

Legislative Council

Thursday, 13 April 1989

THE PRESIDENT (Hon Clive Griffiths) took the Chair at 2.30 pm, and read prayers.

COMMITTEES FOR THE SESSION - STANDING COMMITTEE ON GOVERNMENT AGENCIES

Report

HON MARK NEVILL (South East) [2.33 pm]: I am directed to present the twenty-second report of the Standing Committee on Government Agencies, which contains a review of the committee's operations for 1988. The committee was kept busy during the year on two major projects which were commenced in 1987: An inquiry into the use of plain English in Government writing, and a review of the Country High School Hostels Authority. These reports were tabled in May and September 1988 respectively. The committee also undertook an inquiry into the financial management and accountability of the State Government Insurance Commission and the State Government Insurance Corporation, at the instigation of the Legislative Council on 16 November 1988, and it tabled an interim report on 15 December 1988. During the year, the committee also continued its program of meetings with the management of individual Government agencies.

One change in committee membership occurred during the year. The Deputy Chairman, Hon Colin Bell, resigned from the committee on 9 November 1988, and Hon Max Evans was appointed to replace Hon Colin Bell as a member. I take this opportunity of thanking Hon Colin Bell for his contribution to the work of the committee, and also to record my appreciation for the contributions and support of my colleagues on the committee, and our very able staff.

The report contains two innovations: The inclusion of a statement of payments of costs incurred by the committee, and a table showing the attendance of members at committee meetings. I move -

That the report be printed and do lie upon the table.

Question put and passed.

[See paper No 183.]

ADDRESS-IN-REPLY - SEVENTH DAY

Motion

Debate resumed from 12 April.

HON D.J. WORDSWORTH (South) [2.35 pm]: I take this opportunity during the Address-in-Reply debate to congratulate the Government on its re-election, and I also congratulate the Ministers on the frontbench for the part that they have played. Without doubt, if they were a cricket team, no-one could have a better opening bat than Hon Joe Berinson. He manages to present a square bat to every ball that is bowled. I also congratulate you, Mr President, on your re-election, and congratulate other members who were re-elected. To members who are retiring, I wish them a very happy and pleasant retirement. It has been great to work with them for so long, and I hope that they enjoyed the friendship as much as I did.

I join with others in saying how happy I am to hear that the Governor's term has been extended. Without doubt, Professor Gordon Reid has endeared himself to almost all Western Australians - obviously not to all, because he has not had the chance to meet all Western Australians. His reputation and that of Mrs Reid have gone before them. They have done a very good job indeed, and we in this Parliament are very fortunate that he has chosen to take such an interest in what goes on here. Of course, that ties in with his background, and it is very nice as parliamentarians to have a Governor who has that background and is able to take that direct interest. Professor Reid and Mrs Reid have set a fine example for Mr Hayden to follow. Already that man has tripped up on one of his first jobs, and it is unfortunate that the Scout Association has to look for another patron. Not only has Mrs Reid brought charm to

her position, but she has also made a very special contribution by her support of the organisation known as the Friends of Government House.

The PRESIDENT: Order! Honourable members, the audible conversations in the Chamber are getting out of hand of late, and I remind you that not only is it rude but it is also out of order to carry on a private conversation in tones that are likely to affect the person who is addressing the Chair legitimately. I request honourable members not to hold their private meetings in this Chamber.

Hon D.J. WORDSWORTH: As I was saying, the Friends of Government House are a group of people dedicated to maintaining Government House and its grounds in a suitable manner, to be enjoyed by present and future generations of Western Australians, with particular emphasis on collecting suitable furniture for that very historic building. I trust that the Government will support Mrs Reid's efforts in this direction. Very little Western Australian furniture from the early days has survived, and that is probably as a result of the very difficult circumstances in this State in the early days of settlement. Other States were much more affluent and had the benefit of convict labour.

Hon Mark Nevill: Perhaps you would do a very good job as curator of the furniture.

Hon D.J. WORDSWORTH: I would dearly love to do that job. I hope the Government will help Mrs Reid in this matter and make some contribution to the funds being raised. Although Government House may have been furnished in a simple way in the early days, much of that furniture has been lost and it is difficult and expensive to collect replacement furniture.

I wish to speak today on some conservation issues, which are very important topics. With due credit to the Government, members of the Labor Party have appreciated the significance of this area rather more than members of the Liberal Party, and that may be part of the reason why the Liberal Party failed to collect sufficient votes in the last election to win Government.

Members do not have to be reminded that a Select Committee inquiry into salinity took place last year. That came at a very significant time because, without doubt, the public were beginning to turn their attention towards wider conservation issues in Western Australia. Until that time, in common with all other parts of Australia, the efforts of conservationists had been directed more towards woodchipping, national parks and the like. It is only recently that the public have begun to realise the massive degradation of the general countryside in Western Australia, not only at the hands of the farming and grazing industry, but also generally speaking from the occupation of the land by the white man. I was interested to read the lead story in the summer 1988-89 edition of the Commonwealth Scientific and Industrial Research Organisation's science and the environment magazine, "ECOS", under the heading "Trees, water and soil - a fine balance". The article outlined some of the problems facing Western Australia. Members of this House can be proud of the fact that the CSIRO had available approximately 45 of its own reports on salinity in Western Australia and it chose to list the Legislative Council's Select Committee report on salinity as one of the five reports recommended for reading. I am a little disappointed that the report was referred to as a Western Australian Government report on salinity. That illustrates perhaps that even the researchers in that area are not aware of the parliamentary system and the structure of Select Committees. Perhaps if this House becomes more involved with committees and inquiries, the general public will understand what Select Committees are all about.

The article to which I refer is indeed a detailed article. It is a pity that it may not be circulated very widely among the general public. The article points out that saline water is part of the natural environment in Western Australia, and large amounts of salt are found in the soil - it quotes 50 to 100 kilograms per square metre. Of course, that represents a full sack of salt for every square metre in Western Australia. The article states that that quantity is quite common throughout Western Australia and that -

... removing native vegetation and replacing it with pasture alters the water balance in the soil; because of reduced evaporation and transpiration from pasture plants, groundwater levels rise, salt is mobilised, and stream salinity increases.

I will not go through all the points made other than to highlight one aspect. I am concerned about the role played by trees in overcoming the salinity problem in Western Australia, and

the knowledge the general public have in this area. People are inclined to think that if all land has trees planted on it, the problem will be cured. However, if that were done all our farming land would be lost, and it is impossible in any case. The article describes trials which have been carried out in the Collie Basin in which part of a catchment area was cleared and another part was not. A comparison was made between the two areas. One outstanding fact that emerged is that if only a minute amount of water is not utilised, it soaks through the soil and lifts the water levels. It was found that where the catchment area was cleared the water rose at the rate of 2.6 metres a year. That figure is quite staggering, and one realises the significance of the rising water table reaching the salt in a crystalline state - the quantity being equivalent to one full sack each square metre - and mobilising that salt and taking it into the river systems. The article states that research has been carried out by Water Authority hydrologists with regard to the required number of trees to be planted in order to control the water and prevent it from adding to the water table. It states -

Water Authority hydrologists have recorded reductions in groundwater levels under many of the monitored plantings. Falls have been largest where the planted areas covered 30% or more of the cleared land. Plantings over less than 20% of the landscape have, to date, shown little effect.

From that extract members will realise that the ideal tree planting is between 20 and 30 per cent if one is to control the water. Of course, that applies to the Collie Basin and the figure may vary in other areas. The article continues -

But we can't reforest everything and still have farmland left to farm. Can a smaller antidote do the trick?

The Collie catchment studies have shown that, under pasture, the amount of rainfall reaching groundwater is only 25-75 mm per year.

Members will probably be aware that Collie probably receives 1 000 millimetres of rain; of that 1 000 only 25 to 75 millimetres is not being utilised under pasture in that country and is joining the underground water. The article continues -

This is small and suggests that only a small strategic part of a farm may need to be planted with trees to prevent the groundwater level rising.

The article then recommends trees which should be planted; it suggests blue gums and sugar gums which could annually dissipate two to four times the amount of rain that fell on them, compared with only 0.6 times for pasture. That article by the leading research authority in Australia, the CSIRO, indicates what should be done in Western Australia to overcome its salinity problems.

With that in mind, I was very disappointed at the tenor of an article in *The West Australian* on 27 February, in the "Monday Report", written by Brendan Nicholson, who had obviously received a batch of Government Press releases, because this is what he wrote -

A "green and brown" revolution is taking place in WA.

Trees are being planted faster than they are cut down to reverse the increasing problem of salinity in our soil . . .

Farmers, conservationists, and the WA Government have joined forces in a timely but remarkable alliance to beat back the salinity and erosion swallowing thousands of hectares of WA farmland.

They have joined forces under a multi-million-dollar soil and water care plan to end erosion and reverse salinity which will destroy 30,000ha of WA land annually by the year 2 000.

The Western Australian Government is to supply \$50 million over 11 years, and the Federal Government \$114 million. He continues -

The co-operative exercise has become a "green and brown revolution" in WA, with farmers and environmentalists sitting together to plan planting at least 100 million native trees and shrubs over the next 10 years.

These trees are not to be confused with the 100 million trees being planted under the Tree Trust scheme for timber production.

The article says that the former Minister for Agriculture, Mr Grill, is thrilled at what is taking place. It continues -

The Government has appointed landscape consultant Professor George Seddon, of UWA, to ensure the results are attractive and the landscape is varied.

Hon Eric Charlton spoke about this matter during the Address-in-Reply debate, and mentioned the need for a body to coordinate the various measures being undertaken to combat salinity. I cannot tell from this newspaper article which Government project or projects it is thought will reverse salinity. I have a fair idea that it is referring to an article in the bulletin *Leaflet*, which is put out by Greening Australia, under the heading "Ribbons of Green - pleasure not pain!". This is followed up by an article in the next issue of that bulletin, under the heading "A dream come true". These articles centred on a statement by the Premier that over the next 10 years, a ribbon of trees would be planted between Perth and Kalgoorlie, and that this was one of the Government's major environmental projects. I admire the Premier for making that announcement, and for the recognition he received for that proposal. However, I wonder whether he has ever driven between Perth and Kalgoorlie, or whether he goes by air, because anyone who travels along that road would know that a considerable number of trees has already been planted.

When I was Minister for Transport, the concept of planting trees on our roadside verges was renewed. At that time the thrust of our tourism program was that Western Australia was the wildflower State. The Government set up a road verges committee, which developed a technique of building roads, and pushing aside the soil containing the seeds of our indigenous vegetation and wildflowers, without having them turned into compost and destroyed; and after the roads were completed, the soil was spread out again and the flowers could develop from seed. That was a very worthwhile project, but we went overboard about wildflowers, and prevented farmers and other persons from planting trees on roadsides.

In Esperance there has been a lot of roadside tree planting. I planted 100 kilometres of trees along the roadside outside my property. Farmers are always short of money - and new farmers even more so - and one could plant trees on the roadside without having to put up protective fencing.

Hon S.M. Piantadosi: How many did you clear?

Hon D.J. WORDSWORTH: There are very few trees in Esperance, so one could hardly ask how many did I clear. I certainly put in trees which were 10 times more in height than those that I took away. Any person driving east of Esperance could not help but be impressed by these 10 miles of trees on either side of the road, which has certainly enhanced the area.

It was not until Western Australia's 150th year celebrations that I was able to encourage the Main Roads Department to return to a tree planting program, while still allowing wildflowers to grow closer to the road. The department planted 150 000 trees to mark our 150th year. Since then we have seen hundreds of miles of trees being planted. When one drives down to Albany, one drives through trees for the majority of the way.

The PRESIDENT: Order! I ask the two members in the back row to stop inviting the member in the front row to break the Standing Orders.

Hon D.J. WORDSWORTH: I am sure that anyone who travels from Perth to Kalgoorlie will realise that many trees have already been planted along the highway by the local shires, farmers, and the Main Roads Department. So while I do not want to detract from the Premier's proposal, because it was very well received by the public, and it will be of great visual benefit, it will not solve the problem of salinity. I am concerned that too much emphasis is being placed on having ribbons of green, rather than on the strategic planting of trees. The Commonwealth Scientific and Industrial Research Organisation stated in one of its bulletin that what is important is the strategic planting of trees. The Select Committee on Salinity's report stated that it was essential to map Western Australia in such a way as to show where the salinity problems occur, and where trees should be planted, so that farmers could then carry out tree planting in those areas where it would do the most good.

Unfortunately, up until now many of the trees have been planted, perhaps in ignorance, right where the salt is coming to the surface, and they have died, which has tended to put farmers and others off tree planting. Having read the "Monday Report" article with its emphasis on roadside tree planting, and having noted the Government's engagement of a landscaping

consultant to ensure that the landscape and trees are varied, I am concerned that, rather than planting trees for the sake of it, the real problem of planting trees where they are required should be addressed.

Hon J.N. Caldwell: The "ribbons of green" are aesthetically pleasing and are also for the benefit of the birds, which need somewhere to land when they tire out.

Hon T.G. Butler: The planting of trees does tend to motivate people, even if the trees are not serving the specific purpose you mention.

Hon D.J. WORDSWORTH: I am not decrying the planting but merely wanting to ensure that the two purposes are served. This article implies that the problem will be solved by planting the "ribbons of green", but a dual approach is required in that the trees must be planted in the right place.

Hon T.G. Butler: You are right.

Hon D.J. WORDSWORTH: That article implies that if we plant these 100 million trees everything will be all right in 10 years' time. Unfortunately that will not be the case if they are not planted in the right places. As it happens, 100 million trees works out to two trees per acre of cleared land, which I do not think will solve our problems.

While giving credit to our Select Committee on salinity I must also draw attention to the fact that we did receive some flak from other quarters. For instance, Professor Lex Parker, who has now retired from the University of Western Australia, attacked us - and I use that word advisedly - for the "absurdly unbalanced document" we produced. He was referring to the fact that we confined our report to commenting on salinity instead of tackling the whole matter of soil degradation.

Hon J.N. Caldwell: We would still be there now!

Hon D.J. WORDSWORTH: Exactly, we would still not have a report out if we had taken on that vast subject; although I think the report was directed to the whole subject. However, I will read out what Professor Parker had to say because it backs up once again the point I want to make - that it is not just a matter of planting trees everywhere. Professor Parker said -

"There is not that much money around that we can throw it all at salt degradation and forget about it," he said.

Putting funds into overcoming the whole soil-plant-water imbalance which occurred on all cleared land was the way to go.

The DEPUTY PRESIDENT (Hon John Williams): Order! Order! There is far too much audible conversation in the Chamber. The President drew attention to it before. There are two audible conversations being carried on in the Chamber and one very audible one behind the Chair.

Hon D.J. WORDSWORTH: I will continue with Professor Lex Parker's remarks -

"Moreover, when the major forms of degradation - soil compaction and the soil-plant-water balance have been remedied, then the salt problem will also be solved, existing salty soils will be reclaimed and further salt encroachment will cease," he said.

I think he is exaggerating a little; nevertheless he is referring to the soil-plant-water imbalance. The article continues -

Professor Parker said solutions to correcting the water imbalance were reintroducing perennial plants such as lucerne, tagasaste and sheoaks - all good sheep feed - and encouraging the return of soil animals like termites, earthworms and ants.

Minimum or zero tillage would be used more widely for crops grown in a three or four year rotation with perennial pastures.

"Unless we have an established pasture phase, we are not going to be able to improve the physical fertility of the soil," he said.

This really adds to the article by the Commonwealth Scientific and Industrial Research Organisation which points out that we must go on farming. In his article Professor Parker

says how we can go on farming - we must have more emphasis on crops and pastures that utilise the water in the same way as the original vegetation did. In Victoria there is a subsidy for the planting of perennial pastures and I hope that will be introduced in Western Australia in the near future. It is rather unfortunate that in Western Australia the work which has been done on permanent pastures is not extensive. For some unknown reason the Department of Agriculture in this State has been tardy in its research investigations into perennial pastures, although it would undoubtedly lead Australia in work on saltbush and other shrubs, and also in the use of lucerne. I think, though, the department has recognised that problem and that we will see moves in this direction in the future.

I am very pleased that the Government has employed an education officer, and I congratulate it for that; that was one of the recommendations of the Select Committee which inquired into salinity. The officer has been transferred to the Department of Agriculture and will be going around to high schools to make students aware of conservation problems in our countryside. I believe the Government itself is getting the Government departments organised so that they work in together, and while perhaps we may feel that what is taking place is progressing slowly -

Hon S.M. Piantadosi: At least we are righting the wrongs of previous Governments.

Hon D.J. WORDSWORTH: Hon Sam Piantadosi may make my speech for me -

Hon S.M. Piantadosi: You will go down in history as the Minister who caused the disaster.

Hon D.J. WORDSWORTH: That is just the subject I wished the member to bring up, and I thank him very much. He must realise that I am explaining this for his benefit, because he was the one who wanted to cover the whole countryside with trees. I am explaining to him that we do not have to do that.

Another article I want to comment on is one which appeared in *The West Australian* on 18 March headed "A sorry State" and "How the West was lost". This was a colour feature, a lift-out article of some four or five pages. I believe it was a very good article and I compliment those who wrote it. However, I did take exception to what I suppose was a summary within the newspaper itself which appeared to be nothing but a direct attack upon Sir David Brand's release of land for agriculture; so I am answering the member who was interjecting.

The short article, which I presume was a summary of the feature, was headed "Report highlights massive pollution" and commenced -

Nearly every river and estuary in WA is either polluted or silting up, according to a little-known Environmental Protection Authority report.

The water courses are showing the same signs of salinity and excessive nutrients from fertilisers that have almost destroyed the Peel-Harvey Inlet's ecology.

The repair bill for that stretch of water will be \$46 million - most of it taken up by the Dawesville cut which will open up the inlet to the Indian Ocean.

Much of the blame lies with the Brand Government which, for nearly 10 years, threw open crown land for clearing and development to the catchcry: "A million acres a year."

That was the lead paragraph in a summary of a colour feature of four or five pages and it finished literally blaming one man for the entire matter. That was not the only quote about Sir David Brand, and his photograph also appeared. Further on the article continues -

The Brand Government's "million acres a year" program started a land rush that was almost as dramatic as the gold rush.

People from all walks of life took up parcels of land for as low as \$1 an acre on the condition that they fenced and cleared them. . . .

A staggering four million hectares of country was sold and cleared in 10 years. . . .

The ecological damage from clearing the marginal country during the 1960-70 land boom has probably not yet reached the estuaries but the salt encroachment and grotesque land erosion are everywhere.

It is interesting to note that in the first build up the indications were that this land release by

Sir David Brand had caused the problem with the Peel-Harvey Inlet, but anyone aware of our history would realise that this was the first land opened up 170 years ago, and most of it was fully cleared 100 years before Sir David Brand was born. Yet the article quite happily tries to lay the blame at his feet. It is not until the last sentence of the article that the point is made that any problem with the estuaries which can possibly be blamed on the release of the marginal land is yet to arise.

Hon S.M. Piantadosi: Most of that land was cleared during the 1940s and the 1950s - not 100 years ago.

Hon D.J. WORDSWORTH: Even so, it was before David Brand's time.

Hon S.M. Piantadosi: During a conservative Government's time. You will go down in history as the Minister for Salinity.

Hon D.J. WORDSWORTH: I hope I do. I point out to Hon Sam Piantadosi that the whole system of land release was started by the Hawke Government, which handed over 1.5 million acres to a foreigner - one block to one person - and people have the audacity to blame Sir David Brand. This is nothing but a political attack on one person and his Government.

Hon S.M. Piantadosi: Who was the foreigner?

Hon D.J. WORDSWORTH: Alan Chase.

Hon S.M. Piantadosi: What about Linkletter?

The DEPUTY PRESIDENT: Order! As debate has not concluded, Hon Sam Piantadosi will have a chance to speak in reply.

Hon D.J. WORDSWORTH: I do not wish to continue with this matter except to say that it is easy enough in hindsight to say that land releases perhaps should have taken place in a slightly different manner. As I have said previously - not only in Parliament but also to foresters - unfortunately the Forest Department did not take a slice of the land release and plant trees there; instead it chose to devote all its attention to forest reserves in the high rainfall areas. Nevertheless, anyone who travels along the south coast from Albany to Esperance will realise that at least 20 per cent of the land is still in a virgin state and has been put into reserves. Indeed, a continuous strip runs from Albany to the South Australian border, broken only by the town of Esperance and one or two small areas. It was set aside by the Government at the time to remain in a virgin state, one hopes forever. Most of the area has been reserved as national parks and will never be cleared.

No-one is saying that the system was perfect; mistakes were made with land clearing as happened in many other fields of achievement. Without doubt, we all have a responsibility to correct the situation. We are able to do this; I hope the Government and future Governments will continue to address the problem. I wanted to make these several points on the whole environmental situation. I was rather disgusted about the newspaper article concerning Sir David Brand when the rest of the feature liftout was very good and one which I am sure will help more and more Western Australians become aware of the environment and get them to consider ways to overcome the problems facing it.

Debate adjourned, on motion by Hon Tom McNeil.

ACTS AMENDMENT (DENTAL PROSTHETICS STUDENTS) BILL

Second Reading

Debate resumed from 12 April.

HON JOHN WILLIAMS (Metropolitan) [3.16 pm]: The Bill is a simple one which will ensure that the dental prosthetics students attending courses at the moment, and due to finish the courses in July this year, will qualify. The fact that Parliament will not be sitting at that time complicates the issue. Should the Bill not be passed these people will not qualify. The Bill ensures that during the course the dental prosthetics students will be supervised by a dental surgeon or a dentist as a registered person - an agreement which was reached two and a half years ago when the legislation first came before the House. At that time debate took place and the Australian Dental Association and the dental surgeons were unhappy. However, in time they assimilated and agreed that the students would attend the clinical

course provided under the supervision of a dentist or dental surgeon. The Government has guaranteed this.

The Opposition supports the Bill.

HON KAY HALLAHAN (South East Metropolitan - Minister for Local Government) [3.18 pm]: As Hon John Williams has said, the Bill is uncomplicated and allows students to complete the clinical component of their course under the necessary supervision. I am pleased that a consensus has been reached.

Question put and passed.

Bill read a second time.

Committee and Report

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 Local Government), and passed.

PRESIDENT'S STATEMENT - COUNCIL CHAMBER

Parliamentary Procedure - Preservation of Order

THE PRESIDENT (Hon Clive Griffiths): I remind honourable members that when the President is addressing the Chamber, everybody else must stop speaking, because it is out of order not to do so. Secondly, when members want to catch the attention of the Chair, they should not just stand but should also call, because there are many times when the President, the Chairman of Committees, or the Deputy Chairman of Committees is reading some document or doing something and does not necessarily see the member. Everything seems to come to a standstill, simply because the Chair does not know that a member wants to say something.

WESTERN AUSTRALIAN PETROCHEMICAL INDUSTRIES AUTHORITY BILL

Second Reading

Debate resumed from 11 April.

HON G.E. MASTERS (West - Acting Leader of the Opposition) [3.22 pm]: This legislation will take a little longer to deal with than the Bill we have just passed. It is of great importance and, in the main, I believe it will be largely a Committee Bill. Nevertheless, we will deal with the second reading at some length.

The legislation is important, and the Leader of the House suggested that as we will deal with just the second reading this afternoon, we make reference to some of the concerns we have in the Bill itself, and make reference to some of the clauses, so that over the weekend he can prepare himself for the Committee debate. I also understand that the Leader of the House is in possession of our proposed amendments. They have been quite difficult to prepare in the short time we have had, and I hope the Leader of the House understands the difficulty we had in getting them to him. I will make reference to those proposed amendments during the debate.

The Opposition will support the second reading of the Bill, for the reason that we support the repeal of the Northern Mining Corporation (Acquisition) Act 1983. As far as I am concerned, the Liberal Party will support the second reading, but I make the point that having reached that stage, we will seek to move an amendment to clause 1, and that amendment, if we have our way, will prevent the setting up of a statutory body by which the Government becomes involved in the petrochemical project. So, there is a big difference between the position of the Labor Party and the position of the Liberal Party in respect of this legislation.

Quite clearly we are opposed to greater Government involvement in business enterprises where that involvement can be avoided; and in most cases it can be. On the other hand, it seems the Government is still intent on being involved in businesses in one way or another, despite the results of the election and the figures showing that a great number of people were

concerned about the way the Government operated and its involvement in business. There is no better example of that than the legislation before us today. As a Liberal Party, we are totally opposed to the setting up of a statutory body for the purpose of the Government's becoming involved in the petrochemical project. I guess it is not really necessary to remind the Government of the results of the election and the reason the vote was significantly against the Labor Party.

Hon Tom Stephens: Give it up, Mr Masters! We won the election.

Hon G.E. MASTERS: That is the way the democratic process works; but Mr Stephens cannot blame me for feeling sorry, can he?

Hon Kay Hallahan: No, indeed. We would have felt the same.

Hon G.E. MASTERS: After the election, Mr Dowding said - apparently it has not got through to the members of this House, particularly Hon Tom Stephens - that the strong vote of 52.7 per cent against the Government was because of the Government's involvement in businesses, and in particular in WA Inc. As I understand it, the words that Mr Dowding, the present Premier, used were that WA Inc was dead. Having said that WA Inc was dead, we see that it is being resurrected with this legislation.

Hon Tom Stephens: Do you want a petrochemical plant?

Hon G.E. MASTERS: Of course we do.

Hon Tom Stephens: Where do you want it?

Hon G.E. MASTERS: I do not mind - wherever it is environmentally suitable and acceptable. I just want private enterprise to put it up. Now I will continue my oration.

The Western Australian Government still adheres to the WA Inc philosophy. There is no doubt at all about that. It is attempting to hide behind some sort of shield of accountability. We are very pleased that the Government has recognised the need to be more accountable, but the fact remains that the Government is hiding behind the shield of the Burt report. In fact, I do not think the Government is doing anything more than paying lip service to some of the recommendations in that report.

Hon Kay Hallahan: Rhubarb!

Hon G.E. MASTERS: We will debate that during the various stages of the legislation, and we will demonstrate where we think the Government is not necessarily following those recommendations. Some of our amendments will test the Government; and, in fact, if we are able to prove to the Minister's satisfaction that we are right, we hope that she will accept those amendments with good grace.

Hon E.J. Charlton: Very well done.

Hon G.E. MASTERS: As I hope so will Mr Charlton and his party.

We are looking at a further Government involvement in business. Let us just have a look at the seriousness of the situation. So far we have seen \$175 million invested. Hon Tom Butler is looking across the Chamber at me and saying, "What's wrong with that?" I ask him, or someone from the Government side - and I hope we are entitled to a reply - exactly what that \$175 million is worth in assets. In other words, what has that \$175 million of public money invested in this project bought? What are the assets? Are there any tangible assets, or is it just goodwill and hope in the future? I suggest that is exactly what it is.

Perhaps the Leader of the House, in his new mood of accounting to the Parliament, will be able to assure the House what significant assets have been purchased by the public at a price of \$175 million. Of course, it goes further than that, because we are told that the Government has in fact granted a line of credit for a further \$100 million. However, everyone knows that the \$175 million simply got the Government off the hook for the \$150 million guaranteed to Rothwells. The only way the Government could, if one likes, fool some of the public was by suggesting that the State was buying into a project; but that sum of \$175 million in fact got the Government off the hook.

Point of Order

Hon TOM STEPHENS: Can you, Mr President, tell me whether the Standing Order relating to tedious repetition applies to the repetition of arguments several times in a Parliament regardless of the debate? We have heard this argument over and over again.

The PRESIDENT: I can assure the member that that does not apply.

Debate Resumed

Hon G.E. MASTERS: I understand the frustration of members opposite, and particularly that of Hon Tom Stephens; however, I advise him that I will ram this matter down his throat for as long as I am a member of this House. As time goes on these matters will return to haunt the Government of the day. The Government has put at risk \$175 million. A few weeks ago during a debate when talking about the loss and the extravagance of the Government with public money, I quoted a figure of \$200 million to \$300 million which this Government had lost. At the time Hon Joe Berinson said that the amount was only \$100 million and that it could be absorbed. Hon Tom Stephens accuses me of tedious repetition - he will hear a lot more repetition. He will listen month after month in the next four years as the situation worsens as this project progresses because it will not work under the present arrangements.

Several members interjected.

The PRESIDENT: Order! I ask members on my right to stop interjecting and making inquiries to the member addressing the Chair. That is out of order. I advise the member who is supposed to be addressing the Chair that he is supposed to do just that, and not direct questions to members on the other side of the Chamber. While members may have the impression that the Hansard reporter is hard of hearing, I suggest that she is not, and if they talk in a quieter tone she will be able to hear them quite adequately.

Hon G.E. MASTERS: I apologise to the Hansard reporter, but I do not apologise to members on the other side. I referred to the \$175 million that has been put at risk and with no tangible assets. I also refer to a further line of credit that has apparently gone to the project; that is admitted by the Treasurer to be \$100 million, of which I understand \$50 million has already been called upon. It does not matter whether that is by way of guarantee or cash. The fact remains that \$50 million more has been put into this project, and that is a great deal of public money. Under the provisions of this legislation it seems that the Government will incur a massive liability if this project goes wrong; that liability will not be to the authority because in most ways it is part of the Government. No public authority ever has or ever will go broke because it is a body supported and guaranteed by the Government of the day and the public. It is not accurate to make reference to the risks involved for the authority; the risks are taken by the public. Nothing in this legislation suggests that there will not be a massive loss at the end of the day.

We have debated non recourse finance but I do not believe such finance is possible for this project. It appears from this legislation that the Government will underwrite the whole project, and I ask the Leader of the House to respond to that in his reply. In this House and in another place the Government has said that the development of the project will be based on non recourse finance. People with a great deal of expertise in this field have said that is impossible because no-one is likely to accept that level of risk. It appears that this project has been loaded to the tune of \$400 million to get the Government off the hook and to look after one of its mates, the main benefactor of the Labor Party during the last election, Mr Bond, to the stage at which it now appears that the project will cost between \$1.1 billion and \$1.2 billion.

Hon T.G. Butler: You lost the election with those sorts of allegations.

Hon G.E. MASTERS: The Liberal Party received 52.7 percent of the vote.

Hon T.G. Butler: Bill Hassell shot himself in the foot just before the election with that sort of comment.

Hon G.E. MASTERS: The Government cannot hide the facts day after day; they will eventually emerge. As time passes history will reveal the facts and put the blame on people such as the Government's mates.

Hon T.G. Butler: You are unbelievable.

Hon Tom Stephens: You are wrong.

Hon G.E. MASTERS: Hon Tom Stephens and Hon Tom Butler keep saying that I am wrong, but I am not. The figure of between \$1.1 billion and \$1.2 billion has been quoted.

The Government has made a bold statement and given an assurance that non recourse finance will be available. The Opposition does not believe that. If the Government is dinkum it should provide information on the source of the finance. This legislation will put into operation a program in which a Government body, specially set up for the purpose, will commit large sums of public money and accept great liabilities. This Parliament should be told whether the non recourse finance is being negotiated, how far those negotiations have proceeded, and any other details the Government has. We cannot possibly pass this legislation without knowing where the finance is coming from.

In another place Mr Andrew Mensaros - who probably made the best speech on this Bill in that place - advised that he had received a letter from Mr William de Gelsey, a senior adviser of Creditanstalt-Bankverein, who is very experienced in this field. It seems that this man has advised the Labor Government on certain matters, and he also gave advice to the Liberal Party when in Government. Mr Mensaros asked him whether, in the light of the present arrangements, he thought that non recourse finance would be available to the project. I would like to put that letter on record, even though it has already been put on record in another place. It is very important, and I will make the contents available to members. The letter reads -

My dear Andrew,

Petrochemical Industries Co Ltd.

I was very pleased to talk to you on the proposed Petrochemicals project in Western Australia which has been the subject of lively comment in Europe in respect of its viability and suggested method of financing.

I understand that the construction cost has been estimated at \$1-1.2 billion with only \$200,000 (for the purchase of land) deposited as capital, although \$400 million was paid to Messrs. Connell and Dempster for what I believe was goodwill; \$225 million being subscribed by Bond Corporation and \$175 million by the Western Australian State Government, representing a proposed interest of 56% and 44% respectively of the project.

It is a mystery to me as to how the finance will be raised for such a large investment in the absence of any capital contribution and a take or pay contract for the Petrochemicals derivatives, which I am told does not exist. In the circumstances, banks would not be prepared to commit funds as the repayment of the loan out of revenue of the sale of Petrochemicals derivatives in a highly competitive environment would not be a practical solution.

Even if the subscribed capital was more substantial than the meagre deposit on land (still to be purchased), it would be unprecedented to grant a 100% non recourse finance for a Petrochemicals project costing \$1-1.2 billion where

- (i) this amount includes capitalisation of the servicing costs of the loan,
- (ii) the owners are inexperienced in this field (as in the case for the Bond Corporation and the Western Australian State Government), and
- (iii) only some feasibility studies and a vague heads of agreement for purchasing the project on prevailing market prices is in existence.

A non recourse finance would only be possible - even then an only remote possibility - if there was a legally water tight, firm take or pay contract with an equally firm guarantee that the price for the product under such contract will not fall below the minimum requirement for the yearly servicing and repayment of the loan.

The letter is signed by William de Gelsey, a man who has a great deal of experience in financing such projects. The Parliament is being presented with this legislation to set up an authority to become involved in a petrochemical development.

Hon T.G. Butler: What was the significance of that letter? Was quoting from that letter from some obscure person supposed to justify your argument?

Hon G.E. MASTERS: The fact remains that we are being asked, in the light of that sort of interjection, to give the Government the green light to go ahead with the project without an

inkling of proof that the finance is available or is non recourse. We have been told that it is, but where is the evidence; where is the proof that the finance is coming forward? Surely to goodness the Government, in bringing this forward, would have had to make some public inquiries both here and overseas. The Government has said, "Here are the details. If we are to be involved we need your help, and we want the money to set up a statutory authority." Would the Government accept the responsibility and liability without making some investigations into the viability of the finance? That, Mr Butler, is the importance of the letter I read out. It is from a person who is concerned and who doubts the possibility that finance is available, yet the Government certainly says it is possible to obtain the finance. The Opposition is asking the Government to tell us where it is getting the finance and with whom and where the negotiations are taking place? The Parliament is entitled to know because that is what Parliament is all about; it is about inquiring into the details and the risks involved with public money. Mr President, you can understand why the Opposition is deeply concerned and worried; over a period of six years it has seen a huge loss of public money, which has been admitted by the Leader of the House. He has said, "Do not worry, it can be absorbed as it is a drop in the ocean in the \$5.4 billion Budget."

Hon J.M. Berinson: When did I say that, Mr Masters? When did I talk about a "drop in the ocean" and when did I say, "Do not worry about it"? If you are going to quote me, how about quoting me accurately.

Hon G.E. MASTERS: Is the Minister deeply concerned with that loss of money?

Hon J.M. Berinson: Of course I am.

Hon G.E. MASTERS: What I am saying is that Mr Berinson can understand very well our concerns about the possible further loss of much more than \$100 million.

Hon J.M. Berinson: Which \$100 million are you talking about?

Hon G.E. MASTERS: I am talking about the losses incurred by WA Inc activities such as the Teachers Credit Society and all of the other activities that the Leader of the House has admitted took place. I am not saying that the \$175 million has been lost, because it has created a great deal of good will, but I understand that the Leader of the House will tell us where the assets are in the \$175 million. The Leader of the House will recall that he asked me to spell out my concerns in the second reading debate so that he would have all weekend to consider them.

Hon J.M. Berinson: I am very accommodating.

Hon G.E. MASTERS: In anticipation of the improved attitude to the questions asked by the Opposition, we anticipate receiving a reply.

Hon J.M. Berinson: It is a consistent attitude, not my improved attitude!

Hon G.E. MASTERS: So, the Leader of the House has the message that the Opposition wants to know about the non recourse finance and get some assurances before we let the legislation through with the risks involved.

Once again I say that over the last six years this Government has orchestrated the situation in which the parliamentary system has been abused and almost destroyed; that is in relation to the area of accountability. What we are saying is that we have been bitten a few times, and the public have been bitten a few times, and we do not want to be put into the position of condoning the loss of public money. The Opposition wants to know the details of the financing. Where is the backup? Where is the finance coming from? We want to make sure that the Government and the Parliament are accountable to the public.

Sitting suspended from 3.45 to 4.00 pm

Hon G.E. MASTERS: Prior to the afternoon tea break I said the Liberal Party would seek to get some answers when the Leader of the House replied to the second reading debate so we might make a firm decision on how we would vote on this legislation. I will support the second reading, and I have explained my reasons for that. I accept that in this legislation and in other legislation the Government is now, as a result of the Burt report, attempting to be more accountable to the Parliament and to the public. It is about time, and I am very pleased to see it. I am sure the Government recognises there is a great need for it to take this action in the light of its performance over the last six years.

This legislation does attempt to bring the Government to greater account before the Parliament and the public but, having said that, the Bill also proposes probably the biggest single equity investment by any State Government in Australia. I referred previously to the commitments already made of some \$250 million. There is talk of a \$1.2 billion project and we are concerned that the Government will be required to foot the bill for a substantial part of that funding and will have to stand guarantee for a lot more. Surely in considering this legislation we are entitled to some sort of financial report and to details of the liabilities and assets of WA Government Holdings Ltd. We know it will become a Government authority, but surely at this stage we should know where we stand with WA Government Holdings Ltd. In fact, we ought to know whether contracts have been or are being negotiated. I do not expect for a single moment we will be told the details of the contracts - nor would I expect that, particularly if there is a great deal of confidentiality and the contracts have not yet been finalised - but we ought to know whether contracts are being negotiated. We also should know whether there is a firm commitment from someone, no matter who, to become involved in the project, not just for the financing of it but for the purchasing of products and those other subsidiary operations which I am sure will take place. We will say more about one of those subsidiary operations very soon. We must know what is the worst possible scenario if something goes wrong. After all, if one goes to a bank or other financial institution, it wants to know all the details before one is loaned any money. That is what is happening with this Bill today - we are being asked to authorise the expenditure of a large amount of money, or certainly to be involved to a large extent, and we ought to be given all of the details.

Of course, we say that the Government should sell its interest. Some people have said that if the Government is forced to sell its interest at this time - that is, the \$175 million investment plus whatever else there is, say \$75 million, or a total of \$250 million - if the project is as good as the Government says it is, it ought to be able to sell it comfortably. Perhaps the Government should get Mr John Horgan, through the Western Australian Development Corporation, to handle it. If it is such a good business the WADC will make a few million dollars for the public overnight. However, I doubt that is a possibility or that the Government's investment so far could be regained as a result of selling its interest in the project. I do not even know what the Government has to sell, but the Leader of the House will tell us that during his reply.

I am intrigued by all that has gone on. I was one of those members of the Liberal Party who attended a briefing a year or two ago, or perhaps more - and perhaps other members of various parties attended similar meetings - when the Petrochemical Industries Co Ltd project was first mooted and put on the rails. Mr Dallas Dempster gave us a briefing in which he said among other things that there were no financial problems, there was no Government involvement, and there was no need for any Government agreement. He gave an assurance there were no problems at all and he gave us the details. He also said he believed the project would cost in the region of \$600 million or \$700 million and that finance was available at that stage. He also said contracts were being negotiated - I understand they were not completed but were looking very promising - and that all was well.

For some reason the whole thing went off the rails and when that happened it seems to me that a number of people made millions of dollars at the expense of the public once again - and I am talking about the \$175 million investment the Government made, with virtually no asset backing so far as I can see. That money went somewhere and we all know pretty well in which direction it went. On the Government's presentation before the House today, if one went to a bank or to any financial institution or credit society with that presentation one would be laughed out of its boardroom unless one gave more details. We do not expect the Government to give any confidential details but we do expect some broad details of financing, contracts, and all those other matters I have mentioned.

I have said to the Leader of the House that the Bill, which is mainly a Committee Bill, proposes in part I to set up the Western Australian Petrochemical Industries Authority. Obviously we will seek to amend that because we do not believe the Government should become involved in the petrochemical industry unless it is an extraordinary circumstance, and we do not believe it is. If it is as good a deal as the Government has described, someone, somewhere would build a petrochemical industry in Western Australia.

Clause 5 deals with the functions of the authority and clause 5(1)(b) talks about the

possibility of the authority setting up subsidiary companies. Obviously, during the Committee stage we would like to know whether in fact that has been considered and whether there will be further subsidiaries as a result of the project and perhaps some of the other material that would be manufactured or used in one way or another. We believe that clause 5 gives an open cheque to the Government to expand its interest in the petrochemical project. Obviously if we lose the first amendment we will do all we can to ensure that the Government's present 44 per cent is not increased at all. If we had our way we would see it got rid of altogether, but as a last resort we want to ensure the Government does not increase its percentage interest in the project beyond 44 per cent. As well, we will oppose the Government's raising any more money for this project unless it reports to this House as to the need to do so.

We would oppose that sort of move because, having been caught at great public expense over the last six years, we fear the Government or the authority may be tempted at some stage to raise money from somewhere, and the borrowings will become greater than the 44 per cent interest in the project. Maybe the Government will be persuaded by someone - and we all know who that someone is - to raise money for the participants in the project. We want assurance that will not happen if we are not successful with our first amendment at the Committee stage.

Clause 24 is a good clause as far as the Opposition is concerned, covering general borrowing and debt paper. I have mentioned our concern regarding Government borrowing and it is no good suggesting that the authority will not be able to borrow without the express consent of the Treasurer in every case or where money is raised or a guarantee situation is entered into. When I talk about Government I mean the authority as well because once an authority comes into operation it is backed by the Government of the day. We have never seen an authority which has gone broke in Western Australia or in any other part of Australia. Any commitment given by a statutory authority will be a liability to the Government if something goes wrong.

Clauses 25 and 26 cover similar areas as well as guarantees by the authority and borrowing from the Treasurer. The Minister can interpret our intentions from the amendments put forward. I am sorry that I was late getting them to the Government but we experienced difficulty with drafting as we are short on the necessary advice.

I support the second reading but give a strong warning that we will debate vigorously at the Committee Stage if we progress beyond clause 1.

HON E.J. CHARLTON (Central) [4.12 pm]: I remind all interested members that it would have been easy to come to terms with the provisions of this Bill if it involved making a decision on whether the Government should involve taxpayers' money in the petrochemical plant as against an alternative involvement. Unfortunately, taxpayers' money has already been committed. It is also unfortunate that such a Bill was not brought before Parliament before the Government became involved in the project; we would then have been in a position to make a judgment and the people of Western Australia could have been informed about the proposals for a possible commitment of taxpayers' money. I am surprised that the taxpayers of Western Australia do not recognise the possible serious consequences of the Government's involvement in the petrochemical project so far. The people are not aware because they do not need to put their hands in their pockets every Friday and say to the Government, "This is our contribution to the Government's commitment." The commitment is not seen in that way.

Members should realise we are not debating whether the Government is about to commit taxpayers' money to the project; we are debating whether that commitment will remain under the existing arrangement or under the proposed statutory agreement. It is an indictment on the Government that the situation has reached this stage under the camouflage of accountability and the setting up of a statutory body to administer the Government's project. As I have said, we should have debated the whole matter six months ago when the Government became involved. We should not allow the opportunity to go by now without pointing out that the Government became involved not because it thought the venture was good but because it had its hands tied. From a business point of view it is a terrible thing to be forced into a deal with someone standing behind with a big stick; to be left without any options, and to have to jump only one way. The Government had to bite the bullet and add

\$150 million to the \$125 million. As if that was not enough, the Government had to provide a guarantee for another \$100 million to reach the present stage; that is, we now have a block of land and a fence.

Hon G.E. Masters: Ten per cent of a block of land.

Hon E.J. CHARLTON: In those terms, this does not represent a very enterprising and confident position for the Government or the people of Western Australia. That does not mean that the end result will not be successful, but the same can be said for many ventures - whether a private or Government venture or both. The damaging aspect of all this is that the Parliament of Western Australia, representing the people of the State, had no say whatsoever, no warning, no prior information about the commitment of taxpayers' money. That involvement is part of the reaction to the financial dilemma in which the Government has placed itself. Having made the decision, the prospects for the future of the project hold less potential in economic terms than when the Government first became involved. As with any other business, the Government's participation - I emphasise that word because the facts may be different - in the business world, from a financier's point of view, is not running very well. When people associated with the financial or business world are reluctant to become involved, when we see what has happened in the agricultural and service industries - and I have had something to do with those areas - we realise the extreme risks with projects of this kind. We do not need to think back too far to the time when banks wanted to lend unlimited amounts to farmers, for example, for machinery, or to other people to become involved in a business venture. Only a year or two down the track, they did not want to know about that because the prospects were not as good. I make that comment simply because that is the situation when I see the Government's involvement now. The people around the world who are likely to have a financial involvement will not come running to be involved, because the Government is operating with one hand tied behind its back. If we put certain limitations on various areas, that will compound the problem in one way or another. On the other hand, it could create an advantage with improved future directions for the Government to take.

As I said, the Government is involved, so it is not a question of whether it should be involved. It is a question about which vehicle the Government will use in this venture. What will be the commitment of the Government in the future? That is the central question to be answered. That is the only thing which the people of Western Australia have grounds to question. They have not had any chance of finding out anything about the \$275 million already committed, but surely it is not too much to ask, when it is put in those terms, that the people should know at least how much more will be required for the Government to be involved.

That is the first question I put to the Leader of the House. What will be the commitment from here on in? How much and when? On the other side, we all know the history of the matter, and the criticism that was levied when the North West Shelf gas project came into being. In fact, an agreement was drawn up for the purchase of all the gas produced at that time, whether it was used, sold, or whatever. The State Energy Commission had to purchase that gas, and whether it used it or sold it, that was part of the agreement. The agreement was made for very obvious reasons. The Government had wanted that project to be viable and to continue. That begs the question here, and this is the basis of some of our fear, that the petrochemical industry will be able to operate by using the gas, even if it cannot pay the gas bill. That question has been widely circulated. If it is true, is it correct that the project will continue to operate? As I said, with the North West Shelf gas project, whether the gas was used or not, the State Energy Commission had to come up with the money. In this case, whether the petrochemical plant has the money or not, the gas will still be made available to make sure that the plant continues.

Obviously we can all see the reasons for that. If the plant is in financial difficulties and has to shut down simply because it cannot pay the energy bill, that is the end of the story. As I understand it an arrangement has been entered into involving this aspect. If there is such an arrangement, the people of Western Australia have very strong grounds for needing to know whether that is right. The bottom line is: What is going to be the Government's involvement from here on? As Hon Gordon Masters said, the Opposition has a number of amendments to put forward. We will certainly listen intently to the ramifications of the Government's responses to those amendments. As everybody knows, just to make clear the National Party point of view, we are totally opposed to the involvement of the Government in this project;

but we have no say in that, and no matter what we do in this House, we cannot change it. We cannot force the Government to get out of this project. We can move amendments and rearrange the legislation, and so forth, and do whatever we like; but the fact is that the Government does not have to accept any of it. It comes right back to where we are today, and the Government can carry on regardless and not tell anyone anything any more about what it is doing from day to day. Having committed \$275 million to the project, the Government does not need to tell anybody anything about where the money is and what has been done with it.

I emphasise that point, because it is important, not only for members of this House, but also for the people of Western Australia to know that. That is why we have a great responsibility to get this message across to the people, that the question before this House and, in the long term, before the people of Western Australia is that we are here to make a decision that will have a bearing on whether the Government follows a secretive way that implicates the people of Western Australia, or whether the Government puts this matter into another vehicle which, in our terms, is far less accountable, and does not inform the people of Western Australia what is going on.

It goes without saying that we would have supported fully a statutory authority as the vehicle for this petrochemical project, if in fact it were a truly accountable proposition. However, the Government has made a few token moves in that direction, but it has not really gone all the way, as most other statutory organisations are forced to do in setting up their operations. We are in the position of having to make a judgment on whether we take this limited offer of accountability, or whether the Government will proceed with its other option of leaving the matter as it is.

It seems to me that the Government has only one other option, that of saying to the people of Western Australia and to the members here who are determining the future of this petrochemical plant, "Okay, we did what we did. We all know why we did it. We know we can't get out of it." If the Government is forced into the position of saying, "We'll give you 18 months to get out of it", or three years, or five years, that is not good enough either. We all know that if an investor has a limited time in which to get out of involvement in a business, the independent purchasers sit on the fence until the day for a fire sale comes along, and the vultures come in to see what sort of bargains they can get. I would not like to see that happen, and I did not want to see \$275 million of the taxpayers' money put into the project. Notwithstanding what is likely to happen in the future, we do not encourage that taxpayers' commitment. It is already in there, and it is likely to be subject to a fire sale for someone to pick up the bargains.

I do not regard what happened at the election as a mandate for the Government to continue, because I do not think the people of Western Australia were interested in wanting to know all the final details. Although a percentage of the people agreed to support the Government, others did not do so on the basis that the Government said to them, "Well, we made a lot of decisions and we did it wrong. Give us another chance." It was not a matter of saying what we did - "We have accepted it. Just keep on going. We trust you." The whole Government campaign during the election was, "We did it wrong. We are going to be accountable. Give us another chance." This legislation is one of the ways of doing that, so far as legislation in this Parliament is concerned. The only reason we are here is that this Government has rung in these few Bills to make it look as though it will be accountable from now on. This is an extension of what the Premier and his party said during the election campaign. It is unfortunate, and a sad day. The Government is saying, "This is the way we are now demonstrating our accountability."

There are many shortcomings in this Bill, as there are in the other accountability Bills before the Parliament. This leaves us in a situation of, "We are in it and cannot get out of it. If we are forced to get out, someone picks up a bargain and the taxpayers of Western Australia carry the load and have to pick up the pieces." How much more money will the Government put in? I would like to see an amendment in this Bill placing a ceiling on the Government's involvement. I say this because we all know that the Government is involved in this project with another party. It has 44 percent and the other 56 percent is outside the Government's control.

We do not know the financial position or the financial capacity of the other partner to put

money into this project. It has not put any money in yet. It can sit on the fence and say, "We are not putting any money in. You are the Government of Western Australia and have put up your \$175 million" - or \$300 million or \$600 million, whatever it is - "because if you do not you will do your dough." That is the option the Government has. If I were the outside partner that is what I would be doing. I would use my money to dabble in some other project. I will be interested to hear what the Minister has to say about this matter. It is important for us to place a ceiling on the Government's future financial involvement in this project. That will demonstrate to the people of Western Australia the position people in this House have been put in and that this is as far as we will go in future. The people must know how far we will go. That will do two things; first, tell the people of Western Australia what the commitment will be. The Government will be locked in and will not be able to be forced, blackmailed or hijacked by the other party into putting in more money. It will know that is how far the people of Western Australia can go. It will know also that it cannot force the Government's hand to go any further so it will have to do something else. If the project, or part of it, is sold off the Government can then negotiate from a position of strength knowing its committed involvement. It will not have to haggle about the matter or bluff its way through negotiations relating to some other financial aspect of the project.

That is an important point and I will be interested to hear the Government's response on this matter because there has been no comment on this aspect for the reasons I have just given. Like Hon Gordon Masters, I support the second reading and will be interested to see what develops from here on.

HON MAX EVANS (Metropolitan) [4.35 pm]: This is a serious debate. I fully support what has been said by the Leader of the Opposition and Hon Eric Charlton. I am glad they said what they said because people will in time read what was going on, why this happened, what the Opposition had to say about it and what it could or did do about this matter.

I have previously referred to the State Trading Concerns Act of 1916 stating that a Government entering into any business enterprise to trade at a profit to compete with free enterprise must come to the Parliament first to get approval to enter into that trading operation. That Act was introduced because in 1916 the Government was competing with the free enterprise system. Members must remember that the Government had \$50 million in its pocket when it went into the Northern Mining deal. It had just done a deal to get prepaid royalties in Argyle Diamonds and had \$50 million in its pocket to go out and buy an asset. It was recommended by Mr Connell and Mr Jack Walsh that it should get into diamonds.

Brian Burke talked about this matter before the election. The Government went out and got a valuation of \$42 million on Northern Mining NL. The valuation was done by Price Waterhouse. A number of values have been suggested since then. Was it worth \$20 million or \$28 million? There is only one thing that is certain - it was not worth \$42 million. At least when the Government entered into that venture the Parliament had an opportunity to discuss it under the State Trading Concerns Act before the money was invested. There was full debate, but there has been no debate about whether public money should have gone into this deal.

Northern Mining had its name and status changed to WA Government Holdings Ltd, from a no liability company. It had a quiet life initially until the Government decided it wanted WA Exim Corporation Ltd, which was made a subsidiary of that company, once again avoiding the State Trading Concerns Act. The Government was entering into a business venture against free enterprise and contrary to that Act. That should not have happened. Subsequently those companies were cleaned out and were vested in a new corporation, which did have to come before this Parliament for approval under the State Trading Concerns Act. We had our say about the new corporation taking on the assets. That is what we are doing again today, in the same way the operation is to be transferred and the assets vested in a new authority.

The Premier said that previously they had got in with the four-on-the-floor entrepreneurs. Now we have a four-on-the-floor Premier and Treasurer - they are running a really big project, far bigger than what they were playing around with a couple of years ago. We thought that \$42 million was a lot of money in 1983. Now there is \$175 million for goodwill and \$100 million guarantee. We do not know where that is going to stop on a billion dollar project. It is big money and there are great risks involved.

The Minister last night treated lightly a comment which appeared in the *Daily News*. I think I should put this matter on the record because it could hang us at some time in the future if the present directors and some of the people involved cannot get this under control for the protection of the public of Western Australia. Alan Carrol in the *Australia Rating*, under the heading, "No Benefit for Australia in WA Government Fiasco" stated -

What value can we put on the guarantee of a State Government? Is the Rural & Industries Bank safe? Is the Western Australian Government different to other State Governments? How reliable are State Government support mechanisms? Can we truly rely on the spirit of any agreement entered into with State Government authorities?

I will come to that matter later in relation to the Northern Mining NL guarantee. He continues -

These are typical of the many queries received from investors in Europe and Asia following the current attempted reneging by the Western Australia Government on an indemnity given by it to the National Australia Bank as part of the Rothwells' rescue plan. Our problem is that we are having a great deal of difficulty trying to explain the inexplicable.

In our view, irrespective of the final legalities being pursued by the WA Government, its apparent abrogation of its responsibilities in the Rothwells undertaking it is a matter of great concern. Coming after the derring-dos of WA Inc, this latest episode only serves to seriously undermine the credibility of not only the WA Government but the rest of Australia for overseas investors.

Overseas confidence in corporate Australia has taken a battering following the October 1987 share crash with on-going bad press emanating from this region (Bell, Ariadne, Equiticorp, Renouf, Rothwells, Parry, VEDC, National Safety Council and so on).

This week we can add Spedleys. I have been advised by a prominent chartered accountant that Spedleys could involve greater financial ramifications than the crash of Rothwells. To continue -

Restoration of investor confidence has been slow and is not helped when supposedly the most reputable in the land act in what appears to be a most cavalier manner. We are in an international market. It's about time those who should know better start acknowledging the code of that market.

That is the key to our whole argument on WA Government Holdings Ltd. Information was brought up in the last two days on its operation, and the methods brought out into the open. If we do not maintain or create a better standard of business deals, this will reflect not only on Western Australia but on Australia.

What has come out of the Minister's speech and the debate today should be put into the records. Why are we doing this? There has been a lot of talk about the Burt report saying that the money must go into WA Government Holdings, a statutory authority, not into shares in a company. I do not agree with that; I do not see why we cannot have WA Government Holdings Ltd removed and have the shares in Petrochemical Industries Co Ltd held by the Premier, making him more responsible, rather than having a buffer - a board with six people - to deal with it. I would like to make him more fully responsible. It is his responsibility, not mine - but that is another story.

We saw what the Government did in respect of Rothwells. We all believed that when Mr Darcy Farrell and Mr Tony Lloyd, employees of the Government, went in to run Rothwells, that was the right thing to do; they would look after the interests of the State. Some 12 months later that was proved to be wrong. The Minister said everything was under control.

I refer to 8.3 "Commission's Comments and Recommendations" on WA Government Holdings Ltd. It is very pertinent to what I have just read out. The comments in relation to WA Government Holdings Ltd's involvement with PICL were that the liability of the company under the debentures taken up by the State Government Insurance Commission, which was the source of the money obtained by the company and used in the acquisition of

43.75 per cent equity in PICL, had been guaranteed by the Treasurer. This guarantee is said to have been entered into by the Treasurer pursuant to section 5(1) of the Northern Mining NL Act. So there was an exposure to the Consolidated Revenue Fund; to the contingent liability to pay out any moneys required by the Treasurer for the fulfilling of the guarantee, in accordance with section 5(2)(a) of the Act.

What I am saying is that the directors of WA Government Holdings Ltd, who are not here today, signed an undertaking in respect of taking on \$175 million State Government Insurance Commission money. They were Mr John Horgan, Mr Michael Lewis, Mr William Allen, and Mr Edward Munks. They were the directors of the company which entered into a guarantee which involved the Treasurer of this State exposing the Consolidated Revenue Fund to a liability to pay moneys required by the Treasurer to fulfil a guarantee. This is most serious, but it is only the start of this debacle. It is one of the reasons we have come back to change the status of the WA Government Holdings Ltd.

The report goes on to ask the following -

Whether having regard to the definition of "the Company" in the Act, and having regard to the Minister's second reading speech - section 19 of the Interpretation Act - section 5(1) does upon its proper construction authorise the Treasurer with the approval of the Governor to guarantee the debentures issued by the company and whether section 5(2)(a) of the Act is a valid appropriation of consolidated revenue to satisfy any liability which may be incurred by reason of that guarantee.

The report states -

- section 72 of the Constitution Act 1889 - is a question upon which conflicting legal opinions have been expressed.

The reason this has been guaranteed in the legislation is that Northern Mining had a guarantee in respect of US\$24 million being provided for the Argyle diamond venture, and a guarantee had to be included in the legislation to protect the position of the joint venturers for the Government would carry on that liability, because it was known that the assets of Northern Mining may be transferred out of Northern Mining. This was done when the Government sold the interest to the diamond trust. Northern Mining would have no assets with which to substantiate the guarantee for \$24 million, so it was written into the legislation that the guarantee would be there.

That guarantee has now been used for the wrong reason. It was there for one thing and one thing only. No-one had a concept of Rothwells and Petrochemical Industries Co Ltd in those days. That legislation was finely tuned, and it is a question about which conflicting legal opinions have been expressed. That worries me. We have just seen comments about Australian ratings. The worry is that the Government might renege on the contracts. Could a legal Government say that the guarantee is not in place and that it did not have power to do it? It should not have given that guarantee, but that does not matter; the guarantee is to the SGIC. It is all in-house. If we follow that we will all go broke together.

This legal opinion is questioned in the Burt report as follows -

This is a question upon which the Commission is not competent to express its own opinion.

I might add that we can find many instances in this report compiled by the former Chief Justice, Sir Francis Burt, and his legal advisers, which challenge legal opinions. One is in respect of whether the Western Australian Development Corporation should be dealing with Government funds, and whether it had a legal right to invest them. The report says, "We do not think it has, despite legal opinions; it should send the money back to the Government for investment." The Government is now running its own money market previously operated by the Western Australian Development Corporation. This proves that these legal comments may have some validity. The report continues -

However, we are told that the Treasurer, quite properly in the commission's view, has acted on advice received from both the Crown Solicitor and the Solicitor General. Accepting that advice to be correct, then it must be said that through and by means of the company which now has the capacity of a natural person, the executive has a legal capacity by means of guarantee to create liabilities in no way conditional upon

"objects", which may have to be discharged with moneys to be paid out of Consolidated Revenue and it may do so without any obligation to obey any further Parliamentary authority and without any obligation to inform the Parliament what it intends to do and what it has done.

We have been kept in the dark about these massive deals. We found out only as a result of other people telling us. The Government did not come to this Parliament or to the Press about this \$100 million guarantee which involves WA Government Holdings Ltd, and involves Consolidated Revenue of the State. There is no reference to Parliament. The Treasurer could do it, or perhaps the board can sign up. We now have a new board which is involved in that guarantee of \$100 million. I hope the Minister who is handling this legislation will come back with some advice as to whether this guarantee of \$100 million has been given by WA Government Holdings Ltd or whether it will be held over by the proposed Petrochemical Industries Authority. At present, in respect of the last \$100 million guarantee, the directors are Mr John McKee, alternative Peter Wiesse; William Heron, alternative Michael Lewis; and Ross Gregory Bowe, alternative Peter Farrell. They are the ones who have been involved with this further guarantee, which could impinge upon the revenues of this State. The Burt commission report reads as follows -

If this is so, -

That they can do this to the State of Western Australia -

- then it can be said, in practical terms, that no criterion of accountability as outlined earlier in this report has been satisfied and that no mechanism exists to achieve public scrutiny. This is compounded in the instant case by the terms of an agreement called "A Deed of Undertaking"

This came to light in the debate yesterday. I believe that if the Minister cannot confirm or positively deny that revelation, we should report progress next week until we get a full answer because the public of Western Australia must know more about the operations of this authority and where they stand on day one in respect of further liabilities in setting up the working capital of Petrochemical Industries Co Ltd. The deed of undertaking, which the commission was told, the company has entered into with PICL "contains confidentiality provisions". We believe those provisions are starting to come through now. The report continues -

These provisions... contractually bind the company so as to prevent it from disclosing the terms of, or the effect of, the Deed of Undertaking to any person without the approval of PICL and this approval is not forthcoming so this Commission, acting upon the authority of the Premier, who is also the company's sole shareholder in his capacity as Treasurer, cannot be told what the Deed contains.

The commission was set up to investigate investments of Western Australian authorities - excluding the R & I Bank - and had specific terms of reference to see in what these authorities were investing Government money. However the commission was denied this information; Parliament is still denied this information. The report continues -

In this way, each criterion of accountability and any possibility of public scrutiny is denied. Indeed, the Minister himself, he not being a party to the Deed and having regard to Article 160 of WAGH's Articles of Association, may be denied access to its terms.

We have asked the Minister whether he has access to this information. We do not know; that could be the position. I understand that yesterday in the other place members of the Government denied seeing the document. Maybe it exists and they have not been allowed to see it because of the deed of undertaking. That is why we are here this week - to consider the transfer of this company and its shares into an authority, taking over all the assets and liabilities and guarantees. I have read of doubts about some of those guarantees but the Government will have to stand by them.

I will not go through the legislation. Hon Gordon Masters has done that very well. Members must remember, as Hon Eric Charlton said, that the only reason we are in this venture is that the Government wanted to get out of Rothwells. Unfortunately the Government was misinformed and ill advised; it came back and said that Rothwells was solvent. Legal advice via letters on 21 and 22 October referred to a rescue bid of \$75 million. The State

Government Insurance Commission, Spedleys and Bond Corporation all contemplated putting \$25 million into it. They subsequently received a letter from the Government's lawyers withdrawing that suggestion. I believe at that stage - it was not put in the letter - they knew it was now insolvent and that no deal should be put in because if the directors took the money knowing they could not repay the debts, they could be charged.

Who was trying to rescue Rothwells and why? Spedleys crashed this week; the SGIC is locked into an amount of \$30.5 million with Spedleys, and the Bond Corporation has been unable to assist the SGIC in respect of the indemnity it gave on Bell Group shares which should have been called up by the board of the SGIC before 6 April. The time has now been extended. That indemnity was for some \$180 million-worth of shares, which should be sold, plus interest. They were the three companies which were going to rescue Rothwells in the last weekend in October. That \$75 million did not come about. The rescue of Rothwells has put us into this situation. If that had not happened, WA Government Holdings Ltd would have just disappeared. The balance sheet of the WA Government Holdings Ltd shows consolidated losses at June 1988 of \$6.8 million. It shows shareholders' equity at \$1.8 million, and there has been no further issue of shares. There is listed no return of allotment - that might be my fault - but there is no more equity capital in there. However, it is involved in borrowing \$175 million from the SGIC and in paying \$175 million to Bond to invest in buying into PICL - it will be interesting to see how that shows on the balance sheet.

However, what is most interesting - and I will be referring to this later - is that on 28 July the NCSC asked Rothwells, "How are you going to do the deal with Laurie Connell regarding the \$350 million of non performing debts? We want to know before your extraordinary general meeting on Friday." The Cabinet uncharacteristically met on a Thursday morning and came out with a statement that the Government would be doing the PICL deal, with WA Government Holdings Ltd borrowing money to put into this big operation. It was consummated and wrapped up on Friday because the shareholders of Rothwells agreed to the deal to transfer non performing debts to Laurie Connell. The interesting thing is - and it does not apply to the directors here today - that the accounts of WAGH were sold on 18 August 1988. I can find no reference subsequent to the balance date. The balance date was 30 June 1988, but there is no reference to borrowing \$175 million or to the PICL deal. That is most unusual and I believe it needs some explanation from the directors and from the company. Maybe the Minister will address that next week along with the 30 or 40 other questions we have about it. For Hon Tom Stephens' sake I do not intend to repeat my questions. That will save repetition, but I know the Minister has them and will reply to them on Monday. That will save another half hour of debate.

The second reading speech refers to the accountability requirements recommended by the Burt commission. I believe I have set them out very clearly. The second reading speech said that all ministerial directions must be in writing, including in the annual reports of the authority. I believe that is a nice idea because it enables us to know whether the direction is good, but the next annual report? Annual reports come here eight, 10, 11 months after the end of the financial year. All the bad ones come in late; all the good ones come in early. That is obvious. All the bad ones - the ones with bad directions, bad problems or bad luck - come in later. The South West Development Authority annual report came in yesterday. In a Press release the other day the Auditor General complained about the authority. The accounts were suddenly tabled yesterday, showing that the authority has a big minus of \$1 million. I wish we could know what the directions of Hon Julian Grill were about that. If a Minister gave a direction, he might hold it over from June until July, as it will be in the accounts for the next year. It could be 22 months after the direction was made before we ever know what the direction or the impact was.

The Standing Committee on Government Agencies, under the chairmanship of Hon Mark Nevill, made a recommendation in its report last year in respect of the SGIC. It was picked up by the Commission on Accountability that the ministerial directions should be recorded. I believe there must be a mechanism for bringing them in much sooner so that the Parliament is able to know what directions have been given by the Minister. After all, they could record the responsibility for gains or losses money.

The second reading speech states that the new authority will be required to furnish the Minister with reports. I hope that was the case before. It states also that it will be subject to

scrutiny by the Auditor General. I agree with that, depending on what he tells us. He will only be reporting the history of the company. The Auditor General had no access to the deed of undertaking as a member of the Commission on Accountability. Can the Minister tell us whether the Auditor General will be able to report in future on the deed of undertaking? Will he be able to list all the contingent liabilities - those problems that were tabled yesterday? If he cannot gain access to the deed of undertaking his job will be a farce. We will never know what has gone on. There is no need for commercial confidentiality as referred to constantly by the Minister in the other place. We are entitled to know about it because the ongoing cost to the State will be horrendous. The Minister for Budget Management said in his second reading speech -

... the amounts, terms and conditions of the authority's borrowings will be subject to the Treasurer's approval - clauses 24 and 26.

The Minister for Budget Management has the whole weekend ahead of him. I hope that next week he will give me a balance sheet which indicates the state of WA Government Holdings Ltd. I do not mind if the figures only go up to 31 March or even to the end of February. We should have figures showing the state of WA Government Holdings Ltd as it will be transferred to this authority. I am sick and tired of being ignored in this House. We were given nothing when WA Mint was changed, when all of the Exim subsidiary companies were vested in WA Exim Corporation, or figures at the time in relation to the balance sheet of WA Overseas Projects Authority. We found out at the time that they were not even considered. I asked a question of Mr Tony Lloyd at a briefing only two weeks before the debate in this House, and I asked the same question of the Minister and still did not know what the balance sheet looked like when the matter was debated.

I do not believe this Parliament should accept any legislation in relation to a new authority of this size with the extent of borrowings and undertakings without knowing exactly what are the assets and liabilities and contingent liabilities at the date it took it over - not at 30 June or a month later when the Government decides to give us the accounts. I have waited for the accounts of the State Energy Commission which I received in March this year, only eight or nine months after the end of the year. I only waited 11 months for the SGIC report last year. We should be given the information contained in the balance sheet up until the end of last month so that we know what we are taking on and what the contingent liabilities are. I am not suggesting that the figures should be audited at this stage; I trust the directors, they can sign the report.

The second reading speech continues -

The terms and conditions of any guarantee or other commitment given by the authority will be subject to the Treasurer's prior approval.

Is that retrospective to guarantees given by the authority or retrospective in relation to guarantees given to PICL? What other guarantees have been given? If we were told these things my time in dealing with this Bill would be cut by half. I would have nothing to talk about. The second reading speech continues -

... the Treasurer may guarantee the performance of any obligation entered into by the authority on his direction or approval.

Will the Treasurer table in this House a letter or direction from the Treasurer approving the performance guarantees that we saw tabled in this House yesterday - if they are true? If not, why not? The Opposition wants to know what the Government is taking on. Has the Treasurer approved of those and to what extent?

The second reading speech states that the Burt commission recommended that no Government agency be constituted as a partnership or limited liability company. I agree with that. It states further -

Finally, the authority will be unable to enter into contractual arrangements with third parties which include secrecy or confidentiality requirements without the explicit prior approval of the Minister.

I ask the Minister again whether he will tell us whether this opens the door in respect of the deed of undertaking which was not available to Sir Francis Burt or do secrecy agreements entered into before remain in place? I believe we are entitled to know that. The speech continues -

... the new authority will be as accountable as it is possible to make a Government agency under the Westminster system of government.

If there is no good intent or honesty by the Minister and the Government not to cover things up, it is only as good as the intent of the Westminster system.

The second reading speech referred to two other companies which are subsidiaries. I found it very hard to find out whether there are any other subsidiaries of Government authorities. It is unusual in the case of the Aboriginal Enterprises Company Ltd because in the past the directors have denied any knowledge of what was going on in that company. Even though the Government has shares in it, it does not appoint the directors which is most unusual for a wholly owned subsidiary. However, I am not worried about it; I have checked the balance sheet. It relies mainly on Government grants to make loans to Aboriginal groups.

The Business Services (Belgium) NV is the same sort of arrangement. It will be a subsidiary of the authority and will be funded under the new Act and will be audited by the Auditor General and comply with the Financial Administration and Audit Act which neither of these companies did before. We do not know what Business Services (Belgium) NV did.

The second reading speech stated that there were no common directors between WAGH and that company. It did not even know what it was doing, which is amazing because, after all, a parent company should know what a subsidiary is doing.

The legislation provides that there will be between two and eight directors. I cannot understand that a company of this size will need eight directors, but we will wait and see. It will pay tax to the State Government. However, it will be a long time before that happens because it will be paying off interest that has been capitalised on the \$175 million for many, many years. The authority, apparently, will receive a grant equivalent to the interest that was paid to the SGIC every year. That is marvellous accounting, but that is the way it is done. The Government will make a grant similar to payments to the SGIC. Unfortunately, in Government businesses, it does not prepare a consolidated balance sheet. If it did, I do not know what we would end up with.

We are concerned about making this operation more accountable. However, I am concerned with far more than that. I want to know what has gone on in the past and what will happen on day one.

The Government indirectly holds shares in the Petrochemical Industries Co Ltd. Directors at the time of the takeover were Dempster, Connell, Lucas, Rakich and Michael Lewi. Dempster held one share, Mrs Dempster one share, Dempster Nominees Pty Ltd 500 001, Dalleagle Pty Ltd 500 005, DMU Pty Ltd one and Tilden Holdings Pty Ltd one. The shareholding totals 1 000 010.

The directors of Petrochemical Holdings Pty Ltd were Laurie Connell and Bill Burgess. The latest list of directors in Petrochemical Holdings Pty Ltd included Michael Lewi, solicitor, Peter Farrell, Assistant Under Treasurer, Colin Simpson, Solicitor, Peter Beckwith of Bond Corporation, Peter Mitchell of Bond Corporation, Kenneth Judge of Bond Corporation, John McKee, William Heron, Ross Bowe and Zolton Merszei, who is also a Bond Corporation representative.

WA Government Holdings Ltd has 43 749 999 shares in Petrochemical Holdings Ltd; Megamulti Pty Ltd has 49 999 999 shares; Sincof Pty Ltd has 6 250 000, which makes a total of 99 999 998 shares, and that is the structure of the holding company in which the authority will be taking up its shares.

Hon E.J. Charlton interjected.

Hon MAX EVANS: Yes, that is a very good idea, especially with a controlling interest. One for the Liberal Party and one for the National Party and the directors may take the idea on board and we would have access to the annual accounts earlier than everybody else.

The company owns shares in Petrochemical Investments Pty Ltd where the directors are Michael Lewi, Peter Farrell, Colin Simpson, John McKee, William Heron, Ross Bowe, Peter Beckwith, Peter Mitchell, Ken Judge and Zolton Merszei. There is nothing else formally registered in the company at this stage. What we did find in our search of Petrochemical Industries Co Ltd was a \$20 million advance lodged in August 1988. The charge was made to Rothwells Ltd. We understand that at the time there was a connection between this and WA Government Holdings Ltd, and we will have to follow that up later.

I referred yesterday to the fact that the Government used a report by Price Waterhouse to the directors of the Petrochemical Industries Co Ltd to back its judgment. The report stated the value of the company was over \$1 billion. It was not addressed to the directors of WA Government Holdings Ltd or to the Government, but the Government made many comments on this report. The Government was very negligent because I do not think the report will stand up to scrutiny because it was not meant for this purpose. It was a report made by the audit of Petrochemical Industries Co Ltd and to the board as a general summation of all facts if it all went well. The Government hung its hat on the report that was not written specifically for it.

I started the debate referring to Northern Mining NL, about which the Government had a valuation report from Price Waterhouse to the auditors of Bond Corporation. The Government based its decision to buy the shares on the value mentioned in this report as follows -

We had a report yesterday, about the financial support measures given by the Government and by WA Government Holdings Ltd, and they were the problems of the authority.

We hope and expect to have a comment from the Minister next week about them because it not only involves WAGH, but also the Government has agreed to provide financial support from WAGH to PICL in circumstances where project operating cash flow was insufficient in any accounting period to meet the following financial obligations. These are the project operating costs, interest on project loans, principal loan repayment on the project loan. Roughly, from my quick calculations without using a computer, if it is going to use non recourse finance of \$700 million. With the interest at 15 per cent, it will cost \$105 million if the capital is repaid over 20 years; that is, \$35 million a year along a straight line - although most do not do it that way. This operation will need to generate \$140 million in cash just to get started before it can get in front. That is an horrendous task. Maybe the deal is so good, with a terrific cash flow in the early stages, but I can see the need for these financial support measures to counter liquidity problems.

It has another problem of no equity capital - none that we can find, and, as I said yesterday, I have not seen the balance sheet of the new company. It cost \$175 million to buy into the company, and that was not for capital. Therefore, it will need \$50 million to set up the capital for the feedstock such as salt, and there are debts for the unpaid accounts over the ensuing period of time. There are the rates, taxes and insurance which are up-front expenditures. Also, salaries of the top executives over the many months must be paid before it is operating. I know what the Government has loaned by way of funds to date. There will be considerable wastage of materials in getting the project up and running. There will be stock on hand awaiting sale. That could require up to \$50 million due to the sheer size of the operation. Even if I cut the figure in half to \$25 million, that will have to be funded from somewhere because the operation has no capital, no equity and non recourse finance.

The support measures also include two other matters I did not get onto yesterday, which I would like to mention today. I quote from the "Financial Support Measures" document as follows -

To the extent that notwithstanding a 100% take-up by WAGH of the payment obligation to SECWA for Utilities, PICL still has insufficient cash flow to meet (a), (b) and (c) financial obligations, then that shortfall, in any accounting period, shall be made up by payments from WAGH to PICL direct. The undertaking to make those payments shall be guaranteed by the Treasurer.

Once again we get back to what Sir Francis Burt was saying. Here we have a body that is involving the State of Western Australia in considerable debt without any reference to the Parliament. The debt is to be paid from the Consolidated Revenue Fund. I quote from the document to which I referred previously -

Payments made by WAGH on PICL's account for utilities and payments made by WAGH to PICL pursuant to its financial undertaking are 'repayable', without interest, from 'surplus operating cash flow' of PICL in any subsequent accounting period or periods; this right of repayment or counter payment terminating on the scheduled retirement date of the project loans.

The Government may pay out up to \$50 million, and 10 years later recover the \$50 million without interest. It is mind boggling how it expects to balance the books.

Mr President, there are a lot of questions that the Government must answer. There is a lot of information that the Government must make us privy to by the time the House comes back on Tuesday if we are to go through with the legislation. The principle of setting up the authority is right, but the fact is that the case needs to be improved and I note that the Leader of the House has three good advisers behind him and between now and next Tuesday they should be able to provide all the answers. I hope he will also provide the answers to the questions raised in my speech yesterday. With those comments the Opposition supports the Bill.

HON W.N. STRETCH (Lower Central) [5.18 pm]: My remarks will be brief. I note firstly that this is not the most environmentally pleasant industry to be arriving in Western Australia. It is one that in other parts of the world has many disadvantages associated with it, but I believe that the Environmental Protection Authority is here to make sure that the industry is as clean as it possibly can be. With that reservation, I welcome this project to Western Australia. The products will significantly improve the effectiveness and competitiveness of some of our industries such as the alumina industry in the south west, which relies heavily on the use of caustic soda. That is an unpleasant chemical to move around and if it can be produced in the State, that has to be to our benefit. Plastics such as PVC are associated with products which are used more and more these days. I do not like all of them but they are very much a part of our lifestyle these days and they will be an assistance to the balance of payments of Western Australia. As members would be aware, most of that feedstock is imported. There are many other valuable by-products of this industry and on those terms we have to welcome it.

However, I have several concerns about the project. The first, of course, is a general observation about our very cavalier attitude to supplies of natural gas. I believe it is reasonably accepted that fuel hydrocarbons are a finite resource. So far, we have kept up with world demand for them, but in the lifetime of my children I expect a situation to arise where propellant fuels for mobile vehicle application become scarce. I wonder sometimes whether we should be concentrating more on the usage of those finite, difficult to extract and expensive resources for those sorts of purposes, because at present we see no alternative mobile fuel source. I guess that is a value judgment that a Government must make, but I float it as a philosophical question that should be considered by legislators - whether we should join the headlong rush to build a petrochemical plant just to use our gas. I will leave that floating in the air.

I believe this project is a reasonably sound one which will go ahead, but it does have that down side. When one looks at the general fuel situation I know that if the community attitude were different it would be possible to fuel cars with a cartridge of uranium about the size of one's little finger shielded by lead about the size of a present car, and that would run forever. However, we are not into that technology and with the general fear of fission and fusion power it is not likely that we will be during my lifetime. I ask the Government to exercise caution and to think this matter through carefully. It is a side of the project I do not think has been talked about much and about which the community is unaware but will come to consider seriously before many more years pass.

My greatest concern has been expressed by my colleagues and relates to the overall financial viability of the project. That has been well canvassed in the other place and by my colleagues here, so I will not go into it greatly. However, if any project requires a 44 per cent Government input to get it off the ground one must question seriously the financial viability of that project as a whole. Before everybody asks about some of the things we did, I ask the House to bear in mind that situations differ from time to time in different economic climates. They sometimes founder when we make projections such as we did with the North West Shelf gas, and projects can prove to be wrong in the short term. There was a serious downturn in the general market and we lost the aluminium smelter that we expected to be established in the south west, and for many reasons we were left with a surplus. However, that is a thing of the past. We are now in the situation of looking at a shortage of gas.

We ought to be careful when we assess the overall viability of this project. I am concerned that some of the suggestions put forward by other people who have looked at this project

seem to indicate a cost for the project of about half of what the Government is putting forward as its figure for construction costs. That, also, has been well canvassed. The Government says that we must have it and that the only way it will get off the ground is with this massive injection of Government funding.

Hon Max Evans has pointed out several other reasons why Government funding is involved and has been involved from the start. That is highly suspect and we look forward to a frank exposition from the Leader of the House on why this is so and what is the Government's role. We look forward to hearing answers to these questions. Other sections of the community, like Mr Mensaros' correspondent, cast severe doubts on the general climate and advisability of building this project under the financial structure projected. Those issues have been well canvassed.

The other matter I raise is what ancillary industries will be required to service this project. The other obvious resource input is salt. Salt, unfortunately, is not in short supply in Western Australia, as Hon David Wordsworth told us earlier today. We have so much salt in our soil profiles that it is a major problem for our agricultural industries and for the whole community. One has only to drink a glass of water to become aware of that.

The question of where the salt will come from in fairly large tonnages - between 350 000 and 450 000 tonnes a year - has been raised. The question is not so much where it will come from, because we have plenty of salt, but who will supply it. This is a fairly competitive field. We have some salt producers in the north who are good corporate citizens and highly efficient producers who are presently supplying, I understand, the purest salt in the world to the petrochemical industry elsewhere in the world. It seems strange that they are concerned that they will not be deeply involved with this local project. It is not until one starts thinking about the project and the associated financing structure that one starts to wonder why. I look forward to the Leader of the House explaining whether the provision of salt supplies to this project will be included as part of the authority in an ancillary way; or whether it will be supplied totally under tender by separate companies and, if so, whether it will be tendered for in a free, open and competitive market. The suggestion has been made that one of the participants in what is generally called the blue sky project is anxious to get the salt contract for his company. I understand it is looking at new technology and research which was referred to in the debate in the Legislative Assembly. There is a long way to go with that technology and I believe the expression of interest put around the industry should be firmed up a little to give existing companies some idea of what their participation in the project is likely to be.

The prospect of this new company actually developing salt resources in the eastern wheatbelt is of great interest and has some promise. I understand that is the technology used in other parts of the world, but that it has severe problems with impurities and that there is a long way to go to develop it to the standard of purity needed for this project. I do not question that that is a good thing for Western Australia. It is also a good thing for research generally and I hope there will be spin-offs into agricultural salinity research - because obviously some of the brine will have to come from underground aquifers - which will generally broaden our knowledge on the whole question of salt throughout the State.

What concerns me is when I look at the participants in the company Salt Industries Pty Ltd, which is doing this work. As I said, we come back to one of the participants in the original blue sky project. The names come up again and again, as Hon Max Evans has said. We see Mr Dallas Dempster, Mr Michael Lewi, Mr John Fallon and Mr Em Kins as the directors of the new company. I am not a particularly suspicious minded person, but it crosses my mind that the person who got only \$50 million for his payout now crops up as being in this company, which, we know through general Terrace talk, is one very interested in getting this contract to supply salt whereas the other participant, who got \$350 million, is not involved.

The Leader of the House will not be surprised to know that on this side of the House we greatly encourage competition. We have had the debate many times. If a company can set up a new process and supply salt to the project on a competitive basis, good on it. But when we see the corporate similarities between the company which started this off and the company which is expected to tender, one must ask the Leader of the House for an assurance that there will be no competitive advantage to the person involved in the blue sky project. The community is wondering why one participant received so much of the payout and

another so little. The community will demand to know that the tendering is done on a fair and open basis and will not be a carry on of the payout that we have seen in so many pieces of legislation and in so many deals which have been done by this Government over the last 18 months.

Accountability has been called for and an election has been run on it. It is probably still the biggest factor in the community's mind. The community deserves nothing less than a frank assurance from the Leader of the House that there will be no selective tendering for the salt supplied to this project; no joint venture projects will be done by the Government on behalf of that company or any other without being brought back to the Parliament. We do not want any more deals done on the side with friends of the Government, the developers or anyone else. I ask the Leader of the House to give that assurance when he responds. If there is to be any joint venture in the development of competitive salt supplies, it should be brought back to the Parliament to be ratified, set up and debated by the Parliament - the people of Western Australia - so that everything can be seen to be fair and the people can be assured that they are not being let into a deal in which they have no voice and from which they have no chance of extracting themselves later.

Hon Eric Charlton made the very good point that this project has to go ahead for no other reason than that the taxpayers' dollars are so deeply dug into it now that there is only one way out and that is to get the project up and running as fast as possible. This project is the Government's chance to show it is dinkum about accountability in all its aspects. We touched on this in the debate last night when I asked questions on the Treasurer's Advance Authorization Bill, and that is why I followed up those questions on the application of those funds as bridging finance to other companies. The public do not want to see any more of these deals done. They do not want to see any more selective choosing of partners and participants in these things. They want full, free and open access by the people of Western Australia, through their Parliament, in the setting up of all these deals in the future, and I believe they deserve nothing less. It is our duty to see that the people of Western Australia receive nothing less than that accountability and responsibility to Parliament.

Debate adjourned, on motion by Hon J.M. Berinson (Leader of the House).

ADJOURNMENT OF THE HOUSE - SPECIAL

On motion without notice by Hon J.M. Berinson (Leader of the House), resolved -

That the House at its rising adjourn until 2.30 pm next Tuesday, 18 April.

ADJOURNMENT OF THE HOUSE - ORDINARY

HON J.M. BERINSON (North Central Metropolitan - Leader of the House) [5.35 pm]: I move -

That the House do now adjourn.

House, Hon Barry - Trade Union Action, Bunbury Centrepoint

HON T.G. BUTLER (North East Metropolitan) [5.36 pm]: I take this opportunity to challenge what Hon Barry House said when he launched an all out attack on unions and their operation at the Centrepoint centre in Bunbury. He mentioned a Mr Collins, a shopkeeper at Centrepoint, and the fact that Mr Collins had complained to him about some union action. Mr House accepted the complaint of Mr Collins at face value. That is fair enough, but had he taken the time he would have been able to do as I did and check with the Office of Industrial Relations as to what the situation really was. By way of interjection I asked Hon Barry House if a complaint had been lodged with the Office of Industrial Relations. Hon Barry House said he had written to the Office of Industrial Relations but he had not had an answer. He attempted to give the impression that for some illogical reason the Government's hands were tied because it was affiliated with the unions, or some stupid thing like that, and he did not expect an answer. He probably has his answer by now. If he does not have it with him, it is probably in his office in Bunbury, because my information is that the complaint about Mr Collins has been answered. If it has not been, I am about to answer it for him.

What Hon Barry House did not tell us was that most of the industrial disputation which occurred at that shopping centre was on safety issues. We can say or think what we like, but

one thing cannot be denied, and that is the union's zealous attitude to safety. Mr Reynolds will not allow his members to work in unsafe conditions, and I applaud him for it.

As a matter of fact they took it to a situation where they objected very strongly to shopkeepers coming onto the site, working in their shops without safety helmets or proper safety shoes and in some instances wearing only thongs on their feet. When Hon Barry House makes complaints about unions, I think he should do the honourable thing and follow up the situation properly to get the full story. In respect of the involvement of the Office of Industrial Relations, I contacted that office because I was concerned about allegations made by Hon Barry House that the department had not acted and nor was it likely to act because it was under some instruction from the Government not to act because of some affiliation between the Government and the trade unions. The Office of Industrial Relations issued a short, but worthwhile explanation of the events, which I would like to be understood. In respect of the complaint lodged -

An industrial relations officer and an industrial liaison officer from the Office of Industrial Relations visited the site on February 22, 1989 and spoke to those shopkeepers who had been reported in the local press as being concerned about the actions of the BLF.

In particular they spoke to Mr Phil Collins of "Nobs Musique" who was quoted in the press stating that all individuals who went on the site to complete a task were required to join the union. Mr Collins' experience had been in relation to a carpet layer for his particular shop. This complaint was hearsay and the individual concerned has not at any stage lodged a complaint with the Industrial Inspectorate, pursuant to the Industrial Relations Act. Investigations by the local representative of the Office of Industrial Relations are continuing with a view to identifying the individual or individuals concerned.

The Minister for Labour was provided with a report after this visit.

Mr Collins has since written to the Hon. B House MLC and has sent a copy of that letter to the Minister for Labour, stating that such referral constituted making a "formal complaint". The Minister for Labour has yet to respond and will advise Mr Collins of the required procedure under the Industrial Relations Act.

The Industrial Inspector based in Bunbury has made preliminary enquiries into the allegations. No individual has made a statement or complaint to the Inspector upon which the normal investigative processes under the Industrial Act would occur. Extensive attempts have been made by the Office of Industrial Relations to substantiate these allegations, which I viewed with great concern.

The Industrial Inspector has requested an investigation by the Department of Occupational Health, Safety and Welfare into the allegations of unsafe work practices on site. It is unacceptable that individuals enter any part of a building site without head protection and adequate footwear.

On Thursday, April 8, 1989 a report appeared in the "South Western Times" that development projects in the south west are experiencing a higher rate of industrial action than projects elsewhere in the State. A copy of the press report is attached.

I raise that because I want to correct the impression Hon Barry House was attempting to leave. I suggest to Hon Barry House that in the future when he decides to address the House or to enter into any sort of debate on industrial relations, he should get his facts right. He should not attempt to mislead the House with those sorts of false allegations.

Parliamentary Switchboard - Operators

HON ROBERT HETHERINGTON (South East Metropolitan) [5.43 pm]: Before the House adjourns I would like to mention that tomorrow Mrs Shirley Moore of the switchboard will leave the service of this Parliament for at least 12 months - perhaps for good - while she goes on leave, both paid and unpaid. I want - and I am sure I do so on behalf of all members of the House - to wish her well and hope that she has a thoroughly enjoyable leave. I hope she comes back again because -

Hon P.G. Pandal: She will have more sense than that!

Hon ROBERT HETHERINGTON: She may not. Shirley Moore, together with Cathy Harrison and Betty Trinick make a superlative team. I was trying to think of superlatives and the only superlative I could think of is "superlative". They are the best switchboard team I have ever encountered anywhere, at any time. They are friendly, and remarkably efficient. As Hon Tom Stephens just remarked to me, and as I myself have remarked on occasion, some of us have relatives interstate - or in his case, New Guinea - and when those relatives ring the switchboard team tracks us down very smartly. They find us wherever we are and will even ring our electorate offices if necessary to find us. I have never known service like this anywhere. Seeing that this is probably my penultimate speech, and I failed to mentioned them in my first final speech, I want to place on record my appreciation of each and every one of them individually but particularly as a team.

Members: Hear, hear!

Question put and passed.

House adjourned at 5.45 pm

QUESTIONS ON NOTICE

TOURISM - NEED ASSESSMENT

Targeted Areas - Selection Criteria

95. Hon MARGARET McALEER to the Minister for Racing and Gaming representing the Minister for Tourism:

- (1) Would the Minister advise which areas are considered to have the most immediate tourism need?
- (2) What criteria are used to select these targeted areas?

Hon GRAHAM EDWARDS replied:

(1)-(2)

The assessment of tourism need and the criteria used to select these areas of need have been addressed in a document on regional tourism policy 1988-1991 prepared by the Western Australian Tourism Commission. The Minister will send a copy to the member for her information.

EDUCATION - RELIEF TEACHERS

Pay Reduction

101. Hon P.G. PENDAL to the Minister for Local Government representing the Minister for Education:

- (1) Has a definite decision been made to reduce the pay of all or some relief teachers?
- (2) If not, are changes to the payment levels for relief teachers still being considered?
- (3) Has it been proposed, or decided upon, that a teacher would be required to be in a relief position for a period of 21 days before being eligible for a pay level commensurate with his/her qualifications and experience?
- (4) Is it correct that a relief teacher, even for a period of one week or less, has the responsibility to carry on the programs and daily work schedules of the regular class teacher?
- (5) If (4) is yes, why then should a relief teacher be paid at a level lower than a regular teacher with the same qualifications and experience?
- (6) Is she aware of concern among teachers, generally, that lowering pay levels for relief teachers will result in fewer numbers of relief teachers making themselves available, thereby placing pressure on ill, regular teachers to return to their classes before they have fully recuperated?
- (7) What are the reasons for the changes, or proposed changes, to the pay levels for relief teachers?

Hon KAY HALLAHAN replied:

- (1) No. Negotiations with the State School Teachers Union of Western Australia are continuing.
- (2)-(3) See answer to (1).
- (4) The relief teacher is expected to conduct the educational activities of the class appropriately and for this purpose will be able to draw on the programs already prepared by the regular teacher.
- (5) The relief teacher has not had to prepare the programs and undertake all of the duties of a regular teacher.
- (6) I am aware that concern has been expressed by some teachers that some relief staff may not wish to work if conditions are changed but I do not believe that this will result in pressure on ill, regular teachers to return to their classes before they have fully recuperated.

- (7) The proposed changes will widen the sources of teachers who can provide relief from within the school and will expedite payments to external relief teachers.

ROADS - LABOUCHERE ROAD-RICHARDSON STREET, SOUTH PERTH
Median Strip and Traffic Lights - Upgrading and Installation
Request

102. Hon P.G. PENDAL to the Minister for Racing and Gaming representing the Minister for Transport:

- (1) Is the Minister aware of a request to the Main Roads Department, from the City of South Perth, for:
 - (a) assistance towards the funding and upgrading of the median strip at the intersection of Labouchere Road and Richardson Street, South Perth; and
 - (b) the installation of traffic lights at the same intersection?
- (2) If so, what is the present status of the city's requests?
- (3) If not, will he undertake to acquaint himself with these requests and have the need for both the median strip upgrading and the traffic lights carefully examined in the interests of safety, especially for the Zoo patrons and sportspeople who use this area?

Hon GRAHAM EDWARDS replied:

- (1) Yes.
- (2) The request for upgrading the median strip is currently under consideration and is being discussed between council and Main Roads Department officers. There is a need for a signal controlled pedestrian crossing on Labouchere Road, and the Main Roads Department is negotiating with the City of South Perth and the Perth Zoo to select the best location for the crossing.
- (3) Not applicable.

FILMS - CENSORSHIP MEETING, DARWIN
Officer Attendance - New Guidelines

103. Hon E.J. CHARLTON to the Attorney General:

- (1) Which officers accompanied the Attorney General to the meeting of Ministers in charge of censorship held at Darwin on 30 June 1988?
- (2) At that meeting, did he support the recommendation that children under the age of 15 should not be allowed into a cinema screening a film classified as M?
- (3) Is he aware that, as a result of new guidelines agreed to at that meeting, films that contain what the censor judges to be "graphic sexual violence" can now be classified as M, and therefore readily accessible by children?
- (4) Is this the intended outcome of the new guidelines, or has a loophole been created?

Hon J.M. BERINSON replied:

- (1) See answer to question 62.
- (2) A proposal to restrict M rated films to persons 15 years and above was discussed and unanimously rejected.
- (3) As the result of a recent appeal to the Commonwealth Films Board of Review, the Commonwealth Film Censorship Board was directed to reclassify one film from R to M and exhibitors were required to include a censorship warning that it contained scenes of graphic sexual violence.
- (4) See (3).

ELECTIONS - PRISONERS

Vote Entitlement

108. Hon G.E. MASTERS to the Leader of the House representing the Minister for Parliamentary and Electoral Reform:

- (1) How many persons who were serving a prison sentence on 4 February 1989 -
 - (a) were entitled to vote;
 - (b) exercised that vote; and
 - (c) were disqualified from entitlement to vote?
- (2) At what centres were these persons detained and how many were entitled to vote and actually voted at the centre?
- (3) What provisions were made for the prisoners who were qualified to vote to exercise their right?
- (4) What access do prisoners, who are entitled to vote at an election, have to "how to vote" material and other general material from candidates?

Hon J.M. BERINSON replied:

The member's question requires considerable information to be provided by the Executive Director, Department of Corrective Services. The Electoral Commissioner for Western Australia, Les Smith, is coordinating the compilation of the information, and I will give the member an answer in writing in due course.

ELECTIONS - ELECTOR ENROLMENTS

Disqualifications - Electoral Act Section 18

109. Hon G.E. MASTERS to the Leader of the House representing the Minister for Parliamentary and Electoral Reform:

- (1) How many persons were disqualified from being enrolled as electors under the provisions of section 18 of the Electoral Act on 4 February 1989?
- (2) Will he distinguish between -
 - (a) those of unsound mind or detained under the provisions of the Mental Health Act;
 - (b) those covered by the Criminal Code; and
 - (c) those in any other category?

Hon J.M. BERINSON replied:

As the member's question is relevant to the joint Commonwealth-State electoral enrolment agreement, some of the information will have to be obtained from the Australian Electoral Commission. Some information will also have to be obtained from the Executive Director, Department of Corrective Services. The Electoral Commissioner for Western Australia, Les Smith, is coordinating the compilation of the information, and I will give the member an answer in writing in due course.

ELECTIONS - "CARE AND RESPECT FOR SENIORS" PROGRAM

Australian Labor Party Funding

112. Hon P.G. PENDAL to the Leader of the House representing the Premier:

- (1) Will the Premier arrange for the ALP to be charged for that part of the Government funded "Care and Respect for Seniors" program which the ALP took over during the election campaign?
- (2) Will he arrange for a proportioning of the production costs of the original advertisements between his party and his Government?

Hon J.M. BERINSON replied:

- (1) The ALP did not "take over" or have any involvement in any aspect of the highly successful "Care and Respect" program.
- (2) Not applicable.

HEALTH - PSYCHIATRIC PATIENTS

Inquiry - Barrister Appointment

113. Hon P.G. PENDAL to the Minister for Local Government representing the Minister for Health:

- (1) Has the barrister who is to conduct the inquiry into alleged mistreatment of psychiatric patients yet been appointed?
- (2) If so, who is he or she?
- (3) Why has the Minister reserved to himself the right to decide whether submissions from patients will be heard by the barrister?
- (4) Does this therefore cast doubt on the use of his own description that he has set up an independent inquiry?
- (5) When will the second inquiry for a working party on the care of patients be set up?
- (6) Does it have a deadline for its report?
- (7) When will the third inquiry into the review of the Mental Health Act be set up?
- (8) Does it have a deadline for its report?
- (9) Will public submissions be invited?

Hon KAY HALLAHAN replied:

- (1) No.
 - (2) Not applicable.
 - (3) The Minister will act upon advice from the barrister appointed.
 - (4) No.
 - (5) July 1989.
 - (6) January 1990.
 - (7) April 1989.
 - (8) October 1989.
 - (9) Wide consultation has been held with both consumer and provider groups on the issue of legislation. Unless recommended by the working party this will not be repeated.
-