondence from Mr Trigg, as was Mr Gayfer and Mr Charlton. With that opinion in the back of my mind I was not able to support my colleagues' amendment, and the letter I received from Mr Trigg tended to enhance my opinion on the matter.

Being a strict politician and trying to please everyone, I accepted what I was sent last night. I know the letter has already been read out, but the term of the amendment has convinced me that there was nothing wrong with my thinking on this matter. Mr Trigg's letter states—

Members of I.C.A. wish to advise you that, subject to the main thrust of major amendments of Ministerial overview, etc., as previously discussed being accepted by the Legislative Council and by the Government, we believe that much of the need for a Standing Committee of Parliament with its inherent problems has been overcome.

The proposition put forward by the Premiers' Department then becomes reasonably acceptable but is a fall back position.

I have been a member of Parliament long enough to understand the thrust of politics, that there must be a bit of give and take, and that the only time one does not give anything is

when the party has the numbers. Never in the nine years I have been a member of Parliament have I enjoyed the spectacle of seeing a Government member come to this side of the Chamber. That is a difficult thing to accept in this House of Review. Certainly I have seen people like Hon. Sandy Lewis, Hon. Phillip Pandal, Hon. Norman Moore, and my own party colleague, Hon. Mick Gayfer, do so. This says a lot for the Opposition—it is able to accept the fact that it will vote for a matter on conscience rather than by party politics. It is not easy for me to stand here tonight and state that I will vote against my three companions; however, I do not think that an overview committee is necessary.

I do not think it will serve the purpose. A paragraph in Mr Trigg's letter states that he believed the imposition of such a committee would be an overkill situation, and I am prepared to accept that point. I have heard the argument put forward tonight by my colleague that another letter is in circulation, and all of a sudden Mr Trigg has decided that is not good enough and he now wants a committee. It gets to the stage that one does not know whether he wants it or does not want it; but I do not argue with my colleague's comments.

Mr Trigg is not a man who can be pinned to the wall by whoever decides to push him there. I know Hon. Mick Gayfer did not say that in that manner, but that is what he meant. In that respect he was referring to the two letters of some 24 hours apart. My colleague is entitled to that opinion. I know Mr Trigg and I do not think for one moment he would have been subject to pressure whereby he would have written a letter stating, on the one hand, that he thought such a committee would be needed, and on the other hand, 24 hours later deciding it was not necessary. I am not prepared to apply the sinister overtones that my colleague gives to the matter. Certainly a number of remarks have been made by members who castigate members on the other side of the Chamber. I am not prepared to do that from this side of the Committee.

The example was given in another place tonight of pressure building up in politics, and we have seen some terribly sad things happen in the other place. We are all human beings who have a decision or opinion to make and ultimately a vote to take. I inform Hon. Sandy Lewis that I did misread *Hansard* and I have to admit that and apologise. I stood up and said the member was wrong and later discovered he was right. I am courteous enough to admit this

and apologise, and there should be a bit more courtesy in this place.

However, at this time of the night I do not want to take up any more time other than to reiterate my stance on this matter. The watchdog committee will not serve the purpose intended and I oppose the amendment.

Hon. V. J. FERRY: I have no reservations in my mind at all and will certainly be voting for the amendment for the reasons that have been hammered home time and time again during the debate. The Premier and the Attorney General let the Parliament down on a previous occasion and the public of Western Australia are entitled to question their integrity. I was one of those members who, three years ago, allowed the SGIO Bill to pass on an unqualified assurance by the Premier and the Attorney General that the committee would be set up. I feel extremely hurt about the whole matter and have become terribly suspicious of the Government.

Hon. E. J. CHARLTON: The thing that leaves me cold is how an individual who supposedly represents the insurance industry went to such lengths to talk to members of Parliament about the operations of the insurance industry and has now changed his mind. I wonder whether his change of mind is consistent with the thoughts of the insurance companies which he purports to represent. I wonder how the insurance companies and individual operators view the information that has been passed on to members of Parliament.

I do not think it would do any harm to elect a committee of three from the Parliament to oversee the commission. It would be a safeguard.

I accepted the point raised by the Minister in his reply to the second reading debate when he said that the previous Act, even though it was introduced in 1983, was not proclaimed until this year. However, that Act still contains the provision for the establishment of a committee. He was correct when he said that the committee had not been established because the legislation had only been proclaimed a few weeks ago.

Nothing has been said about the further safeguards. Let us hope they are all there.

Hon. J. M. Berinson: The further safeguards are there.

Hon. E. J. CHARLTON: If they are there the role of the committee would be superfluous because it would have nothing to do.

Hon. G. E. Masters: What if there were a few loopholes?

Hon. E. J. CHARLTON: The Attorney General says there will not be any problem. It is only when a lot of problems occur that we need a committee to oversee the safeguards.

Hon. J. M. BERINSON: I believe that it was clear enough in my reply to the second reading debate that the Government strongly opposes this amendment. Given my comments earlier tonight, there is no need for me to elaborate on them.

**New clauses put and a division called for.**

**Bells rung and the Committee divided.**

The DEPUTY CHAIRMAN (Hon. John Williams): Before the tellers tell I give my vote with the Ayes.

**Division resulted as follows—**

**Ayes 16**

Hon. C. J. Bell	Hon. G. E. Masters
Hon. J. N. Caldwell	Hon. N. F. Moore
Hon. E. J. Charlton	Hon. Neil Oliver
Hon. Max Evans	Hon. P. G. Pandal
Hon. V. J. Ferry	Hon. W. N. Stretch
Hon. H. W. Gayfer	Hon. John Williams
Hon. A. A. Lewis	Hon. D. J. Wordsworth
Hon. P. H. Lockyer	Hon. Margaret McAleer

(Teller)

**Noes 17**

Hon. J. M. Berinson	Hon. B. L. Jones
Hon. J. M. Brown	Hon. Garry Kelly
Hon. T. G. Butler	Hon. Tom McNeil
Hon. D. K. Dans	Hon. Mark Nevill
Hon. Graham Edwards	Hon. S. M. Piantadosi
Hon. John Halden	Hon. Tom Stephens
Hon. Kay Hallahan	Hon. Doug Wenn
Hon. Tom Helm	Hon. Fred McKenzie
Hon. Robert Hetherington	

(Teller)

**New clauses thus negatived.**

**New clause 48—**

Hon. G. E. MASTERS: I move—

Page 26—To insert after clause 47 new clause 48 as follows—

48. (1) The Public Accounts Committee, for the time being, of the Legislative Assembly shall oversee the conduct and management of the affairs of the Commission and the Corporation to ensure that neither the Commission nor the Corporation receives any improper or unfair advantage or preference over their competitors in the insurance industry and ensure that the Corporation complies with the requirement of section 32.

(2) The Terms of Reference of the Public Accounts Committee in relation to its function under subsection (1) shall be as agreed to by both Houses of Parliament.

Obviously, I am very disappointed that the previous amendment was lost and that the committee that was promised by the Government and the Attorney General will not proceed. Nevertheless, great play has been made, particularly by the Premier, of the role the Public Accounts Committee can fulfil in acting as a watchdog over the activities of the SGIC. Indeed, attached to the Premier's letter of 21 July 1986 addressed to Mr R. Trigg, Group Manager of the Western Zone, are details of the proposal put forward by the Premier. I presume that he is saying that if we do not have a watchdog committee, if we back off and if certain people do not support the watchdog committee certain things will occur. I will read the memo attached to the letter, which was obviously authorised by the Premier. It reads—

The Public Accounts Committee is to examine the financial accounts, records and business conduct of the State Government Insurance Corporation and report to Parliament within 12 months of the commencement of the State Government Insurance Commission Act 1986 and subsequently as the Committee determines as to whether it believes that the State Government Insurance Corporation has received any unfair advantage or preference over its competitors in the insurance industry. For this purpose, the Public Accounts Committee is to examine and consider:—

all Commonwealth and State taxes and charges, or payments in lieu thereof, paid or payable;

the use of any public sector service or facility and associated charges and fees paid or payable;

the relationship between the State Government Insurance Commission and the State Government Insurance Corporation and the use of the Commission's services and facilities and any associated fees and charges; and

compliance with Commonwealth solvency and minimum valuation requirements, and other Commonwealth laws relating to insurance.

In the course of this examination, and for this purpose, the Public Accounts Committee can receive or solicit such advice and evidence as it thinks fit.

In conducting this Inquiry, the Committee shall not require information relating to the insurance arrangements between the Corporation and individual clients. Any information relating to other business dealings between the Corporation and private individuals and companies is to remain confidential to the Committee.

In the event that the Committee believes that the State Government Insurance Corporation receives any unfair competitive advantage over its competitors, the Committee is to make recommendations for action considered necessary to ensure the competitive neutrality of the State Government Insurance Corporation.

Those were not my words, but the words of the Premier. They were attached to the Premier's letter dated 21 July 1986, just a few days ago. In my amendment, I am merely endorsing what the Premier said. I refer members to the terms set out in section 32. With respect to my proposed new clause 48 (2), I point out that the terms of reference are already in the letter from the Premier.

We have heard the Premier's promises before. I take members' minds back to 1983 when the Premier made promises that have been broken half a dozen or a dozen times. Another of the Premier's promises is attached to the letter he wrote only a few days ago. I am saying that I am not prepared to take the Premier's word any more. I am not prepared to accept the undertaking from the Premier or the Attorney General on this subject. We have been through it before. In 1983 we sat here and discussed almost exactly the same thing. We put an amendment into the Bill which was carried by this Chamber. It went to another place and we took the Premier's word and it was deleted. This time, we will not delete it. If members agree that it is the right thing to do, we will carry this amendment and it will be sent to the Legislative Assembly. If it is returned to this Chamber with a proposal similar to that of 1983, we will say, "Not on your life! We don't trust you any more; we want it in the legislation". If the Government is dinkum, this clause should be put in the Statute. What is wrong with putting it in an Act of Parliament if the Government means what it says. It should be put into the Act so that the Government cannot renege on it.

Once again, we say to the Premier, "You have made a statement; you have put it in writing and put your signature to it. We now want you to agree to put it in the legislation so that there can be no doubt at all that you really mean what you are saying".

Hon. J. M. BERINSON: The Leader of the Opposition is attempting to gain for himself some sort of consolation prize and, in the nature of consolation prizes, the result is not promising to be very satisfactory. Most particularly, the Leader of the Opposition fails to recognise that the Public Accounts Committee of the Legislative Assembly is in a better position than he is to understand its proper framework of investigation and reporting and the proper limit to its capacities.

The Leader of the Opposition suggests, among other things, that the Public Accounts Committee should ensure that certain things are done. It should ensure that neither the commission nor the corporation, in the conduct or management of its affairs, should receive any improper or unfair advantage. The only way to ensure that is to go to the management and say, "You can do this; you cannot do that."

The Public Accounts Committee cannot function like that. It does not have the capacity for it. Its members do not have the time required to go down the Terrace and literally supervise what can and what cannot be done. Nor can we expect them to have the necessary expertise. That is why the Public Accounts Committee, when it framed its own terms of reference, talked about inquiry and report. That is the proper function of a parliamentary committee.

If that report leads the Parliament to the conclusion that substantive action should be taken, it is up to the Parliament to take that action. It is not within the capacity of parliamentary committees to take over the day-to-day administrative functions contemplated by Mr Masters' amendment.

For the sake of simplicity, I take as an example the latter part of the amendment referring to the Public Accounts Committee's ensuring compliance with the requirements of clause 32. Clause 32 reads—

The Corporation shall perform its functions and exercise its powers in accordance with prudent commercial principles and shall use its best endeavours to ensure that its revenue is sufficient both to meet its expenditure and to derive a profit by earn-

ing a commercial rate of return on its capital.

Mr Masters now says we cannot leave it to people like the directors of the commission or the present directors and management of the SGIO to make decisions about premiums and the investment of capital; this should be left to the Public Accounts Committee. It is the Public Accounts Committee which should ensure that these ends are satisfied.

What on earth is the Public Accounts Committee to do if charged with those responsibilities? To use Mr Masters' words, how is it to "ensure" that premium income is sufficient? Is it seriously suggested by Mr Masters that a Public Accounts Committee of the Legislative Assembly of the Parliament of Western Australia should go into the business of checking on what the proper premium rates of an insurance company should be? After all, this insurance company is operating in a real, competitive world.

Is that what the Public Accounts Committee is expected to do in respect of the derivation of a commercial rate of return on the corporations' capital? Are we now to look to the Public Accounts Committee of the Legislative Assembly to decide whether the capital of the corporation should be invested in shares, in mortgages, in Government bonds or in local government securities? Is this a serious proposition?

I put it to you, Mr Chairman, and to the Chamber, that this is not a serious proposition at all. It is clutching at straws in order to make one further attempt to vent the spleen which the Leader of the Opposition has been engaged in all night.

Hon. G. E. Masters: You have become very rude since you won that last vote.

Hon. J. M. BERINSON: I put it to the Committee that this is not only an inappropriate proposition, but it is also not a sensible one. On those grounds alone it should be rejected.

Hon. P. G. PENDAL: I suggest that the Attorney General has totally distorted not just what the Leader of the Opposition in this place has said but what his own Premier has said. The Attorney General has spent five minutes in a performance which would gain him entry into Actors Equity for a start, trying to suggest that the form of words and the method of overseeing the operation of the SGIC is a product of the mind of the Leader of the Opposition.

The Attorney General obviously did not listen to the Leader of the Opposition, and did not realise that he was quoting from the Premier's own document of yesterday.

Hon. J. M. Berinson: I am reading the amendment.

Hon. P. G. PENDAL: Just hold on. The Attorney General for a start was accusing the Leader of the Opposition of using a form of words which would permit the Public Accounts Committee to take over the day-to-day operations of the SGIC.

Hon. J. M. Berinson: Do you deny that?

Hon. P. G. PENDAL: What an utter absurdity. Nowhere in that form of words is it suggested. Neither is it suggested in the form of words used by the Premier. Let us look at what the Attorney General is frightened of.

Hon. J. M. Berinson: Let us look at the Public Accounts Committee.

Hon. P. G. PENDAL: This is what the Premier says, and indeed the Leader of the Opposition is right. One wonders what the Government is running away from, what it is trying to cover up, because every effort to present the Government's own words back to it is rejected.

This is what the Premier had to say, not three years ago but yesterday. This must be *Guinness Book of Records* stuff. This letter is dated 23 July, and attachment "B" was discussed earlier. Perhaps I should read it slowly so that even the Attorney General can let it sink in. The Premier said—

The Public Accounts Committee is to examine the financial accounts, records and business conduct of the State Government Insurance Corporation . . .

Let us stop there. Only five minutes ago the Attorney General was accusing the Leader of the Opposition of requiring the Public Accounts Committee to go into the detailed workings of the SGIC on a day-to-day basis. The Attorney General should have acquainted himself with what his own Premier said only yesterday. He did not take three years to break that promise. Let us continue. The Premier went on to say—

The Public Accounts Committee is to examine the financial accounts, records and business conduct of the State Government Insurance Corporation and to report to Parliament within 12 months of the commencement of the State Government's Insurance Commission Act 1986 and



subsequently as the commission determines as to whether it believes the SGIC has received any unfair advantage or preference over its competitors in the insurance industry.

Those are the words which Mr Masters has used in his amendment.

Hon. J. M. Berinson: They are not.

Hon. P. G. PENDAL: The Attorney General should read them, because obviously he did not read what his own Premier said.

Hon. J. M. Berinson: You must have a different copy of Mr Masters' amendment.

Hon. P. G. PENDAL: While I am having a look at Mr Masters' amendment, the Attorney should look at what the Premier said 24 hours ago and tell me whether he did not say that the Public Accounts Committee could do the very things he is now denying it can do.

Several members interjected.

The CHAIRMAN: Order! We have been going very steadily since 9 o'clock. We will have no more interjections.

Hon. P. G. PENDAL: I shall finish on this note: The Attorney General told the Committee only five or 10 minutes ago that what the Leader of the Opposition wanted to do was to offer this consolation prize to the Chamber and to the Parliament. He put his foot in it again. This consolation prize is not being offered by the Leader of the Opposition; it is being offered by the Attorney General's own Premier.

Several members interjected.

Hon. P. G. PENDAL: Do I have to go back and read it again so that even Hon. Bob Hetherington can understand in the plainest of language what the suggestion is? That was the suggestion of the Premier. What the Leader of the Opposition is now suggesting is that if it was good enough to make this promise to the insurance industry 24 hours ago on a bit of paper, why is there so much fear and foot shuffling in order to prevent those words of the Premier being put into the Bill?

The Attorney General has no right whatsoever to suggest it is some sort of consolation prize that we are offering. The consolation prize—if it is one at all—is being offered by the Premier in another place.

Hon. H. W. GAYFER: I refer to the papers that have come to be known as the Trigg file. These were dealt with by two of us at great length. Many members have a copy, as does the Minister handling the Bill, because I gave him a

copy of mine. The file is headed "Notes For Consideration in the SGIC Bill". They are the notes of Reg Trigg to the members of Parliament to whom he sent this file. The first such note reads—

Ross Harrison and Tony Lloyd from the Premier's Department called on me to discuss the Standing Committee of Parliament issue, which is the only matter that the Premier is really incensed about. The other amendments in the main do not appear to worry him. I informed him that the issue was in the hands of the Liberals and the National Party, not the ICA as they were told lies.

Notes two, three, four and five follow, and in note six he says—

I advised the Premier's representatives that if we were to consider alternatives to the Standing Committee proposed instructions to the Public Accounts Committee would have to be agreed for our consideration. The resultant paper is attached as Appendix B.

This is where I am in a quandary. First of all, in relation to the Trigg file—on which so much importance has been placed on what the Premier said in his letter to Mr Trigg dated 21 July—I said before and I say again: That letter was not signed by the Premier. In fact it was signed by some other person. I can only surmise that the Premier did write that letter and did give it to Ross Harrison and Tony Lloyd to give to Mr Trigg as being from himself. I can only surmise that, because it was not signed by the Premier.

Appendix B is a blank piece of paper without any letterhead whatsoever, or any signature. It has no embellishment to designate where it may have come from; whether in fact the Premier wrote it or knew that it had gone to Mr Trigg, or knew anything of the letter or the piece of paper attached as Appendix B—if, in fact, it had gone to the Premier.

If it is the case that the Premier knows nothing about it, the insurance industry has been hoodwinked again. If the Premier did know something about it, he would remember full well what was in the letter and what was in Appendix B.

Before we make any decision in this matter we must know whether that letter and the proposal for the Public Accounts Committee review was a product of the Premier. We need to know that. If we are not going to be told where they emanated from, I feel that the whole in-

dustry has been hoodwinked by two pieces of paper. If the knowledge is with the Premier, the industry has been told by a letter and by an appendix that he is perfectly aware of certain things he has agreed to. If he has so agreed by sending Appendix B to the industry, I see no reason at all for Mr Masters' amendment not to go into effect. I am saying that I want the letters on the Trigg file authenticated.

Hon. J. M. Berinson: What exactly are you referring to?

Hon. H. W. GAYFER: I gave the Attorney General the Trigg file earlier because he asked me for a copy. If those pieces of paper did emanate from the Premier's Department, and if Appendix B was sent to the Insurance Council of Australia with the knowledge of the Premier, we will establish once and for all that it is the Premier's wish that this take place.

Hon. G. E. MASTERS: While the Attorney General is getting some advice, I say again that this document has been put forward fair and square to the insurance industry as a proposition. It certainly was attached to the letter. Almost certainly, this document was prepared by the Premier's advisers, Mr Ross Harrison and Mr Tony Lloyd, and was given to the insurance industry for consideration.

All we are saying is that, yet again—after making long speeches and many public comments in Parliament and outside Parliament that he would make sure there would be no advantage, and that there would be a parliamentary committee along the lines envisaged and which has been defeated tonight—to try to slide out of that and save some of his honour, as it were, the Premier produced a document which said he would do certain things.

As Hon. Phil Pendal said, not three weeks not three years but three days ago, attached to a letter dated 21 July, was a document which promised certain things. It said to the industry in no uncertain terms, "If you will oppose the idea of the special watchdog committee I promised some years ago and now is not needed, or I do not want, I will put forward a proposition that the Public Accounts Committee look at certain things and that guidelines be set out." That is not our document, it is the Premier's document, or at least it was forwarded on the Premier's behalf.

Hon. H. W. Gayfer: That is what I would like to establish.

Hon. G. E. MASTERS: It was on the Premier's behalf. It was almost certainly written by Mr Ross Harrison and Mr Tony Lloyd.

They were the two people involved on the Premier's behalf, and it was put to the industry along those lines.

The Attorney General knows very well that the amendment before the Committee in relation to overseeing the conduct and management refers to general overseeing and general conduct. It is not taking charge or setting premiums. Indeed, under the present legislation the Minister could certainly have a say in the premiums. He has an overseeing role in the legislation now. I am saying that a general overview will be taken. I point out to honourable members that they are not my words; they are the words of people who presented a document to the industry on behalf of the Premier of the day.

I suggest that the Attorney General can hardly argue with what we are putting forward. If that is a document, and a promise, and a proposal, then all we need do is put it in the legislation. If he is not dinkum, let the Government oppose it and throw it out.

Hon. J. M. Berinson: The proposal is already in the course of implementation.

Hon. G. E. MASTERS: Now we have come further down the line and the Attorney General is looking very worried.

Hon. J. M. Berinson: You are talking about two different things.

Hon. G. E. MASTERS: The Attorney General has now said that it is already in the pipeline.

Hon. J. M. Berinson: Of course it is.

Hon. G. E. MASTERS: He has said it is in the pipeline because the Premier has promised it.

Hon. J. M. Berinson: No, because the Public Accounts Committee has resolved that way.

Hon. G. E. MASTERS: I do not know whether it has resolved that way.

Hon. J. M. Berinson: You should care.

Hon. G. E. MASTERS: The Attorney General should put himself in our position. In 1983 we had all sorts of promises made by the Attorney General and the Premier. We have gone through the process of saying that a committee should be set up. We now have a document in our possession containing certain proposals which the Attorney General says are already in operation. It is a promise by the Premier. But we do not believe the man any more. If he is dinkum, let us stick these proposals in the legislation. If this is in the process of operation, no harm will be done. Let us put it in the legis-

lation so that the Attorney General and the Premier cannot back out of their promises.

Hon. E. J. CHARLTON: Prior to the Bill's having come into the House I was aware of discussions that were taking place about the Government's opposition to the other proposed Standing Committee, and the reasons given have been widely circulated. It was widely circulated that the Public Accounts Committee was to have the power to oversee the operation of the commission and was to be the safeguard that everyone was looking for. There was correspondence from the Premier that this would be in place with this legislation. I have in my possession a copy of a letter written by the Premier on 4 July on this matter. As I say, it was widely circulated that the Government did not want a Standing Committee established.

Hon. Mick Gayfer has asked whether the letter dated 21 July to the insurance people was written with the authority of the Premier. The letter set out reasons why the Government felt we did not need a Standing Committee because everything would be taken care of by the Public Accounts Committee.

As a result of that letter, the insurance people came back to us and asked us not to proceed with our move to have a Standing Committee to oversee the work of the commission. This was after they had given us a hard time for a number of days to take action. They have now said that it was an overkill because the Premier had given an undertaking that the Public Accounts Committee would oversee the commission and everything would be under control.

Did the Premier write the letter and give that undertaking? I have information here that demonstrates that this is what he said.

Hon. P. G. PENDAL: As a follow-on to what Hon. Eric Charlton said, I ask the Attorney: Is he saying that the first time he saw that document was when we exchanged it a few minutes ago?

Hon. J. M. Berinson: I read it into the *Hansard* earlier tonight.

Hon. P. G. PENDAL: Then how was it the Attorney General said only 10 minutes ago he was unaware of its contents?

Hon. J. M. Berinson: Of course I was aware of it.

Hon. P. G. PENDAL: The Attorney General denied it.

Hon. J. M. Berinson: I thought you were talking about something entirely different.

Hon. P. G. PENDAL: It would be very interesting to read the *Hansard* because that is certainly not my understanding of it.

Hon. C. J. BELL: I support the amendment. A moment ago Hon. Joe Berinson made me even more convinced that the proposal outlined by the Leader of the Opposition needed to be written into the legislation. A few moments ago the Attorney General said that the Public Accounts Committee would be examining the SGIC because it had determined it would do so. As everyone is aware, the Public Accounts Committee comprises a majority of Government members, who could easily say it would not examine the commission. It is important that this proposal be part of the legislation so that the Government cannot walk away from the problem.

Hon. A. A. LEWIS: I take issue with the Leader of the Opposition over his amendment because I believe it might be constitutionally wrong. I wonder whether the word "ensure" can be inserted in this amendment to ensure that neither the commission nor the corporation receives any improper or unfair advantage or preference over its competitors. I do not know to whom I should turn to seek guidance. I favour the tone of the amendment, but I wonder whether it can be worded in this way.

Hon. J. M. BERINSON: Hon. Mick Gayfer's first question was: Did the letter of 21 July to Mr Trigg go to him with the Premier's authority? The answer is "Yes". His second question was: Did the attachment marked B go to Mr Trigg with the Premier's authority? Again the answer is "Yes".

I now turn to what I perceive to be the real problem in this discussion and that is a major misunderstanding of the whole point of my earlier comments about Mr Masters' amendment. Attachment B is the decision by the Public Accounts Committee to undertake to examine and report on the new commission. I read that into the *Hansard* in the course of my reply to the second reading debate. When I responded to Mr Masters' amendment I did so on the basis that the Standing Committee's own decision was preferable to his position because the Standing Committee made a decision in the knowledge of and within the framework of its own capacity. What attachment B refers to is the Public Accounts Committee's examining the commission and reporting to Parliament.

To the extent that Mr Masters' amendment talks about the committee's overseeing the affairs of the commission and the corporation, I have no complaint. I made no comment about that in the course of my reply, yet that was all that Mr Pental tackled me on. He was tackling me on a non issue.

The Public Accounts Committee sees a role for itself to oversee, and examine, and report on the commission and the corporation. The Premier supports that, the Government supports it, and it goes without saying, therefore, that I support it.

What none of that material involves, however, is the further proposition by Mr Masters that the Public Accounts Committee should ensure that certain things happen. I think that is a point Mr Lewis took up. I was trying to explain that the Public Accounts Committee cannot do that sort of thing. It is not a matter of willpower or legislative support; it is a practical matter. It cannot be done; the committee does not have the capacity. Similarly, it does not have the capacity to ensure compliance with the requirements of clause 32. I dealt at some length with the requirements of that clause which raises such questions as the appropriate level for premiums and the appropriate avenues for investment of the capital funds of the commission and corporation.

Mr Pental conveniently ignored the whole point of my argument and made an impassioned plea that we should stay with what the Premier had sent to Mr Trigg. That was precisely the point of my reply to Mr Masters. The only difference is that that was my copy of attachment B, and it did not have the "B" written on it, and this was Mr Pental's copy. I support this, and Mr Pental is talking about it but ignoring its content.

Hon. P. G. PENDAL: No, I am not. The point has been made by the Attorney General that he supports the contents of the now famous document B. It is almost more famous than that of Dr Evatt in 1954—the Molotov cocktail.

Several members interjected:

The DEPUTY CHAIRMAN (Hon. John Williams): Order! Mr Pental should address the Chair.

Hon. P. G. PENDAL: It is the most those members have contributed to the debate in almost two weeks.

If the Attorney supports his Premier's remarks in document B—

Hon. J. M. Berinson: It is being done.

Hon. P. G. PENDAL: If it is, he should have no difficulty in supporting the Leader of the Opposition's suggested amendments. Therefore, the Attorney General continues to repudiate his own leader's desire.

A Government member: They said "Dunderheads".

Hon. P. G. PENDAL: That was one of the more witty interjections on the part of that member tonight.

Hon. Tom Stephens: He was quoting Mr Bacich.

The DEPUTY CHAIRMAN: Order! I am telling Hon. Tom Stephens that interjections are disorderly. I have warned the Chamber once, and I do not propose to do it again.

Hon. P. G. PENDAL: There should not be too much difficulty about it if the Opposition used the Premier's own attachment to produce—

Hon. J. M. Berinson: It did not.

Hon. P. G. PENDAL: How does the Attorney know that?

Hon. J. M. Berinson: If it tried, it failed.

Hon. P. G. PENDAL: Now the Attorney is shifting some ground. He has that seventh sense to discover where the Leader of the Opposition's amendment came from. I am saying that if he has no difficulty about attachment B and its contents, and it is already happening, the Government should have no difficulty in supporting the amendment. I suspect the reason it does not want to do that is that it does not want to see written into the Act today the very things it did not want to see written into the Act in 1983.

Hon. H. W. GAYFER: I thank Hon. Mr Berinson for informing us that these are authentic documents and that they have been sent by the Premier to Mr Trigg. In that case it puts a great deal of authenticity onto new clause 48 moved by the Leader of the Opposition.

The problem with this is that I am not very good at counting numbers; that has been proved once tonight already. I have been watching closely what has gone on and the arguments put forward. One thing I have noticed is that nearly all members are determined something shall go into the Bill to try to protect the interests of the other companies against which the SGIC will compete.

Hon. J. M. Berinson: That has been achieved by the Bill already.

Hon. H. W. GAYFER: There is a determination that this will be set up, and members are indicating it should be done on the lines which the Premier suggested to Mr Trigg. There is nothing wrong in expecting that to be put in black and white so that it can be seen to be part of the Bill. The only thing I am a little worried about is that we are all getting a little jack of it; we have been arguing and discussing whether some things should go into the Bill. It was promised before, and then it was not promised. I wonder whether we should vote against it and chuck out the Bill. Then we would have nothing.

We promised we would support the State Government Insurance Office Bill if a certain committee was set up. On that basis we all supported that Bill when it was before the House; members can look at the division list in *Hansard* and they will see we supported it on that premise. Now we are being bulldozed to get nothing, not even a semblance of the former promise. It has gone. Now we are not even going to have a committee to look at it under the terms laid down by the Premier. None of this will be done, and if the Bill goes through without any watchdog committee it will not be what we voted for in 1983. That is a sheer abrogation of a promise to Parliament. If that is the case, the best thing we can do is have no Bill at all. Let us put it to the third reading quickly and let the House decide whether there will be a State Government Insurance Commission Act at all.

Hon. E. J. CHARLTON: I wish to put another point of view from the National party—a last-ditch effort. I propose to move an amendment to new clause 48 to delete all the words after the word “Corporation” in subclause (1). I am saying that it has been publicly and conclusively demonstrated to me that the Premier, the Government, the insurance people, and everyone involved has said that they do not want the other Standing Committee but they are prepared—and the Minister said it and it is in *Hansard*, and has been documented here, there, and everywhere—to accept that the Public Accounts Committee exists, and is in place, and will oversee the whole thing. I take on board what Hon. Mick Gayfer has said, but perhaps that is not what people want.

I am bringing this forward as another option for consideration by the Committee. If members want that option, it is clear-cut; but if they

do not want it the amendment before the Chair will be negated.

I move an amendment—

New Clause 48 (1), line 4—To delete all words after the word “corporation”.

Hon. G. E. MASTERS: If those words are deleted I guess it is fair to say it will ensure that the commission or the corporation will not receive any improper advantage or preference over competitors in the insurance industry. This could be included in the terms of reference and could obviously be dealt with in that way quite comfortably.

I do not see any real problem with the amendment, particularly in view of what the Attorney General has said. It would probably meet the requirements of the Attorney General and he may agree to the amendment.

Hon. H. W. GAYFER: Mr Deputy Chairman (Hon. John Williams), as I understand it all the words after the word “corporation” in line 4 will be deleted.

The DEPUTY CHAIRMAN: That is right and I ask members if they have any other questions about this matter.

Hon. E. J. CHARLTON: The reason I moved this amendment is because this matter has been covered in the Bill and it could be included in the terms in reference.

Hon. J. M. BERINSON: That is a point on which I seek clarification. Do I take it that Hon. Eric Charlton in calling for the oversight of the conduct and management of the affairs of the commission and corporation is really restricting his interest to questions of improper and unfair advantage?

The proposal is that the Public Accounts Committee shall oversee the conduct and management of the affairs of the commission and the corporation. I am sure that Hon. Eric Charlton is not in the business of trying to oversee the industrial relations problems in relation to its staff. It is part of management, but I cannot imagine that it is part of his interest in moving the amendment.

I wonder whether it would not be to our advantage to have a short adjournment which might enable that question to be clarified. We need to be clear about what is proposed.

*Sitting suspended from 12.14 to 12.31 a.m.  
(Friday)*

New clause, by leave, withdrawn.

**New clause 48—**

Hon. E. J. CHARLTON: I move—

Page 26—To insert after clause 47 new Clause 48 as follows—

48. (1) The Public Accounts Committee, for the time being, of the Legislative Assembly shall oversee the conduct and management of the affairs of the Commission and the Corporation to the extent necessary to determine and report whether the Commission and the Corporation receive any improper or unfair advantage or preference over their competitors in the insurance industry.

(2) The Terms of Reference of the Public Accounts Committee in relation to its function under Subsection (1) shall be as agreed to by both Houses of Parliament.

Hon. J. M. BERINSON: The amendment that Hon. Eric Charlton has moved is in line with infamous attachment "B" and since in effect that has always represented the position of the Government, we have no objection to it.

**New clause put and passed.**

**Schedules 1 and 2 put and passed.**

**Schedule 3: Amendments to Acts—**

Hon. J. M. BERINSON: I move—

Page 32—To delete item 3 and substitute the following item—

**3. Fire Brigades Act 1942**

<i>Provision amended</i>	<i>Amendment</i>
Section 4(1)	In definition of "Insurance company" delete "The State Government Insurance Office established under the State Government Insurance Office Act 1938", substitute "the State Government Insurance Corporation established by the State Government Insurance Commission Act 1986".

This amendment is consequential to the amendment already agreed to in clause 46.

**Amendment put and passed.**

**Schedule, as amended, put and passed.**

**Schedule 4 put and passed.**

**Title put and passed.**

**Report**

Bill reported, with amendments, and the report adopted.

**Third Reading**

Bill read a third time, on motion by Hon. J. M. Berinson (Attorney General), and returned to the Assembly with amendments.

**FREMANTLE PORT AUTHORITY  
AMENDMENT BILL**

**Receipt and First Reading**

Bill received from the Assembly; and, on motion by Hon. D. K. Dans (Leader of the House), read a first time.

**Second Reading**

HON. D. K. DANS (South Metropolitan—(Leader of the House) [12.40 a.m.]: I move—

That the Bill be now read a second time.

The purpose of the Bill is to amend the Fremantle Port Authority Act 1902.

Recent incidents of hijacking of vessels throughout the world have caused major port authorities to review port security measures regarding visiting overseas vessels, particularly passenger vessels. Albeit, so far as is possible, stringent security is applied but if such an incident occurred, depending on the factual circumstances, claims arising may, in monetary terms, be of quite a substantial nature. Amendment of section 65 will enable the port authority to regulate limiting or exempting itself from liability for damage or loss suffered by any person in consequence of unlawful seizure of or control of persons, vessels, vehicles, or property.

Amendment of section 66 is complementary to the new section 66B.

The insertion of a new section 66B will enable the port authority to arrange for and cause to be issued, when a person commits an alleged offence against the Fremantle Port Authority Act, an infringement notice giving the alleged offender an option of paying a prescribed modified penalty rather than being summarily dealt with through the appropriate court.

Section 70A provides the harbour master may control the entry and departure of vessels into and from the port. Amendment of that section will also enable the harbour master to control the movement of vessels in or about the port.

Since the enactment of the principal Act in 1902, penalties for an offence thereunder have not been amended. Currently, specific maximum penalties remain in three instances merely \$40 and in another three \$100 including, for example, obstructing the harbour master in exercising control of vessels. Maximum penalty where specific penalties not imposed remains at \$200.

Other marine legislation enacted in recent years provides much greater penalties, for example Western Australian Marine Act 1982 and Dampier Port Authority Act 1985. It is proposed to amend the principal Act by increasing the penalties for an offence against that Act to coincide with such other marine legislation.

I commend the Bill to the House.

**HON. P. G. PENDAL** (South Central Metropolitan) [12.42 a.m.]: The Opposition has not had much time to study the matter. I understand that it was debated at some length in the other place and, indeed, some rather trenchant criticism was offered on behalf of the Opposition there. In some respects, it is not unlike a Bill we had here a day or so ago which, in particular, sought to ginger up the penalties and enforcement of laws as they related to the conduct of the America's Cup.

I notice, in particular, that part of the Minister's second reading speech where he says that the Bill aims to give the port authority the opportunity to exempt itself or at least limit any liability for damage or loss suffered by any person in consequence of an unlawful seizure. Notwithstanding the lateness of the hour and the fact that this is the last hour or so of the present session, I express our concern that any legislation contains provisions of that kind.

I know that it is not novel and that it is contained in other Statutes both here and elsewhere, but it is always a concern when a person in authority is given wide powers—powers that are so wide that the person against whom they are directed has no recourse in the event that the original action is found to be over-zealous or authoritarian.

I assume that, similar to the penalties mentioned in the not dissimilar Bill the other day, the Government argues that, because of the ever-present threat of hijackings and, I suppose, the America's Cup itself and the focus of attention that will be on the Port of Fremantle and its environs at the time when many people from around the world will be gathered there, it can be seen to be justified.

There is another point I would like to make and that is in regard to the clause contained on page 4. I repeat that I have not had much time to study it, but in the hour or so the Bill has been on my desk I have looked at clause 6(5) which says—

An authorized person may, whether or not the modified penalty concerned has been paid, withdraw an infringement notice at any time within a period of 28 days after it is served . . .

I would have thought that that contravenes a fairly basic tenet of the system of the administration of justice. I have always been led to believe that, once a summons is in progress a charge has been laid—once an action has been instigated before a court—it is regarded as being improper to intervene other than to allow it to take its natural course. It may well be that, at the end of the day, the prosecuting officer stands in the court and says, "Your Worship, we seek to withdraw this charge."

I have been under the impression that that has been the only proper and acceptable way to do that sort of thing, but it has been institutionalised in clause 6(5).

Given the lack of research time, I do not know if that has appeared in other Statutes but from my admittedly limited knowledge of the law, it is unorthodox to say the least.

The other aspect which requires a brief comment is the fact that the Minister is seeking to increase the penalties rather substantially as a result of his observation that many of them have remained unamended since 1902. I guess no-one, even on the Opposition benches, could have too much to object to about that. Fines must always reflect the gravity of an offence and, therefore, to that extent those penalties which appear to be contained in the schedule have the Opposition's support.

It is with some reluctance that the Opposition gives its support to the Bill as a whole, but it does so nonetheless.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Chairman of Committees (Hon. D. J. Wordsworth) in the Chair; Hon. D. K. Dans (Leader of the House) in charge of the Bill.

Clauses 1 to 5 put and passed.

**Clause 6: Section 66B inserted—**

Hon. P. G. PENDAL: I refer the Minister to new subsection (5) which gives an authorised person the opportunity to withdraw an infringement notice along the lines I have discussed. Does he have any Committee notes on that? I am interested only in knowing whether that is a departure from the norm. If it is not, my comments would still be valid, but I am interested to know whether it is something new.

It has occurred to me in the short time I have had to read it, that perhaps it has something to do with the fact that we will be dealing with people who have come to this State for the America's Cup. They will be here for a short period and, therefore, it has perhaps been included to accommodate them if, within the confines of their stay in Western Australia, for some reason or other it was found that a charge ought to be withdrawn. However, I would be interested in any information which the Minister has.

Hon. D. K. DANS: We could have let this Bill lie over until 10.00 a.m. tomorrow.

Hon. P. G. PENDAL: I didn't know whether we were coming in or not.

Hon. D. K. DANS: That is the arrangement. This provision intrigued me but it is not novel to the Parliament.

It is a normal clause to allow a person, a repeat offender, to proceed. It allows the withdrawal of the infringement notice against a person who, if further inquiries had been made the authority would not care to proceed against. I cannot remember seeing this provision before but I am advised by the Crown Law Department officer that it is quite normal.

**Clause put and passed.**

**Clauses 7 and 8 put and passed.**

**Title put and passed.**

*Report*

Bill reported, without amendment, and the report adopted.

*Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

**RESERVES AND LAND REVESTMENT BILL**

*Recommittal*

On motion by Hon. D. K. Dans (Leader of the House), resolved—

That the order of the day for the consideration of the Committee's report be discharged and the Bill be recommitted for the further consideration of clause 14.

*In Committee*

The Chairman of Committees (Hon. D. J. Wordsworth) in the Chair; Hon. D. K. Dans (Leader of the House) in charge of the Bill.

**Clause 14: Reserve No. 36996 near Northcliffe—**

Hon. A. A. LEWIS: We discussed this clause last night. I emphasise what I said last night by outlining two telephone messages I received today. The first was from the Nannup Shire Council this afternoon. The Nannup Shire Council's opinion in that this should remain vacant Crown land and should not go to a national park. It is the only remaining piece of coastline that is not a national park. The land does not actually border the coast, but in Nannup terms it is regarded as coastline. The council said there is a good source of suitable gravel for roadworks and if the land does go to national park it would not be available to the shire. The council pointed out that the shire did not receive prior consultation and that consultation would have saved time.

The Manjimup Shire Council indicated today that it endorses the action and objects to the reserves being included in the Bill, firstly, because of lack of recent consultation; secondly, the council is opposed to these reserves becoming national parks until satisfactory catchment plans for the area are resolved.

I will not delay the Committee any longer. Both councils' views support what I told the Chamber last night. The Minister has therefore received some sort of advice and I suggest that the Committee defeat the clause.

Hon. D. K. DANS: The Government has certainly been in touch with the Nannup and Manjimup Shire Councils. There is a small amount of gravel in the Nannup reserve. The unsubstantial reasons advanced by Mr Lewis were the same as those advanced by the shires to the department. I want the Committee to consider that we are talking about two pieces of vacant Crown land inside a national park which the Government wants to incorporate into the national park.



I do not know who was Minister at the time in 1980. Perhaps it was the Chairman.

Hon. P. G. Pendal: Was he any good?

The CHAIRMAN: I am sure the Leader of the House is not going to reflect on the Chair.

Hon. D. K. DANS: This issue has been going on for some 10 years and the councils have known of the intention to have the two pieces of land included in the national park for all that time. One lease at Nannup was not renewed as at August 1984, and the other lease in the Manjimup shire was surrendered in 1983.

I quote from a letter from the Surveyor General's office signed by the Acting Chairman of the working group on land releases of 19 November 1980 as follows—

With reference to your letter regarding the above National Park, please be informed that the Working Group on Land Releases, with the co-option of a representative of the National Parks Authority, has considered the leased lands located within the proposed South Coast National Park.

The leased areas are listed on Attachment 'A' and have been reported on along with S/L 3116/5534 and CPL 347/17761 in the report by Dr Watson, the representative of NPA (Attachment 'B').

After due consideration of the report and noting in particular that in general terms subject to confirmation few of the subject areas were substantially improved, the Group recommends:

- (i) Non-renewal of annual leases, and
- (ii) Wherever practical, acquisition of the other leases.

One lease was renewed and the other was surrendered. The letter continues—

I have noted that it is hoped that the areas west of the Chadalup Plains will be consolidated and declared as National Park before Christmas as an initial step towards fulfilling the intention of EPA Recommendation 2.3 Upon non-renewal or acquisition of CPL 347/17761, P/L3114/824,...

It includes a few more. It continues—

these areas can be included into the new D'Entrecasteaux National Park for consolidation next year.

I pointed out where the leases are and I have read that letter to the Committee. I have been informed that these leases have been considered for about 10 years.

Hon. V. J. FERRY: I have made inquiries about these leases since we debated this matter last night. I am still not convinced that the reserves should be passed tonight. I feel they should be deferred until the spring session of Parliament so that further negotiations can be carried out with the shires in question and with other people. There is no reason stopping this matter being brought to Parliament again. I urge the Committee to defeat clause 14 of this Bill.

I am concerned that there is a problem of access to the south coast. Large areas of land have been reserved along the coast which prevent people from gaining legal access to the beaches. I was told this morning of one stretch of coastline that included about 160 kilometres of reserve preventing people from gaining access to the coast. The problem needs to be addressed.

Hon. D. K. Dans: That is not part of this Bill.

Hon. V. J. FERRY: No, it concerns access which is a problem that needs to be addressed.

Another matter about which I am extremely concerned is the mineral sands in the south coast area. I know of areas west of these reserves where a mining company has its lease. That area is rich in mineral sands. It is a very viable industry for Western Australia which provides about 90 or 95 per cent of the total Australian production of mineral sands.

I am not sure what the mineral sand content of these reserves is. I know that there are mineral sands all through that country and there could be other minerals as well. Once the area is enclosed in a national park, it will be almost impossible for a mining operation to be carried out. I do not agree with that because I believe that there are many national parks that could be happily managed for mining purposes.

This clause should be deferred for at least a few months so that further consultation can be carried out.

Hon. W. N. STRETCH: The points raised by Hon. A. A. Lewis are extremely valid. I think we would be doing the Government a favour if we defeated the clause. The Government knows that there is a very strong group in that area called the Keep Our Coast Open Group, KOCO which has negotiated with the Government for the last few years. That area is fairly volatile and sensitive. It is not very bright for the Government to go ahead and change the status of these areas without consulting the shire.

Hon. D. K. Dans: I don't mind what happens to the Bill. But the local authorities have been consulted for 10½ years.

Hon. W. N. STRETCH: I said we would be doing the Government a favour if we could convince it to defer consideration of these reserves. Feelings in that area are extremely strong.

Hon. D. K. Dans: It is vacant Crown Land.

Hon. W. N. STRETCH: Land is dear to the people in that area. The Government is making a grave mistake.

The Government went to a lot of trouble in presenting this Bill to the Parliament. It set out in detail which shires the land was located in and the Assembly and Council electorates involved in the changes of land tenure. Surely, in presenting it in such an excellent fashion, it could have first consulted the local authorities about what it intended to do with the land.

**Clause put and a division called for.**

**Bells rung and the Committee divided.**

The CHAIRMAN: Before the tellers tell I give my vote with the Noes.

#### Division resulted as follows—

##### Ayes 15

Hon. J. M. Berinson	Hon. Robert Hetherington
Hon. J. M. Brown	Hon. Garry Kelly
Hon. T. G. Butler	Hon. B. L. Jones
Hon. D. K. Dans	Hon. Mark Nevill
Hon. Graham Edwards	Hon. S. M. Piantadosi
Hon. John Halden	Hon. Tom Stephens
Hon. Kay Hallahan	Hon. Fred McKenzie
Hon. Tom Helm	

(Teller)

##### Noes 16

Hon. C. J. Bell	Hon. G. E. Masters
Hon. J. N. Caldwell	Hon. N. F. Moore
Hon. E. J. Charlton	Hon. Neil Oliver
Hon. Max Evans	Hon. P. G. Pendal
Hon. V. J. Ferry	Hon. W. N. Stretch
Hon. H. W. Gayfer	Hon. John Williams
Hon. A. A. Lewis	Hon. D. J. Wordsworth
Hon. P. H. Lockyer	Hon. Margaret McAleer

(Teller)

##### Pairs

Aye	No
Hon. Doug Wenn	Hon. Tom McNeil

**Clause thus negatived.**

#### Report

Bill reported, with an amendment, and the report adopted.

#### Third Reading

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and returned to the Assembly with an amendment.

## AMERICA'S CUP YACHT RACE (SPECIAL ARRANGEMENTS) BILL

### Returned

Bill returned from the Assembly without amendment.

## GOLDFIELDS TATTERSALLS CLUB (INC.) BILL

### Second Reading

Debate resumed from 22 July.

HON. P. H. LOCKYER (Lower North) [1.14 a.m.]: This Bill is a simple Bill. The Goldfields Tattersalls Club was incorporated under the Companies Act 1985 with limited liability. It has now decided to become an incorporated association. The Act must be changed in Parliament for the club to use the same name.

The second reading speech given by the Minister amply pointed out the reasons for it. The club has some historical significance in Kalgoorlie and I must admit that I, along with many other visitors to Kalgoorlie, have partaken of the hospitality in that club at different times. I accept the argument put forward by the Minister. The Opposition has no objection to the Bill.

HON. MARK NEVILL (South-East) [1.15 a.m.]: I also support the Bill and endorse the remarks of Hon. Philip Lockyer. The Bill must pass through the Parliament in order for the club to become an incorporated body without losing its historic name. The Goldfields Tattersalls Club is an institution which has been going for almost a century. It is an interesting place to visit, to have a drink and a quiet conversation. It is also a pleasurable place to visit during the race round when something is always going on at the club.

This legislation will be welcomed by the members of that club. I compliment the member for Kalgoorlie for the work he has done in ensuring that the Bill comes to the Parliament. I endorse the remarks of the previous speaker and support the Bill.

Question put and passed.

Bill read a second time.

### In Committee, etc.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

*Third Reading*

Bill read a third time, on motion by Hon. Kay Hallahan (Minister for Community Services), and passed.

**STRATA TITLES AMENDMENT BILL***Second Reading*

Debate resumed from 17 July.

**HON. JOHN WILLIAMS** (Metropolitan) [1.17 a.m.]: The Strata Titles Amendment Bill was introduced by the Government. The Strata Titles Act last year was rewritten to a great extent and the Government made a commitment then that if there appeared to be anything wrong with the Bill it would quickly get it back to the House for amendments. The Government has honoured its commitment. It has been found that the six-month period after registration of title is too short a time and that building takes a little longer. That is virtually the nub of the Bill.

There are two other technical amendments, one where the District Court would have set out on a fact-finding case which would sit uneasily with the judges, and the other is registration with a local authority. The Opposition supports the Bill.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

*Third Reading*

Bill read a third time, on motion by Hon. Kay Hallahan (Minister for Community Services), and passed.

**TRANSPORT CO-ORDINATION  
AMENDMENT BILL (No. 2)***Second Reading*

Debate resumed from 23 July.

**HON. D. J. WORDSWORTH** (South) [1.21 a.m.]: The Opposition has difficulty in agreeing with the Bill. Its object is to allow the money raised from the business franchise petroleum products licensing provisions to be used for transport needs other than the maintenance of roads.

At present the money is paid directly to the Main Roads Department, and it is intended that in the future the money can be used for purposes other than roads. It has been

suggested that the money could go towards electrifying our rail system—in other words Westrail—or to assist the MTT.

Members will be aware that the tax collected by this Act has increased considerably. Recently, the business franchise petroleum products licensing provisions took the place of the road maintenance tax, a very unpopular tax placed on vehicles over a weight of eight tonnes to help compensate for the damage these vehicles do to the roads and to balance the cost structure of road transport as against rail.

The object was to ensure that those who did use the roads paid their fair share of the cost of roads and did not have an advantage over rail. At that time, or shortly afterwards, the actual costs of licensing smaller vehicles was reduced because it was felt they may be out of balance. Unfortunately since then we have seen quite considerable hikes in the tax, the last being some 2c.

Why the Opposition has difficulty in agreeing with this Bill is explained amply in the Minister's second reading speech. He put up a very good argument indeed that the money is needed for roads. He pointed out how vital it is to Western Australia to have a good road system. Indeed it is. Unfortunately the manner in which the Federal Government grants money to the States has changed. It is now loaded on a population basis rather than on road distance. Previously our isolated and large State benefited us and we received perhaps a disproportionately large amount of the nation's allocation to roads. Unfortunately that has changed. We have received \$643 million from Federal funds, and this is balanced with \$537 million from the State coffers, the State coffers being this fuel levy and the money raised from vehicle licences.

The Minister pointed out that 2 500 kilometres of old, sealed road will need reconstructing over the next 10 years. At present our construction rate is only 80 kilometres a year. There is a vast backlog. We require to reconstruct 250 kilometres a year, but only 80 is being done.

It is not hard to work out that \$643 million and \$537 million add up to over \$1 billion, yet only 80 kilometres of road is reconstructed in a year. The tax currently collected from this business franchise is in the order of \$40 million odd. This new tax will increase that by an additional \$39 million. If over \$1 000 million goes into the Main Roads Department, but it is doing only 80 kilometres of reconstruction,

surely every bit of that \$80 million collected from this tax will be needed. This will increase the 80 kilometres to perhaps 90 only.

I cannot see that this State can afford to allow this money to be drained off for other purposes. I am not necessarily against electrification, or indeed the MTT—they have to be funded somehow—but I do not believe that this is the way.

This State is required to match Federal funds. Currently Federal funds are \$643 million as against \$537 million from the State. The extra \$39 million only gets us up to \$576 million, which will barely match the \$643 million being provided. The Federal Government has already threatened to reduce that allocation of \$643 million because we are not matching it. I do not believe this House should be a party to seeing funds filtered off into other areas and then not being able to match Federal grants.

**HON. N. F. MOORE** (Lower North) [1.27 a.m.]: I spent three days last week travelling from Perth to Adelaide by road across the Eyre Highway, and I made some comments about the state of the road at the time. It seems to me that what we need is not more money to go towards the MTT and railway electrification in the metropolitan area; we need more money spent on the Eyre Highway.

I am led to believe that in the next few months there will be a considerable increase in the traffic on that highway as people come from the Eastern States to Perth for the America's Cup. Considerable concern has been expressed by people living on the highway that unless urgent action is taken to improve the verges of the road, a very serious accident will occur.

When one looks at the number of tourist buses, caravans, and very large trucks using that road, the potential for a very serious accident is enormous. One has only to compare the South Australian section of the highway, which was built with Commonwealth funds, with the Western Australian section to appreciate why extra money is required for the Western Australian section.

The Government is now going to increase its income from the fuel franchise levy by about \$40 million. It is seeking to put this money into public transport or some other transport-related uses which could easily be in the metropolitan area.

This fuel franchise levy replaced the road maintenance tax, and it should be used to maintain our roads. If people are to be asked to pay 4.17c a litre on petrol for a tax to replace the road maintenance tax, it should go into roads.

The situation is that the Federal Government has reduced, in real terms, its rate of road funding to Western Australia. The year before last it reduced it by nine per cent in real terms. Our roads are beginning to deteriorate in some areas, and in others roads have not yet been built. For the Government to start suggesting putting road money into public transport in the city is something I cannot accept as a country member, and I am sure other country members feel the same way, particularly when they see a major interstate highway in Western Australia which could easily use that money in the next couple of months. I hope the Government does something about that.

**HON. C. J. BELL** (Lower West) [1.30 a.m.]: I rise to oppose the Bill. It is not appropriate that this trust fund should be set up and that the money should be used for purposes other than that for which it was intended originally.

In the late 1970s I was a member of the Primary Industry Association of WA (Inc.) at a time when that organisation fought hard to have the road maintenance tax replaced by the fuel levy. It was understood quite clearly that that levy would be used for the maintenance of roads.

As Hon. Norman Moore said a moment ago, country people will not accept the fuel levy being used for purposes other than the maintenance of roads.

The point made by Hon. David Wordsworth was relevant. I can remember the former Mayor of Bunbury, Percy Payne, and those who have been in the game longer than I would remember him. He tilted at successive Commonwealth Governments of both colours about the Federal fuel levy set up originally to provide for road construction and maintenance and the constant diminution of the percentage of money collected which was used ultimately on roads. That was a longstanding argument. We saw a constant decline in the percentage of the money collected which went to roads.

The Bill before the House will place Western Australian fuel moneys in the same position, and that is the reason that I oppose the Bill.

**HON. H. W. GAYFER** (Central) [1.32 a.m.]: This Bill seeks to validate the levy of 2c a litre on motor spirit and diesel fuel to be applied

from 1 July next which was announced by the Premier a little time ago.

Since 1979 the levy has been increased from time to time. During the last two financial years it has stood at 2.17c per litre on motor spirit and 3.95c per litre on diesel fuel and that money has been used totally for roads.

One is in something of a dilemma in respect of this legislation. Most country people are very grateful for the fact that they had some relief from the fuel tax as applied to diesel and petrol vehicles used on farms. That has occurred in the last few months, but they are not very happy about an increase of 2c in the levy on motor spirit and diesel fuel. Country people are well aware of the fact that 26 per cent of the population of Western Australia will be paying 46 per cent of the levy. However, what they are even more unhappy about is the fact that no longer will this levy be used for the construction and upkeep of roads. That is the specific reason it was introduced in 1979. Instead, the money will be used for roads and other transport-related purposes with disbursements from the fund being subject to the approval of the Treasurer on the recommendation of the Minister for Transport. In other words, as Hon. David Wordsworth said, we have left entirely the original concept of this levy.

I repeat that the levy was introduced originally to get rid of the infamous road maintenance tax. I admit that a Government of our colour introduced that tax, but we were not very happy with it and finally we managed to get rid of it. We agreed to make up the difference with a road levy.

However, we find now that that levy has been increased and instead of it being applied for the original purpose for which it was intended, it will be frittered away through other channels.

What makes the Bill even worse is that it does not even set out a percentage which will be hived off for other purposes; so we will not know whether 50 per cent or some other figure will be used for other purposes. The Minister for Transport will make a recommendation to the Treasurer and that is how the percentage will be determined. Therefore, instead of all the levies on fuel being placed into one account and being directed to roadworks, we find now that that money will be used in other transport-related areas. That concerns country people considerably.

In the time available, this proposal has been circulated as widely as possible to nearby shires. The aspect of the legislation which really sticks in the craw of country people is that the new fund will be used for other transport-related purposes including capital expenditure and operating deficits of public transport agencies, including Westrail and the MTT, and the payment of subsidies and grants by the Department of Transport and the like.

It is only a couple of years since the last of the subsidies—for example, for discontinued railway lines—ceased to be paid in country areas. So none of that money is likely to come back into that area by way of subsidy.

The 26 per cent of the population which is paying 46 per cent of the levy will not derive any benefit from the expenditure on the MTT. If Westrail and the MTT are running at a loss, that loss is being incurred mainly in the metropolitan area. If that is the case, it is rather audacious to suggest that 26 per cent of the population should be expected to pay 46 per cent of the levy and that that be used in the metropolitan area in the main, as that is where the main operating deficits of the MTT are.

I repeat that I am in somewhat of a dilemma. I shall have to oppose the legislation. I suppose I am helping the Minister by reminding him that not so long ago the levy was taken off fuel used on farms. The Minister did not have that in his notes and possibly he would be grateful to me for telling him that.

However, over and above all that, it is clear that, bearing in mind the amount of petrol used on farming properties, this levy will hurt terrifically. Not so long ago I 367 litres of petrol was put into the bowser on my property. I applied for the rebate to which I was entitled on the portion of the fuel used on the property; namely 27 per cent. It took me a day and a half to fill in the forms. I sent them away and received \$21 in the mail.

Hon. D. J. Wordsworth: You are doing well.

Hon. H. W. GAYFER: I know how to do the exercise and the principle is there, but the levy was taken off petrol used on farms. In spite of that, we must oppose the legislation, in the main because of the manner of disbursement of the extra levy that has been claimed, rather than because of the increase of 2c a litre.

HON. W. N. STRETCH (Lower Central) [1.40 a.m.]: I also oppose this suggestion and, funnily enough, I make the plea, not so much on behalf of country people, but on behalf of the metropolitan road system as well because,

as members well know, a project like the Tonkin Highway requires an enormous amount of money to build and everyone who uses roads will be penalised under this proposal.

Members will read in the Minister's second reading speech that roadworks will always take priority. No doubt this was said in other States of Australia too, but in Victoria and New South Wales, both Labor Government States, there was a leakage of 21 per cent in New South Wales and 11 per cent in Victoria which went away from road funds into other purposes, and to introduce this system into Western Australia would be a most retrograde step. The end result is that we will end up obscuring or camouflaging losses in other sectors that should be left open to public scrutiny and cross-subsidisation. This would cloud the issue and it would be wrong to take it away from a road fund and disperse it to other areas where the actual expenditure cannot easily be traced.

I draw members' attention to projects on which we think money will be wasted. We believe that roads are probably more important in the long term and public transport of whatever form, be it bus or rail, has to ultimately bid for its own share rather than hide under a smoke screen.

I oppose the legislation and urge the Government to leave the money in the road trust fund for road building purposes because, as other members have said, that is where the major need now lies and that need will continue in the foreseeable future.

With those remarks, I regret that I must oppose the Bill.

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [1.42 a.m.]: May I remind the House that this measure is part of the economic package introduced by the Treasurer. Members have to understand the difficult budgetary situation the State is facing. I said in the second reading speech that this is part of the Budget strategy in order that the Budget may be balanced. The Government, due to the extremely difficult budgetary situation that is confronting the State this financial year decided that should the levy be used for continuing the road maintenance programme, the funds must come from somewhere to offset the impact of the operating loss of Government transport agencies.

Whatever the fate of the Bill, it is no good messing around because if this Bill or this clause is defeated, then a whole host of other transport requirements or interests will suffer.

That is the reality of the situation. I know why the levy was imposed. Every member in the Chamber knows it. Mr Gayfer and I know the history of the road maintenance tax. The year is now 1986 and all of Australia together with other parts of the world are facing very difficult economic circumstances. The times are not normal.

I was interested in what Mr Moore had to say about the Eyre Highway. I have seen the condition of the Eyre Highway. I recall a few years ago we were highly critical of the then Premier of South Australia for not completing his section of the highway. We abused him and he just stood on his dig and said, "South Australia is not going to build that road because the majority of the people who will use that road will not be South Australians and if I were to expend that sum of money I would be doing a disservice to the rest of South Australia". The Commonwealth finally came to the party. Members must agree the road it built was far superior to any road in Western Australia.

Let us be honest. At the time I do not think anyone in this State thought it was other than a good idea for the State to push on with its own road. I began to realise a few years ago that if we had a good look the Eyre Highway would become a rough track, and that is what it has become. I suppose that is what the member is asking for funds to be spent on. Let us take the matter to its conclusion. The majority of heavy industrial vehicles that come across and chew up that road are not Western Australian.

**Hon. N. F. Moore:** They are buying petrol and diesel in Western Australia. Some money is coming from there.

**Hon. D. K. DANS:** Some of it. Some of the heavy transports fuel up in the Eastern States and have enough fuel to return. That annoys me. Members can stop at the off-ramps where they pull up and see for themselves. We aim to get greater flexibility in spending. It could be more efficient to spend money on good public transport or other projects than on alternative roadways.

We have difficult budgetary problems and this will free up money to be spent on other road projects. I understand the opposition of country members but people are scattered all over our State. We have city members, country members, goldfields members, fishing members, Pilbara members, the lot. This is a new concept and the money has to be spent wisely all over the State. For example, the Kwinana Freeway contraflow bus lane that is planned to

come into operation may be cheaper than widening the freeway.

Hon. H. W. Gayfer: Is this your bus lane business?

Hon. D. K. DAns: Yes, contraflow bus lanes. No-one wants them but they have been necessary in other States in order to accommodate people who would otherwise travel in cars. The saving could benefit expenditure on roads in country areas. If the money goes completely into road funds I suppose we could say, "What is the good of putting in a contraflow bus lane? We will put in another lane on the freeway." Members know how much that would cost. The Government is examining ways and means all the time in order to make the dollar go further.

I do not want to delay the House. I indicate that this Bill is about the Government's economic package and it is part of our Budget strategy. I have already pointed out that it is now 1986 and the times are not normal. If the Opposition is intent on keeping its 2c-worth or opposing this Bill other sections of transport will suffer. There are no two ways about it. The money will then have to come from cutbacks in transport funding in this Stock to assist country areas. The money is not there for modern bus transport in the country areas, and all the Government is asking is that some flexibility be applied.

I think the time to begin asking questions about this new formula will be when the roads in country areas have been allowed to run down or are not built. This Bill gives the Government a little more flexibility to deal with problems that exist under the present economic circumstances. As I have read in the newspaper tonight, things are not going to get any better here, as they are not going to get any better anywhere else.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Chairman of Committees (Hon. D. J. Wordsworth) in the Chair; Hon. D. K. DAns (Leader of the House) in charge of the Bill.

#### **Clause 1: Short title—**

Hon. H. W. GAYFER: Which clause within the Bill relates to the transfer of funds from the fuel franchise levy which was originally set up for other purposes? Is it clause 5 relating to section 62 of the principal Act?

Hon. D. K. DAns: It is clause 5, section 62 amended.

**Clause put and passed.**

**Clauses 2 to 4 put and passed.**

**Clause 5: Section 62 amended—**

Hon. H. W. GAYFER: This clause relates to the deletion of the main roads trust fund from the Bill. In other words, the Government now wants to transfer funds from the fuel franchise levy to use in areas for which it was not originally designed. It appears that we will have to vote against this clause. By voting against it, I do not think we will destroy the Bill. However, we would be destroying the direction to which the levy is intended to be applied. Whether that is good or bad is arguable.

We view with a great deal of alarm the fact that a levy has been struck on fuel but that levy is now to be applied to prop up losses in other areas. It is to be moved away from roadworks for which it was originally set up.

We have to be concerned that we do not destroy a money Bill. The Council, in its wisdom, does not generally play around with money Bills and I do not think that is our intention with this Bill. We accept the increase of 2c in the levy. However, I think we should be able to amend the Bill as it relates to the purposes for which that levy is to be used. I therefore suggest that we vote against clauses 5 and 6 of the Bill.

Hon. D. K. DAns: Hon. Mick Gayfer has raised a very tricky question. This Bill is a money Bill and the Government has not introduced it in a frivolous manner. It has been introduced because of the current economic circumstances.

Section 62 (6) of the Transport Co-ordination Act provides for the Treasurer to direct a payment of money from the main roads trust fund to the transport coordination fund when there are insufficient moneys in the latter fund to meet the administrative costs of the petroleum products licensing provisions of the Act.

It has been the practice for the costs of the administration of the fuel franchise levy collections to be recouped by the Department of Transport from the Main Roads Department. With the establishment of the transport trust fund and the payment of the fuel franchise levy collections into this new fund, it is considered appropriate that recoupment to the transport coordination fund should now be made to the transport trust fund rather than the main roads trust fund. This amendment provides for that to happen.

I can understand the apprehension of country members. I know that we are mindful of what our constituents think. However, this is a budgetary matter, and is essential if we are to maintain an adequate transport system in this State. That is how serious the situation is. If, as a result of the new fund, roads were not maintained and built in country areas, the right and proper place to come to discuss that is this place. I know that is difficult once a Bill has gone through this House. By the same token, I know that any Government would be foolish to play around with our excellent road system.

The Government is asking for flexibility in this Bill to deal with all of the transport problems in this State.

Hon. E. J. CHARLTON: Obviously the Minister is very sincere in his comments. It seems that more funds will be generated from the country areas which are going through extremely bad times at the moment. It is fair to say also that the more densely populated areas have been insulated from feeling the effects of the economic circumstances that currently exist in country areas.

We would not be doing our job in pointing to the hardship, crisis, and stress in country areas if we did not stand up and be counted with respect to this clause. I ask the Minister whether the amount of money under present funding arrangements will be less if this legislation passes. Leaving that aside, we should not support the insertion of this clause to allow this new mechanism to be set up, because it would not be responsible of us as members to do so. We have tried to change the transport system and reduce the cost of freight. We have tried to come up with more efficient ways of helping people to stay afloat. Just this afternoon I had a phone call from a contractor in an area about 150 miles east of Perth who is going to go out of business. He uses a lot of fuel and thus contributes financially to the maintenance of roads. However, this clause would set up a transport trust fund which would reduce the money spent on roads in country areas and put it into making up the deficit incurred by other parts of the transport system.

Hon. N. F. MOORE: I reiterate the question asked by Mr Charlton. The fuel franchise levy brought in about \$40 million in the last financial year; it was then 2.17c a litre for motor spirit and 3.95c a litre for distillate. I understand that the recent increase in the levy of 2c on petrol and diesel fuel will bring in about another \$40 million. Previously, that money had to be spent on roads. If the Minister

can tell us how much of the \$80 million will go on roads it may make it a bit easier for us to make a decision as to whether this clause should be passed. I would argue that at least the amount spent on roads in the previous 12 months should still be allocated to roads. I would be very disappointed if I were to hear that perhaps the whole \$80 million might be put into Transperth.

Hon. D. K. DANS: It is still intended that the money be spent on roads at a level comparable to that currently being spent, with an allowance for inflation. The whole picture will be set out in the Budget papers.

Hon. N. F. MOORE: There is not much we can do about it then.

Hon. D. K. DANS: I agree that that is a little down the track.

I have been told that the minimum amount that will be spent on roads will be \$46 million plus an amount in line with inflation, so no drop is intended. The amount could be \$50 million or a bit more, depending on the needs of a certain area or the transport needs of the State.

I am very sympathetic to people on the land, some of whom are having a tough time. However, I am also sympathetic to the people in my electorate, which encompasses an area from Singleton Beach in Mandurah to Melville.

Hon. N. F. MOORE: Not a bad road all the way up, is it?

Hon. D. K. DANS: I am not talking about the roads. I am simply saying that working people in the area have received some very heavy blows—for example, the shutting of the blast furnace. I am not proud to say it, but we have in some areas an unemployment rate of about 16.5 per cent. Thus it can be seen that all the problems are not down on the farm. I make that point because I admire Mr Charlton's tenacity in raising the problems of people in rural areas. I have a great regard for them, but there is a lot of suffering in other areas also. I get very distressed when I see that school leavers cannot get a job or that some 700 people were put out of work when the blast furnace complex shut down. I have had to tell them that I do not like the word "redundancy" and that they were getting the sack, and that for some of them because of their age it would probably be the last job they would ever have. There are difficulties all over Australia.

Hon. E. J. CHARLTON: I accept what the Minister said and I know that he is very sincere in that respect. I know of the hardship, the



family breakdown and unemployment that is being experienced. I would never want to compound the problem that is being experienced in all areas of Australia. Obviously this is not the time to get off the track and talk about those matters. Equally obviously, taxes on fuel will not overcome the problems of the unemployed or those suffering hardship. We must be honest about this and remember that we are talking about a levy on fuel that will be put into various transport areas. Twenty-six per cent of people will contribute approximately half the total amount received from the levy. We do not want to argue on the basis of city versus country, but it is a problem. We are the most urbanised nation in the world, and Western Australia is the most urbanised state in the nation. I for one would love to see the people to whom Hon. Des Dans referred out in the country being given the opportunity to work. I made such comments during my speech on the Address-in-Reply. Until Australia gives people incentives to work and until unions and employers look after people and give them such incentive so that they can take home more pay, there will not be much improvement. I accept that this Bill will not improve that situation.

I thank the Minister for his answer that some \$45 million to \$50 million will still be spent on roads. That means that \$30 million to \$35 million will be spent in some other transport area, whether Westrail or Transperth. In view of the fact that 25 or 26 per cent of people will be contributing half the total amount, I am having a lot of trouble coming to a decision about whether to support this clause.

Hon. D. K. DANS: I mentioned the amount of \$46 million as being the figure comparable to what was now being spent on roads and what might be spent in the future. However, the Minister for Budget Management has said that in the Budget there is no commitment to any particular figure. I am relying here on departmental advice. I am saying that there will be no scaling down of the amount that applied in the past.

Hon. N. F. Moore: What is the Minister for Budget Management saying?

Hon. D. K. DANS: He is saying that the Budget does not make a commitment to a figure.

Hon. N. F. Moore: How do you weigh that up with the commitment you gave?

Hon. D. K. DANS: I took the advice of my departmental adviser. I have been told that the figure comparable with that of last year would be that of \$46 million plus.

The Minister for Budget Management is saying, "Do not look in the Budget for something like \$46 million plus." I can understand his saying that, because Mr Berinson is a stickler for being honest and spot-on.

If we are to get into a discussion about 25 per cent of the people paying tax for this and 40 per cent paying tax for that, I suppose there are people in the metropolitan area who might say that they are contributing to this or to that. This tax, whether personal income tax or whatever, goes into a common pool. People contribute to country water supplies by way of rates and taxes.

Hon. E. J. Charlton: You are really touching on our soft spots.

Hon. D. K. DANS: I do not think we can work in the way suggested. Immediately one starts to do that, one divides the community into squares. Taxation is something which should be paid by everyone for various reasons, and the State cannot encourage tax to be applied to certain areas; it is committed to all of the State.

I do not think there is much more I can say. It is a question of our having more flexibility to deal with the transport needs of the State. At the same time, the country areas will not be disadvantaged. If it all goes the way it went before, the transport needs of the people of this State will suffer as a result.

Hon. N. F. MOORE: I do not wish to prolong this debate, but I am disappointed to hear the Minister suggest that the \$46 million was really a departmental estimate; and the Minister for Budget Management has said one cannot put a figure on it because the Budget has not been drawn up.

I was not too unhappy to hear the Minister say that \$46 million was a minimum. I could have been persuaded to go along with the clause, because it would have meant in effect a reasonable increase over the last 12 months in the amount of money paid on the old fuel franchise levy which would have gone into roads. The additional 2c would have gone into other things.

Had the Minister been able to give the House a guarantee that \$46 million was the bottom line, and that \$46 million would still go into roads, I might have been persuaded to go along

with the legislation. Now that we do not have that guarantee, my enthusiasm has waned.

I believe that the electrification of the railway line from Fremantle to Perth is a waste of money. If this money went into that, it would be a dreadful waste. I would rather see it go into roads in my electorate and other parts of Western Australia.

I do not know whether the Minister for Budget Management can give us a clear indication of whether at least \$46 million of the \$80 million will still go into roads. If he cannot give that guarantee, I am afraid I shall have to think again about this clause.

Hon. D. K. DANS: I could have sat on my hands and not mentioned to the Committee what the Minister for Budget Management said to me, but that would have been dishonest.

Hon. N. F. Moore: You would have been stuck with the guarantee.

Hon. D. K. DANS: I said the estimate of that amount was \$46 million-odd. That is from a departmental officer.

Hon. N. F. Moore: You gave a clear indication that that is what would be spent out of the \$80 million.

Hon. D. K. DANS: That \$46 million is an estimate. I told the member what the Minister for Budget Management said.

I do not want to be abrasive, but I have just had this note handed to me. The idea of 25 per cent of the people paying half the tax is an exaggeration. It will be fairly similar per head. While a disproportionate amount of fuel is bought or used in the country, if one looks at where the users live the amount of fuel used per head is not very dissimilar. I would have to take that as being correct.

We are looking right across the board. I do not want to go on for ever with this debate. I have taken it as carefully and as sincerely as I can. It is a budgetary problem, and a very big one at that. Country road users will not have their roads deteriorate under the wheels of their cars, but the Government wants the flexibility of being able to use the money for other purposes. If it does not have that flexibility, obviously other areas of transport will be affected.

It is a simple thing. I will answer any more questions that I can. I hope members do not take those comments as being abrasive.

Clause put and passed.

Clause 6 put and passed.

Title put and passed.

### *Report*

Bill reported, without amendment, and the report adopted.

### *Third Reading*

Bill read a third time, on motion by Hon. D. K. Dans (Leader of the House), and passed.

## **FUTURES INDUSTRY (APPLICATION OF LAWS) BILL**

### *Assembly's Amendments*

Amendments made by the Assembly now considered.

### *In Committee*

The Chairman of Committees (Hon. D. J. Wordsworth) in the Chair; Hon. J. M. Berinson (Attorney General) in charge of the Bill.

The amendments made by the Assembly were as follows—

#### No. 1

##### Schedule 2

Page 13, clause 3—To delete "For the passage *"Futures Industry Act 1986"* (wherever occurring)" and substitute the following—

Except in Clause 3 of Futures Industry form 16 in Schedule 2, for the passage *"Futures Industry Act 1986"* (wherever occurring).

#### No. 2

##### Schedule 2

Page 14, prior to clause 9—To insert the following clauses—

9. In the Notice of Relevant Statutory Provision appearing in Futures Industry Forms 6, 7, 8, 9 and 10 respectively in Schedule 2, for the words "this Act" there were substituted the words "this Code".

10. In clause 3 of Futures Industry Form 16 in Schedule 2, for the passage "regulations under the *Futures Industry Act 1986*" there were substituted the passage *"the Futures Industry (Western Australia) Regulations"*.

Hon. V. J. FERRY: These amendments really are just a matter of fine tuning. The new drafting is more appropriate to meet the needs of the Bill, and the Opposition supports it.

Hon. J. M. BERINSON: I move—

That the amendments made by the Assembly be agreed to.

**Question put and passed; the Assembly's amendments agreed to.**

### *Report*

Resolution reported, the report adopted, and a message accordingly returned to the Assembly.

## **IRON ORE (McCAMEY'S MONSTER) AGREEMENT AUTHORIZATION AMENDMENT BILL**

### *Second Reading*

Debate resumed from 22 July.

**HON. N. F. MOORE** (Lower North) [2.23 a.m.]: I will be brief in my comments on this Bill in view of the hour and also bearing in mind that the matter was debated at some length in the Assembly.

Essentially the Bill amends the agreement Act in relation to the McCamey's Monster iron ore deposit in the Pilbara. The original agreement was reached in 1972 between the then Tonkin Labor Government and a number of joint venturers, including Hancock and Wright, for the development of the McCamey's Monster iron ore deposit. It is interesting to look at the predictions made during the debate in 1972 by various people, including the then Opposition spokesman on these matters, Sir Charles Court. He predicted that the agreement itself was such that it was unlikely to be successful, and I guess time has proved that what he said in 1972 was correct.

However, in 1986 we find that there is an amendment before the House to enable activity to occur at McCamey's Monster and for Hancock Mining Limited to fulfil a contract it has negotiated with the Rumanian Government for the supply of iron ore. The company intends to develop a new mining project under this agreement Act, and it has a contract with Rumania for 53 million tonnes over 50 years. The agreement requires that the contract commence in January 1988 and that three million tonnes needs to be exported within the first year.

That seems to me to be wishful thinking. I would be delighted if this project could commence by January 1988 but it is a fairly short period of time and maybe the Minister can tell me whether the Government believes the project can commence at that time.

The arrangement entered into by Hancock Mining Limited and the Rumanian Government is a rather novel approach from the point of view of selling iron ore, when one looks at it in the context of previous iron ore developments in Western Australia. The iron ore is to be sold on a barter basis, and in exchange for the iron ore from Western Australia, Rumanian goods will be provided to Hancock Mining Limited, which will then dispose of those products which will, in effect, pay for the iron ore.

The legislation before the House goes into considerable detail about variations of the requirements of the company with respect to its operations in the Pilbara. I will not go into those because of the time at which we are now sitting. However, I will make one point in respect of that; that is, there seem to be some rather considerable differences between the way in which this agreement has been reached and the agreements of the other iron ore companies in the Pilbara. It appears that the Government has written into the agreement a capacity for itself to become involved in a considerable amount of decision making which is not contained in other agreements. I hope this agreement will not be seen as a precedent for alterations to other agreements when they come up for renegotiation from time to time. An example is the Government's involvement in providing electricity, and in relation to railways and so on, in this contract.

We all know that Mr Lang Hancock has been trying for a number of years to get an iron ore mine off the ground in the Pilbara. He was involved with the Marandoo deposit for many years. He was a landholder in the area where Hamersley Iron was developed, and made a considerable sum of money in royalties through Hamersley Iron; but he has always endeavoured to have his own mine operating and from time to time we have read of his attempts to get the Marandoo project off the ground with a variety of novel suggestions, such as providing a slurry to transport the ore, and talking of ports at different points along the Pilbara coast. It seems that now, with some luck, he will get the McCamey's Monster developed, and that we will see a new iron ore mine in the Pilbara.

The timing is fairly good in view of the fact that the other companies are experiencing some growth, especially Mt Newman. I wish Mr Hancock well. I hope he eventually succeeds in his ambition and that this agreement Act which is being passed tonight will form the basis of a new mine in the Pilbara;

and that he will fulfil his dream of owning and operating an iron ore mine.

I reiterate that, in view of the time, I will not go through the detail the Bill. With those few comments the Opposition indicates its support for the Bill.

**HON. P. H. LOCKYER** (Lower North) [2.30 a.m.]: I support the comments made by Hon. Norman Moore. I have always admired Lang Hancock. Three points need to be made. First, this is the first hands-on operation that he will have in his own right, and I wish him well. Second, this is the first iron ore mine to be opened up in more than 10 years. Third, this will be a unique way of marketing. This barter system is something we should watch closely, but I certainly support it. This project will be a very good thing for the iron ore industry. The industry and the State have been helped significantly by people of Lang Hancock's ilk, and people such as Lang Hancock have put their mark on this State as it has progressed.

**HON. E. J. CHARLTON** (Central) [2.31 a.m.]: On behalf of the National Party I congratulate Lang Hancock, his company, the people associated with him, and also the Government for the part each has played in this development. Undoubtedly it is true that the Hancock name is synonymous with the iron ore industry in Western Australia. It is certain that without people like Lang Hancock we would not have seen Western Australia rise to its place in the world. With the background knowledge of the iron ore industry held by Lang Hancock, he has given and is still giving great benefits to the people of Western Australia. His name is a household word in the iron ore industry here. Whatever reward he gets from this unique venture will certainly not be anywhere near enough to match his contribution to the development of this State and this industry.

**HON. A. A. LEWIS** (Lower Central) [2.33 a.m.]: I do not think the Bill should be passed without some recognition being given to Ken McCamey and Bill Newman, the people who went out and found these ore bodies and did a lot of work. Hon. Mark Nevill is one of that rare breed, although perhaps not as rare as those two gentlemen. I do not know him as well as I knew Ken McCamey and Bill Newman. I am sure Lang Hancock would be the first to recognise—I know he did—the tremendous work they did.

Hon. Bill Stretch and I spent many a night—not always sober nights—with the late Bill Newman and we enjoyed very many chats about the north-west and about what could and could not be done with iron ore.

I guess I first met Lang Hancock nearly 30 years ago. He and Frank Thompson, and I think Hugh Leslie, formed a northern development committee, a committee a little different from the committees we have in today's world. They paid their own expenses and research. They did everything themselves.

Hon. H. W. Gayfer: You would have to do that now, what with the fringe benefits tax.

Hon. A. A. LEWIS: Probably. The point needs to be made that when Lang Hancock was negotiating with the Government, he remembered the prospectors and all the people out there in the field as well as all the people who were going to work on the job. When he went to Rumania he took Jack Marks with him—and brought him back as well, which is something. Of course, most of us who know the two of them would know that after a few initial brushes they would get on very well together. They are both fairly down-to-earth types.

I have some worries about the services to be supplied to the towns—the railways and electricity. The suggestion that the railways might come under the control of the State if need be worries me, when they are working so well without State interference now.

In another place reference was made to agricultural equipment and machinery in the context of this barter arrangement. Of course, when I heard that my ears went forward very quickly. Let us consider tractors for a moment. The market for tractors in Australia this year will be about 7 500 tractors, with 400 different models competing, so the barter system in that area may not be as great as one would hope for.

Something that may help the success of this venture is the timing of it, because at the moment things do not look all that good generally. I agree with Hon. Norman Moore that we should be a little worried about the project's being able to get the first of the ore out by the time required. I have heard from other places that the ore required to meet the contract might come from Brazil initially. I see Hon. Tom Stephens turning very smartly at that. I hope the Minister can assure me that the necessary ore can be purchased from a competitor company in Australia so that at least we sell Australian ore right from the start even if it does not come from this project initially.

Lang Hancock deserves congratulations. I have seen Lang Hancock submit enormous schemes, only to see them treated fairly roughly by a past Government. If anyone is deserving of success for the work and money he has put into this country, it is Lang Hancock. I support the Bill.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Chairman of Committees (Hon. D. J. Wordsworth) in the Chair; Hon. J. M. Berinson (Attorney General) in charge of the Bill.

**Clauses 1 to 7 put and passed.**

**Clause 8: Schedule 2 added—**

Hon. N. F. MOORE: During the second reading debate I asked whether the Government expected this operation to begin by January 1988. Could the Minister indicate whether it will?

Hon. J. M. BERINSON: I am sorry I neglected to answer that question. I do not know the answer but I will ask the responsible Minister to advise Mr Moore directly.

**Clause put and passed.**

#### *Report*

Bill reported, without amendment, and the report adopted.

#### *Third Reading*

Bill read a third time, on motion by Hon. J. M. Berinson (Attorney General), and passed.

### **ADJOURNMENT OF THE HOUSE: SPECIAL**

On motion by Hon. D. K. Dans (Leader of the House), resolved—

That the House at its rising adjourn until 10.00 a.m. today (Friday), and unless sooner adjourned, at 1.00 p.m. the President shall interrupt the business then before the House and, having set it down for resumption at the next sitting, a Minister shall thereupon move the adjournment of the House, any debate thereon being limited to a maximum of 40 minutes, and no member shall speak for more than 10 minutes.

*House adjourned at 2.41 a.m. (Friday)*

## QUESTIONS ON NOTICE

### ABATTOIRS

#### *Australian Code of Practice*

315. Hon. W. N. STRETCH, to the Minister for Community Services representing the Minister for Health:

With regard to the Australian code of practice for construction and equipment of abattoirs recently circulated to small country abattoirs—

- (1) At what date will the code be introduced as a requirement for continued operations?
- (2) Does the code have the same power of enforcement as a regulation?
- (3) Who will oversee and enforce the code?
- (4) Who drew up the code of practice?
- (5) Who or what organisations requested such a code?
- (6) Has the Minister received a request or submission from the Australasian Meat Industry Employees Union (WA) or any other meat workers' union for, or to, such a code of practice?
- (7) Is the Minister aware that this code if implemented will force severe financial burden and possible closure on many small country abattoirs?
- (8) Are such closures in the best overall interest of the meat industry?
- (9) Has he had requests from consumers or other bodies to close small country abattoirs?

Hon. KAY HALLAHAN replied:

- (1) Participating abattoirs in interstate trade will be required to comply as follows—
  - (a) New abattoirs, upon construction;
  - (b) existing abattoirs, by 1 July 1989.
- (2) The importing State may reject product derived from abattoirs not in compliance with the code.
- (3) Health Department of WA, by way of reporting to the importing State the status of an abattoir's compliance.
- (4) Australian Agricultural Council.
- (5) Export inspection service, Australian Agricultural Council.
- (6) No.
- (7) Yes. I have been approached by two local authorities which indicated that introduction of the code could cause financial burden.
- (8) It is not anticipated that closures should result from the introduction of the code, and in any event it only applies to meat being processed for interstate markets.
- (9) No.

### WASTE DISPOSAL

#### *Liquid: Perth Airport*

325. Hon. G. E. MASTERS, to the Minister for Community Services representing the Minister for Health:

- (1) Is Perth Airport land being considered as a site for the disposal of liquid waste?
- (2) Have investigations been carried out to ascertain the suitability of the site?
- (3) What were the results?
- (4) Have any costings been worked out and has any Budget figure been discussed in connection with the development of the proposed site?
- (5) What views have been expressed by the airport management on this matter?

Hon. KAY HALLAHAN replied:

- (1) Yes.
- (2) Yes.
- (3) Preliminary investigations suggest it is a suitable site to operate a liquid waste treatment facility.
- (4) Yes. Preliminary costing would suggest a capital cost of \$1.5 million and treatment costs of between \$3 million and \$5 million, which would be a highly cost-effective solution to a major metropolitan problem.
- (5) Airport management would be receptive to such a proposal provided there were no associated aircraft interference problems and the concerns of the surrounding local authorities and public were favourably addressed.

## LOCAL GOVERNMENT

*Electors*

327. Hon. D. J. WORDSWORTH, to the Attorney General representing the Minister for Local Government:

How many electors are there in each of the local government authorities?

Hon. J. M. BERINSON replied:

State electoral roll figures of the number of electors in each local authority as at 30 June 1986 follow. These figures are not an accurate statement of the total number of individuals eligible to vote in a local government election as they do not include absentee owners or occupiers of properties such as business premises.

Data from a recent survey on electoral statistics are being collated by my department and the number of individuals eligible to vote, based on consolidated roll figures or estimates, will be available later in the year.

State Electoral Roll—as at 30-6-86

Name of Shire	No. of Electors
<i>Cities</i>	
Armadale	25 131
Bayswater	27 568
Belmont	18 968
Bunbury	15 250
Canning	39 945
Cockburn	24 413
Fremantle	14 965
Gosnells	37 094
Melville	48 539
Nedlands	12 916
Perth	50 242
South Perth	21 695
Stirling	112 539
Subiaco	9 535
Wanneroo	72 796
<i>Towns</i>	
Albany	8 950
Bassendean	8 550
Claremont	5 614
Cottesloe	4 827
East Fremantle	4 208
Geraldton	11 802
Kalgoorlie	5 749

Kwinana	8 420
Mosman Park	4 486
Narrogin	2 930
Northam	4 263

*Shires*

Albany	5 685
Augusta-Margaret River	3 018
Beverley	1 008
Boddington	485
Boulder	6 794
Boyup Brook	1 212
Bridgetown-Greenbushes	2 159
Brookton	707
Broome	2 448
Broomehill	376
Bruce Rock	824
Busselton	7 709
Capel	2 347
Carnamah	642
Carnarvon	3 532
Chapman Valley	488
Chittering	777
Collie	5 797
Coolgardie	2 900
Coorow	787
Corrigin	973
Cranbrook	789
Cuballing	400
Cue	160
Cunderdin	927
Dalwallinu	1 132
Dandaragan	1 241
Dardanup	2 660
Denmark	1 763
Derby-West Kimberley	3 315
Donnybrook-Ballingup	2 165
Dowerin	616
Dumbleyung	642
Dundas	1 199
East Pilbara	4 332
Esperance	5 867
Exmouth	848
Gingin	1 508
Gnowangerup	1 425
Goomalling	699
Greenough	3 309

Halls Creek	1 316	Serpentine-Jarrahdale	3 646
Harvey	6 088	Shark Bay	408
Irwin	972	Swan	21 890
Jerramungup	785	Tambellup	540
Kalamunda	26 132	Tammin	342
Katanning	3 105	Three Springs	602
Kellerberrin	959	Toodyay	1 140
Kent	504	Trayning	382
Kojonup	1 620	Upper Gascoyne	112
Kondinin	754	Victoria Plains	749
Koorda	474	Wagin	1 453
Kulin	701	Wandering	265
Lake Grace	1 247	Warooka	1 565
Laverton	529	West Arthur	759
Leonora	925	Westonia	284
Mandurah	12 278	West Pilbara	4 402
Manjimup	5 787	Wickepin	694
Meekatharra	469	Williams	733
Menzies	130	Wiluna	683
Merredin	2 692	Woodanilling	239
Mingenew	393	Wongan-Ballidu	1 141
Moora	1 766	Wyalkatchem	548
Morawa	736	Wyndham-East Kimberley	2 537
Mount Magnet	503	Yalgoo	133
Mount Marshall	585	Yilgarn	1 041
Mukinbudin	495	York	1 502
Mullewa	692		
Mundaring	15 771		
Murchison	75		
Murray	4 145		
Nannup	669		
Narembeen	727		
Narrogin	482		
Northam	1 500		
Northampton	1 532		
Nungarin	205		
Peppermint Grove	1 030		
Perenjori	503		
Pingelly	780		
Plantagenet	2 608		
Port Hedland	6 406		
Quairading	770		
Ravensthorpe	845		
Rockingham	19 925		
Roebourne	7 246		
Sandstone	64		

## HEALTH: HOSPITAL

*Mt Henry: Car Park Vandalism*

331. Hon. P. G. PENDAL, to the Minister for Community Services representing the Minister for Health:

- (1) Is the Minister aware of the series of recent acts of vandalism in the staff car park at the Mt Henry Hospital in which tyres have been slashed and vehicles otherwise damaged?
- (2) What action, if any, is his department taking to combat this problem, particularly for nightshift workers?

Hon. KAY HALLAHAN replied:

- (1) Yes.
- (2) (a) Incidents have been reported to the police, who have increased their patrols in the area;
- (b) upgrading of lighting in car park areas is being evaluated as to feasibility and cost;



- (c) a surveillance programme is being carried out by private security consultants.

**"EDWIN FOX"**

*Maritime Museum Inspection*

333. Hon. P. G. PENDAL, to the Attorney General representing the Minister for The Arts:

I refer to the convict ship, the *Edwin Fox*.

- (1) Was an inspection of the ship in fact undertaken by the WA Maritime Museum?
- (2) To his knowledge was a second inspection carried out and, if so, by whom?
- (3) Is a report of this inspection or inspections available?
- (4) If so, will the Minister arrange for me to obtain such report?

Hon. J. M. BERINSON replied:

- (1) An inspection was undertaken by a Western Australian Museum staff member in November 1984.
- (2) A second inspection is proposed for early 1987 by a Museum staff member under an Earthwatch grant.
- (3) The results of the first inspection are available through the Western Australian Museum. The results of the second can be made available to any interested person.
- (4) Yes.  
Please note that the West Australian Maritime Museum is part of the Western Australian Museum.

**GAMBLING: TOTALISATOR AGENCY BOARD**

*Race Meetings: Ministerial Approval*

334. Hon. FRED MCKENZIE, to the Leader of the House representing the Minister for Racing and Gaming:

- (1) Can the TAB operate on Sunday race, trotting, or dog meetings without ministerial approval?
- (2) If not, will the Minister consult with the TAB Agents Association prior to granting approval of any application made by the TAB to operate on

Sundays to ascertain its attitude to any such proposal?

- (3) Will the Minister endeavour to ensure an amicable arrangement between the TAB Board and the TAB Agents Association exists in relation to any Sunday trading operation before permission to operate is granted?

Hon. D. K. DANS replied:

- (1) The Totalisator Agency Board Act does not prohibit agencies operating on Sundays. Therefore, the approval of the Minister for Racing and Gaming would not be required. However, the Minister responsible for the Sunday Entertainments Act would need to approve the conduct of a sporting event on which betting is lawfully conducted.
- (2) The General Manager, TAB, has contacted the TAB Agents Association to ascertain its attitude towards the possibility of Sunday operation. The Totalisator Agency Board will discuss the matter at its next meeting.
- (3) Yes.

**QUESTIONS WITHOUT NOTICE**

**GOVERNMENT**

*Cost: Increases*

96. Hon. G. E. MASTERS, to the Minister for Budget Management:

- (1) Has the Minister read the front page of the *Daily News* today where it passes a disastrous message to us on inflation and the cost of Government?
- (2) Will the Government make every effort to reduce, rather than increase, the size of the Government and reduce taxes and charges rather than continue with the ever ongoing increases that have been predicted up until now?

Hon. J. M. BERINSON replied:

- (1) and (2) I have not seen today's *Daily News*. Without reference to the latest figures on inflation, I can refer the honourable member to the Premier's economic package which indicates the Government's intention to reduce its commitment in a number of areas and also its aim of restraining the incidence of taxation in this State. With

respect to payroll tax, which with regret we found ourselves forced to increase at higher levels, a continuing reduction has already been noted in the burden of payroll tax which has been provided to the businessmen at the lower end of the scale.

## PRISONER

*Raymond Mickelberg: Transfer*

97. Hon. P. H. LOCKYER, to the Minister for Prisons:

Can the Minister inform the House whether any progress has been made over the decision to transfer Raymond Mickelberg from the Fremantle Prison to the Canning Vale Prison?

Hon. J. M. BERINSON replied:

I have only just returned in the last couple of hours from a ministerial meeting interstate. I have not had the opportunity to bring myself up to date on that question.

## TRANSPORT: SHIPPING

*America's Cup: Cancellation*

98. Hon. P. H. LOCKYER, to the Minister with special responsibility for the America's Cup:

Is the Minister aware of any major shipping company having cancelled ships that were originally supposed to visit Western Australia for the America's Cup?

Hon. D. K. DANS replied:

No, I am not aware of any major shipping companies cancelling ships that were meant to be coming to Western Australia because of the America's Cup. I do know a number of shipping companies did express an interest, but that interest was not confirmed with the Fremantle Port Authority. It would appear they are now not coming. They did not proceed with the inquiries for berth space they made earlier last year.

## QUESTIONS ON NOTICE

*Postponed: Answers*

99. Hon. A. A. LEWIS, to the Leader of the House:

With the imminent closing of this part of the session of Parliament, will he make his best endeavours to get answers to the postponed questions on the notice paper to the members direct? I have one question which has been on the notice paper for a fortnight, referring to the matter of a balance sheet. Having spoken of balance sheets earlier, I hoped the answers would have been easy to obtain.

Hon. D. K. DANS replied:

I will make every endeavour to meet Hon. A. A. Lewis' request.

## BILLS

*Proclamation*

100. Hon. D. J. WORDSWORTH, to the Attorney General:

I asked over a week ago what Bills from the 31st session of Parliament had not been proclaimed. I would have thought that was a simple question. It seems the Government is not able to answer it.

Hon. J. M. BERINSON replied:

I can assure Hon. D. K. Wordsworth that the lack of an answer is not through any difficulty in compiling it but simply that I have not been here to obtain the information and authorise its printing. I will either have it available on the next day of sitting or forward it directly to the honourable member.

## PRISON

*Site: Canning Vale*

101. Hon. P. H. LOCKYER, to the Minister for Prisons:

I preface my question by pointing out that the Premier of the State made a statement that the new prison proposed to be built in Casuarina should not be built next to the Canning Vale Prison because it would cause problems. Can the Minister inform the House what problem would stop a maximum security prison being built at Canning Vale?

Hon. J. M. BERINSON replied:

I am not aware of the Premier's statement, but it reminds me of a statement I made in answer to a question on notice in the Legislative Assembly. There are a large number of requirements for a maximum security prison and one of the reasons—and I stress only one of the reasons—that has decided the Government against using the Canning Vale site is the very strong professional advice against the excessive concentration of numbers of prisoners in the one area. That advice goes further to the point of suggesting very strongly to the Government that an addition of something of the order of 300 maximum security prisoners in the Canning Vale prison area would take the total number beyond acceptable limits.

#### YOUTH CLUB

##### *Halls Creek*

102. Hon. TOM STEPHENS, to the Minister for Community Services:

- (1) Did the Minister, during her recent visit to the Kimberley, have the opportunity of taking up my suggestion to visit the youth club operating in Halls Creek?
- (2) Did she familiarise herself with the youth club now operating in that town?
- (3) Is that youth club making a contribution to the needs of youth in the township of Halls Creek?

Hon. KAY HALLAHAN replied:

- (1) to (3) The youth club operating in Halls Creek is a good news story. It is now operating seven nights a week from 5 p.m. until 10 p.m. I am advised that on cooler nights there are about 20 young people, and on hotter nights there are up to 160 young

people in Halls Creek attending that youth club. I was not able to visit the club in the evening when it was operating, but I did visit the club, met with the staff, and spoke about the activities of the club.

Since it has been operating, there has been a most dramatic decline in the rate of juvenile offences. It is clear the Department for Community Services was well advised when it made the extra funding available for that club, because many young people who would otherwise have offending records now do not.

#### REGIONAL DEVELOPMENT

##### *"Bunbury 2000": Funding*

103. Hon. V. J. FERRY, to the Minister for Community Services:

In view of the publicity surrounding the anticipated reductions in Government spending in the next 12 months, can the Minister assure the people of Bunbury and the south-west that the Government's "Bunbury 2000" strategy would not be disadvantaged inasmuch as the agencies under her portfolio will not be starved of funds any more than they have been in the last 12 months?

Hon. KAY HALLAHAN replied:

While I accept there are some agencies in the Bunbury area that have wanted more funding for their operations, it is quite untrue to say that agencies in the Bunbury area have been starved of funds. I can give no particular assurance regarding the outcome of the budgetary consideration. The honourable member, from his experience of being in Government, would be quite well aware of that.