Legislative Council

Tuesday, 1 December 1992

THE PRESIDENT (Hon Clive Griffiths) took the Chair at 3.30 pm, and read prayers.

PETITION - COMMERCIAL FISHING MANAGEMENT AND REGULATIONS

The following petition bearing the signatures of 557 citizens of Western Australia was presented by Hon George Cash (Leader of the Opposition) -

Your Petitioners most humbly pray that the Legislative Council, in Parliament assembled should ensure that:

1. the Western Australian public can continue to purchase undiminished supplies of fresh local seafood harvested by fishing methods which are regulated through responsible resource management programmes;
2. the livelihoods and employment of Western Australian professional fishers are not jeopardised by emotive uninformed campaigns by lobby groups which mis-represent WA professional fishing practices;
3. the decisions affecting commercial fisheries management continue to be based on scientific research programmes of integrity.

[See paper No 636.]

SELECT COMMITTEE ON *BATAVIA* RELICS

Report Tabling

HON P.G. PENDAL (South Metropolitan) [3.36 pm]: I am directed to present the report of the Select Committee on *Batavia* Relics. I move -

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

Question put and passed.

[See paper No 637.]

JOINT STANDING COMMITTEE ON DELEGATED LEGISLATION

Review of Operations 1990-92 Report Tabling

HON TOM HELM (Mining and Pastoral) [3.37 pm]: I am directed to present the Review of Operations 1990-92, report of the Joint Standing Committee on Delegated Legislation. I move -

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

Question put and passed.

[See paper No 638.]

MOTION - SELECT COMMITTEE INTO WESTERN AUSTRALIAN POLICE SERVICE

Appointment - Amendment to Motion

Debate resumed from 26 November.

HON PETER FOSS (East Metropolitan) [3.38 pm]: I have one small point to make in regard to the suggestion that I noted in the Press that my motion is intended to water down the motion moved by Hon Reg Davies. I should indicate where my motion to amend came from. Hon Reg Davies gave me essentially the text of that motion, and what I did was not water it down but strengthen it considerably in regard to paragraph (1), which I believe is the essence of the inquiry. The problem that I see with the motion, which I have moved to amend, is that it is directed towards the consequences of problems rather than to the reasons for problems, and any of the matters that are contained in the motion as it stands presently

will still be capable of being investigated by this Select Committee. In no way will its scope be restricted, because the general wording is to leave it as a full and careful inquiry into and report on the Western Australian police service and its operation and administration and in particular - and that leads to the broad ranging words - but without limiting the generality of the inquiry to inquire into and report upon. All my amendment seeks to do is to direct the mind of the Select Committee to what we should do about it, because that is the most important thing. Obviously, it is important to find out what is happening in order to answer that question. If we are to serve any useful purpose in determining what to do about the situation, we must ask: What is wrong? We cannot find out what must be done about these matters if we do not make that inquiry. I fully expect that Hon Reg Davies' committee will look at many of the things within the wording of his motion; however, more importantly, we will have a result with my amended motion which, I hope, will mean that the wrongs will not be repeated. As a Parliament, surely that is our major concern.

I mentioned in previous debate that I thought it was unnecessary to include the reference to sending for persons, papers and records because that committee power was included within Standing Orders. However, it has been pointed out to me that that is a power which may or may not be given to a Select Committee. This appears rather strange as it is a statement of the obvious; why it is part of Standing Orders, I do not know. Nevertheless, I accordingly seek to rectify my mistake. Therefore, I seek leave to amend my amendment as follows -

> To insert after the words "power to" in the second last paragraph of the amendment the words "send for persons, papers and records and to".

Leave granted.

Debate (on amendment to motion) Resumed

HON GRAHAM EDWARDS (North Metropolitan - Minister for Police) [3.44 pm]: Of course, as I opposed the original motion, I oppose its amendment. The reasons for opposing the motion have just been provided to the House by Hon Peter Foss: He said, in effect, that his amended motion was no different from the original motion. Indeed, that is the case. Therefore, for the same reasons that I expressed the other day I oppose the motion as it is intended to be amended; I will not repeat my reasons as I have already expressed them clearly.

Hon Peter Foss almost won me when I first read his amendment; I thought, "Hello, there is something in here worth supporting which is positive and complementary to some of my initiatives." The measures we have put in place make the motion unnecessary, but I thought it had some value. I refer to paragraph (1) of the motion, which refers to -

> What should be the relationship between Government, Parliament and the Police Service to ensure -
>
> (a) independence in operational matters;
>
> (b) governmental input into and ministerial responsibility for policy matters;
>
> (c) proper accountability to Parliament, in particular, through Parliamentary questions;
>
> (d) some form of operational supervision and check, free of political input, . . .

The parts of the motion which precede and follow paragraph (1) lead one to the conclusion that they involve matters to which Part II of the Royal Commission report refers. Instead, this amendment to the motion is a "Fosstitution" of the Legislative Council for party political reasons. Paragraph (2) of the motion refers to putting in place a political body to see whether political interference has occurred in the Police Force. Clearly, such an inquiry would be impaired from the start. Many positive things could be done to assist the police, but supporting either the original or the amended motion is not one of them.

Hon Reg Davies: I sent you a copy of the watered down terms of reference and you could well have come back to me and said that we could do something more positive and discussed an alternative. You failed to do that

Hon GRAHAM EDWARDS: That is not the case, Mr Davies. I sat down with the member

in my office, with another person, and we discussed these matters. At those discussions I put forward my point of view. I told Hon Reg Davies then that I would oppose his motion.

Hon Reg Davies: You did come up with an alternative.

Hon GRAHAM EDWARDS: We discussed an alternative, but Hon Reg Davies indicated that he wanted to proceed with his original motion. I thought that we left the matter clearly on the basis of my not being able to support Hon Reg Davies' motion. That was fair enough; it was a reasonable position for both him and I to have. I do not have any difficulty with the issues contained in paragraph (1) of the amendment. They encompass exactly why a group of people has been established to recommend how we could best implement a police board in this State, given the fact that the Government now has said it wants a police board. As I said, some of the issues in paragraph (1) of the amendment could have been complementary to that decision.

With reference to paragraph (2) of the amendment, no evidence has been put forward to support an inquiry into whether political interference has taken place. What evidence has been put before the House to compel us to support this amendment? None.

Hon P.G. Pendal: You people denied that that bloke's jaw was broken. You have a short memory.

Hon GRAHAM EDWARDS: Who denied that anyone's jaw was broken? Where is the evidence? Hon Phillip Pendal is trying, by interjection, to take us down some other path because the Opposition has no evidence of any political interference in the Police Force.

Hon Reg Davies: Is that not why we are having a Select Committee - to put evidence before it?

Hon GRAHAM EDWARDS: Why do we not have a Select Committee to see whether the sun will come up?

Hon Peter Foss interjected.

Hon Doug Wenn: Can we travel?

The PRESIDENT: Order! I am distracted for a couple of seconds and the House goes berserk. I remind the Minister that he is not discussing this with Hon Peter Foss, he is directing his comments to me and I am very interested in what he has to say.

Hon GRAHAM EDWARDS: Thank you for the reassurance, Mr President, that you are interested. I will direct my comments to you. With reference to paragraph (3) of the amendment, as I did when I opposed the original motion, I direct members to the second report of the Royal Commission. Those matters are quite adequately covered by that part of the commission's report. Once again, that would take the body proposed in that report out of the political arena and would give me some confidence that a good overview would be provided into that area, although, from my experience and knowledge, that aspect of the Police Force works quite well. As I recall, the appointment of the internal investigations branch was opposed by the Opposition when the Police Commissioner set it up. People felt it might be a bit too efficient and deflect police officers from doing their job.

Hon Reg Davies: When was that?

Hon GRAHAM EDWARDS: That was some time ago, when it was established. The Opposition in this place has opposed a number of proposals: One concerned opening the police to scrutiny by the Ombudsman. Another was when legislation was introduced to strengthen the complaints division. Yet the Opposition has presented this amendment.

Paragraph (4) is as broad and as wide as anything can be, particularly when it is coupled with the first part of the motion. It may have been more appropriate to take some heed of the second report of the Royal Commission when it criticised the activities of this Legislative Council and the way in which it has conducted committees. Members opposite should at least have been prepared to say that they must take stock of themselves and perhaps change what has been happening in this place over the past 100 years. They have the opportunity to do that and all indications are that they will let that opportunity slip by. However, the Government will not let that opportunity slip. As much as members opposite want to run away from it, they will not be given that opportunity.

The long and short of this matter is that, setting aside paragraph (1), there is no way a Select Committee of this House can adequately or effectively investigate the matters set out in the amendment. That rings further alarm bells in my mind and confirms that we are once again setting off on a bit of a witch hunt, this time using the police. I have had some very good discussions with Hon Reg Davies on this matter and I think I understand some of the goals he is seeking to achieve. A police board will give us the opportunity to establish a body in a non-political and proper way. However, with this amendment we may just lose the plot if we are not cautious. As I said when speaking on the motion, we do not need another inquiry; we need a positive response to some of the problems in the Police Force. Some structural changes to the workings of the Police Force are necessary. I propose that should happen through the Police Board which should be worthy of support.

I am disappointed that this amendment has been moved; it will add nothing to the motion and it will certainly not help the police continue with the task at hand. It will simply confirm the worst fears expressed in the second report of the Royal Commission. I oppose the amendment.

The PRESIDENT: I direct the attention of members to the fact that in the President's Gallery I am delighted to welcome, on members' behalf, a delegation of elected and appointed officials representing the American Council of Young Political Leaders. Welcome to the Legislative Council.

All members: Hear, hear!

[Applause.]

HON D.J. WORDSWORTH (Agricultural) [3.57 pm]: I would not normally agree with an inquiry like this into the Police Force. I strongly believe that it is under great pressure today, particularly with youth and crime. It is Parliament's responsibility to support it as much as possible. However, in the light of the findings of the Royal Commission and, before that, the suggestions to the Parliament of the Burt Commission on Accountability, it is the responsibility of this place to look more closely at the role of Parliament and the Minister in relation to the Police Force. I asked two questions about the Executive's role regarding the Dethridge tapes. I believe those tapes showed a far worse situation than the Rodney King tapes showing a policeman bashing a Negro which caused, shall we say, almost a revolution in a number of towns in America. The Dethridge case is far worse than that. I asked questions of the Minister to ascertain when the Commissioner of Police informed him about this event. It was quite obvious that the police were aware of it months ago. I asked also when the Premier first knew of this event. These are questions that this Parliament should ask.

Hon Graham Edwards: No-one has any problem with that.

Hon D.J. WORDSWORTH: Why did the Minister not answer them?

Hon Graham Edwards: I will make sure that I give accurate information because, if I do not, I bet you will try to make some accusations about this matter.

The PRESIDENT: Order! Minister, when I say "Order!", you should stop talking.

Hon D.J. WORDSWORTH: I referred to the Rodney King incident where pictures, similar to the Dethridge video, were shown on television. I asked those questions so that I could participate in this debate. The Minister has had every opportunity to respond to them, but he has not done so.

Hon Graham Edwards: I will answer them. I have said that.

Hon D.J. WORDSWORTH: I do not have a reply in time for this debate.

Hon Graham Edwards: You don't have any faith in the Ombudsman then.

Hon George Cash: We are waiting for your transcripts to be tabled.

Hon Graham Edwards: They will be.

Hon D.J. WORDSWORTH: The Ombudsman reported that he did not have the staff to conduct the inquiry in good time.

Hon Graham Edwards: That is not what I said at all.

Hon D.J. WORDSWORTH: I will be supporting this amendment.

HON REG DAVIES (North Metropolitan) [4.02 pm]: I support the amendment. I brought my motion to the House without anybody's support. I hoped that by the force of debate it would be carried by all members. I considered it to be important. I do not think the motion should be amended brutally; however, I was told that many people thought it was too detailed and the terms of reference were those that should be dealt with by a Royal Commission. I acknowledge that. I wanted to put down in the terms of reference exactly what I wanted to occur. I wanted to see changes within the Western Australian Police Force. The motion was watered down slightly inasmuch as the original motion put by Hon Peter Foss cut out the ability for the committee to send for papers. Hon Peter Foss has rectified that today, and I thank him for it.

We can ask whether the Police Force is in crisis. I say it is. The Minister for Police denies it. Hon George Cash says that it is all because of the Labor Government and the breakdown in law and order. Hon George Cash talks about the assistant commissioner's statement that morale is at its lowest level ever and absenteeism is high. In the annual report tabled only two weeks ago in this House the Commissioner of Police, Mr Bull, complains about resources but says that there is a high degree of professionalism in the force and much money has been spent on buildings and facilities.

Mr Brennan, President of the Police Union, says that most lockups are filthy, dirty holes and that morale in the Police Force is at rock bottom. The Opposition has moved an amendment which deletes much of what I believe is the most important part; that is, the need to investigate morale in the Police Force so that we can see the level it is at, the problems and how they occurred, and how they can be rectified. That deletion is a very interesting direction to take. Members of this House want to transmit a message to the Police Force that we are concerned about what is going on. We are the body that establishes the Police Force. It is our responsibility and we must ensure that it operates in the way in which Parliament wants it to. I do not think it is right for people within the bodies set up by this Parliament to denigrate members of this Parliament. I cannot say too much about that at this stage because I am subject to a Privilege Committee and I am not allowed to speak about the matter. Obviously I will say more about that at a later date. If one term of reference should remain, it should be the one about morale.

Another reference should be to civil rights. If members of this Parliament have any consideration for the rights of our citizens, the electors, as human beings, they must restore paragraph 2(g) of the original motion. This refers to a citizen's right to have a lawyer or some other independent person present at interrogations; and the right to a telephone call; the right to have videotaped interviews. We need also to consider a code of conduct for our police, as I discussed earlier, similar to that in the United Kingdom, to safeguard the rights of individuals. Instead the Opposition concentrates on paragraph 1(d), which refers to political interference. I think this is the wrong emphasis. Because of the lack of support for my motion, I accept what Hon Peter Foss said earlier that this amended motion encompasses all that I am trying to put before the Parliament; in fact, it strengthens the original motion. Therefore, I am happy to support the amendments of Hon Peter Foss.

Amendment put and passed.

Motion, as Amended

HON REG DAVIES (North Metropolitan) [4.08 pm]: I thank members who participated in the debate, particularly Hon Peter Foss. I believe he has a very clear perception of the issues and their importance to the community of Western Australia. Last Wednesday in response to my comments the Minister for Police referred to my approach as scattergun; he said I raised the issues in a shotgun manner. I might be forgiven for thinking that he was referring to his own position.

Hon Graham Edwards: I thought you agreed with that.

Hon REG DAVIES: Members will recall that the Minister referred to the recommendations of the Royal Commission. We must remember that the eminent commissioners did not inquire into the Western Australian Police Force; they inquired into corrupt Government business dealings. They recommended that the proposed Commission on Government should look at the activities of members of the Police Force.

The role of the police tactical response group was dealt with at length. The Minister mentioned the death of Colin Irvine and also what he called the multiple killer in the north west. I believe the corpse involved was that of a German tourist who may, or may not, have committed a multiple killing; but he was judged, sentenced and executed by the TRG in circumstances where a trial should have determined whether he was a multiple killer.

Hon Graham Edwards: He had killed people.

Hon REG DAVIES: We will never know that because he was not brought to trial and he is certainly not able to declare his innocence now.

With respect to the Colin Irvine case the Minister for Police told this House last week that there had been a review of orders and procedures. How comforting is that to the Irvine family, after the event? We are told there was no justification for parallel inquiries and that the tactical response group is not a group of cowboys, but a group of disciplined people.

The Minister mentioned the Kimberley situation involving Schwab, but he did not mention the horrific TRG raid on a Lockridge Aboriginal camp on 10 December 1989. Pump action shotguns were used against women, children and old men who were peacefully going about their business. This raid was conducted on the basis of a so-called anonymous tip-off that the people living at the camp had guns. No guns were found. I guess it was just another training run. Complaints were made against the actions of the TRG, but no action was forthcoming. Of course, there were no complaints from Schwab or Irvine and neither of them is able to give evidence now.

I draw the attention of members specifically to the statements the Minister made about Stephen Wardle. During the debate on the motion last Wednesday the Minister said the Ombudsman not only found that Stephen Wardle was not murdered, but also that there was no evidence to support the allegation that he was beaten. At that point of the Minister's speech I interjected and said, "Have you seen the photographs of that dead body?" I seek leave to table a document containing photographs of the late Stephen Wardle.

Leave granted. [See paper No 639.]

Hon REG DAVIES: I ask the attendant to pass a copy of this document to members who would like it. When one looks at these photographs one might ask what photographs the police showed the Ombudsman. One photograph shows bruising to Stephen Wardle's wrists from handcuffs. I suggest to members that they look at the photograph which shows the condition of Stephen Wardle's nose and cheek and the boot marks to his hands and feet. Members should also look at the photograph which shows the position of the body when the police found it. It indicates blood running uphill. Mr President, we have been told nothing but lies, lies and more lies. How can the Parliament or the public have any confidence in a system which kills a young man outright by either violence or careless neglect and then has the bald cynicism to say there was no evidence of his being badly beaten?

The documents filled out when Stephen Wardle was first taken into custody indicate that there were no visible injuries to his body, and this is indicated at the back of the document I tabled. The documents also indicate he was not drunk. I have evidence to show that it was written into documentation later that he was drunk. I also have a copy of another document which was placed in a safe with his clothing and other personal items. This document was not altered like the other documents were to the effect that he was chronically drunk when he was taken into custody because the people concerned could not get hold of it as it was with his clothing and other personal items in the safe. In other words, documents have been manufactured in a despicable cover-up. Stephen Wardle had been brutally beaten before he died, and the evidence I have shows that. Perhaps he did not die from the beating, but he had been brutally beaten. I know that 17 police officers failed to tell the truth to the Coroner on the grounds that they might incriminate themselves in a possible murder or manslaughter case or being accessories after the fact.

Evidence from the forensic pathology centre of the University of Utah indicates that Stephen Wardle was killed by a massive drug injection while he was in custody. No wonder the silent 17 refused to tell the truth! I have a letter from Professor Bryan Finkle from the Center for Human Toxicology at the University of Utah who tested brain tissue from Stephen Wardle. He confirmed the Coroner's opinion that Stephen Wardle died from an acute overdose of propoxyphene. He also stated that the absence of a certain chemical element

strongly suggests that the drug was ingested shortly before death and that it was a large single dose which could have been injected rather than taken orally.

The Wardle family were advised by fax on 28 November 1992 that the time from ingestion of this drug to death is 30 minutes to two hours at the outside. This precise estimate is given from examination of the brain tissue. The estimate might have been more precise had the liver and other preserved organs not disappeared in their entirety. When the Wardle family requested the organs they were told they had just disappeared. The brain was at a different location and the family was given access to part of it. Professor Finkle is regarded as a world authority on propoxyphene and he said that death was either instantaneous or there was a rapid coma prior to death; that is, Stephen Wardle was injected fatally while in the lockup.

The records show he was taken into custody at 9.00 pm and was still alive at 4.00 am the following morning. If members count back two hours from 4.00 am they will realise I am talking about a homicide in custody. It was an evil day for justice in this State when the silent 17 lied by their silence. They were not civilians exercising civilian rights. However, they could claim civilian rights, but not remain as police officers who are sworn to uphold the law.

The Ombudsman's report is wrong and members can see that for themselves by reading the document I tabled. Either Mr Freeman, the then Ombudsman, was criminally deceived or he failed to properly conduct an inquiry which was ordered by this House. Until the Police Force is brought back under parliamentary control there will be public disquiet. If these photographs were of the son of any member in this place, would he not fight on in the same way as Ros and Ray Tilbury? I know I would. They have fought on in spite of this monstrous cover-up. Until the committee I have foreshadowed inquires into and exposes such travesties, the public will remain sceptical of the Minister's statement that nothing fundamentally is wrong in the Police Force.

Certainly the Dethridge video has been a catalyst for action, but a knee jerk reaction. It has involved no real care or concern. Next week it will be business as usual with no changes to the culture in which such outrageous things occur.

I direct the attention of members to the document titled "Summary of events depicted on the video taken from within the police charge room of the Fremantle Police Station on the evening of 8th/early morning of 9th May, 1992". This summary was tendered in the Court of Petty Sessions in Perth. The transcript was prepared by Messrs Frichot and Frichot, barristers and solicitors of Norfolk Chambers, 6 Norfolk Street, Fremantle. Cameron Schmah was one of the young lads in the police lockup. He asked one of the police officers sitting behind the charge desk, a woman typing whose head was visible on the video tape, whether he could make a phone call. He was advised a phone call was a privilege and not a right. So much for our rights!

Hon Derrick Tomlinson: How old was he?

Hon REG DAVIES: He was a juvenile who was denied the right to a phone call. The uniformed police officer standing to the right of the screen who advised Schmah that the phone call he requested was a privilege not a right is recorded in the transcript as then saying to Schmah -

> You're gonna fucking die.

That is part of the police culture. Is that not a wonderful statement, that the boy was not to be allowed a phone call because he was going to effing die!

In his response, Hon George Cash acknowledged that 99.9 per cent of the 4 200 serving police officers are hard working, dedicated people. I think many people agree with him. If we use the "Cash poll" that leaves four police officers out of the 4 200 who are not kosher and one who is thinking about it. Who are those four officers? We may as well name them now. The problem is so minuscule that we will not need a committee! As soon as we name them they should be cashiered from the force! I hope the shadow Minister for Police is not telling us that under a coalition Government no changes will be made to the Police Force, because I would be very disappointed if that were so.

The West Australian of Saturday reported that a staggering 77 per cent of members of the public strongly support a wide ranging inquiry into all aspects of the Police Force as

proposed by independent MLC Reg Davies. Therefore, the problem is not easily sidestepped because those 77 per cent of ordinary Western Australians want an inquiry even if four police officers and the ALP do not. We are not talking about the odd rotten apple in the barrel but about institutionalised corruption among a hard core group of medium to upper echelon policemen. More than three quarters of Western Australians have had enough. The poll which appeared in *The West Australian* also showed that 77 per cent of people were evenly divided in their political persuasion, and these are the ordinary people living in the electorates of members of this House.

The proposed committee is not designed to be a media circus. It would have serious business to consider and would have to be conducted with propriety. I will not say, and have never said, that all police officers are bad. On the contrary, many good officers are waiting for change. They want a new broom to sweep out the garbage. They want to sweep aside the fear and loathing that I talked about at the commencement of my speech last week. Members should not shed a tear for former sergeant Smith. They should cry for Steven Wardle, cry for Colin Irvine, and cry for Aboriginal youth who are beaten and battered regularly, and should cry out for justice!

Question put and passed.

URGENCY MOTION - KENNETT GOVERNMENT INDUSTRIAL RELATIONS POLICY CONDEMNATION

WA Liberal Party Policy, Similarities

Debate resumed from 12 November.

HON DOUG WENN (South West) [4.26 pm]: I have been waiting for a couple of weeks to speak to this motion. It is worthwhile reading it to members again. It states -

That this House -

1. condemns the Kennett Government for its attack on workers' rights and notes the similarity between the Victorian Government's industrial relations policy and the recently released WA Liberal Party's industrial relations policy; and

2. Calls upon the State Opposition to unconditionally guarantee it will not abolish

   (a) holiday leave loading;

Already done by Kennett -

   (b) penalty rates;

About to be abolished by him -

   (c) permanency in the public sector;

Mr Kennett is to reduce the public sector by 2 000 members and take $82 million from the education department in Victoria which will result in approximately 2 000 teachers being out of work. It continues -

   (d) freeze superannuation benefits;

   (e) remove the right to strike; and

   (f) impose common law penalties for industrial action.

He has already done that. As this motion has been outstanding for so long -

Several members interjected.

The PRESIDENT: Order! If the Minister and the member wish to hold a meeting, rooms are available outside this place for doing so. They should certainly not hold a meeting on the floor of the Chamber.

Hon DOUG WENN: Because of the time taken to get to this motion a paragraph (g) should have been added related to the compensation Act. Mr Kennett has sacked 11 judges from that area and introduced a requirement that people must sustain a 30 per cent disability before they can claim compensation. This morning on ABC radio a compensation lawyer from Victoria stated that a person who loses the bottom half of a leg will not be entitled to

compensation because that results in only a 28 per cent loss of ability for which compensation cannot be claimed. That is the degree to which this madman in Victoria is going!

The Government seeks an assurance from the Opposition that it does not intend following the same line. I have said to this House before that the Opposition in this place is in line with Oppositions nationally. It has a program that will run right across this country in every State in which it takes Government. Unfortunately, the Liberal Party got into power in Victoria but fortunately will not get into Government in this State and impose its will in the same way. While on my feet just prior to the close of the debate on this matter on the last occasion Hon Norman Moore stated that I did not know this was part of a national agenda by the Opposition. I inform Hon Norman Moore - who I am sorry has left the Chamber, no doubt on parliamentary business - that I do know and that he obviously has not read his own party's policy.

The policy on page 5 said that Australia has a dual system of State and Federal industrial laws and tribunals. The coalition's goal for reform is shared by the Liberal and National Parties of the various Australian States and the Northern Territory. That is exactly what I said. It is a national agenda. On page 6 it is stated that a future coalition Government will seek complementary legislative action from State and Territory Governments to achieve the objectives of this policy; it will, if necessary, use whatever constitutional power is available to it. That proves what I said. There is a national agenda.

[Pursuant to Standing Order No 195, debate adjourned.]

ROYAL COMMISSION (CUSTODY OF RECORDS) AMENDMENT BILL

Second Reading

Debate resumed from 24 November.

HON P.G. PENDAL (South Metropolitan) [4.31 pm]: We have back in the House a matter that was here one month ago. Neither the Government nor the Royal Commission staff is exactly bathed in glory over this matter. Who can justify the following series of events that occurred in both Houses a mere one month ago? A Bill to create a disposal mechanism for Royal Commission records had the following passage through Parliament, at the absolute insistence of the Government and subsequently senior members of the Royal Commission staff: A Bill was introduced in the Legislative Assembly at 7.34 pm on Wednesday, 21 October, and three hours and 14 minutes later it had cleared all stages of Assembly debate. Is that consistent with what the Royal Commission demanded in part II of its report when it said it wanted Parliament to give its best consideration to all matters that came before it? It is a great pity that one of the first groups of people to want Parliament to break that rule were the Royal Commission staff members.

Hon J.M. Berinson: But you are aware of the reasons for the urgency.

Hon P.G. PENDAL: The Bill was introduced to the Legislative Council at 2.55 pm the next day; that is, after an entire 194 minutes had elapsed from start to finish in the lower House. The next day, Thursday, 22 October at 2.55 pm Mr Berinson, clearly not impressed with the Royal Commission's demand that we give the matter best consideration, introduced the Bill, and the Opposition was required to respond at 3.05 pm; that is, we were 10 minutes into consideration of an important Bill arising out of the Royal Commission and already the Government and the Opposition had begun to give their views. Three hours and 49 minutes after Mr Berinson rose in this place the Bill was passed - thankfully, with amendments.

I intend to devote a fair amount of my speech today to the amendments, but for the time being I am making the point that from start to finish, from when the matter was first explained in the Assembly to when it was disposed of in this House, 23 hours and 10 minutes elapsed. The Royal Commission implored us in part II of its report to give legislation our best consideration; it said that it was Parliament's unique role to do that sort of thing, yet it was the Royal Commission that was party to the ramrod approach, and that was meekly complied with by the Government. Had it not been for the Liberals, the Nationals and all the Independents, the Bill would have gone through in an unamended form and that, I suggest, would have had very serious consequences for the Parliament and for the people of the State. Thank God, the Bill did not go through unamended.

If ever there was evidence of the need to have someone watching the watchers, that was it. It was a disgraceful performance by people who should have known better. The ink on the Royal Commission report was hardly dry and the Government's resolve to implement the report had hardly been whisked out to the media before the good intentions of the report were being shunted to one side. In those circumstances, it was an utter disgrace, and the people who played a part in that situation should have known better. I believe they did know better.

Recommendation 5.7.4 of the Royal Commission is the only point that needs to be put on the record arising from part II. It says it all.

> The legislative responsibility of the Parliament is an onerous responsibility. The community has entrusted members with the capacity to interfere with the rights, liberty, and livelihood of citizens. That capacity should only be exercised after Parliament has given the best consideration of which it is capable to a legislative proposal.

Hon Mark Nevill: If you continue with the shortcomings of the report we will be here all night.

Hon P.G. PENDAL: I will not be drawn on that interjection because I fear where I might end up if the member entices me down the road he and his colleague, Mr Grill, have been travelling.

I leave that recommendation and emphasise just how hollow it turns out to be in the light of what the Parliament was asked to do about the Bill before us now. The Bill seeks to amend in a variety of ways the Royal Commission (Custody of Records) Act which passed through both Houses. I will go through my own explanation because if one relied on the Minister's second reading speech one would not be any wiser. The Bill seeks to expand the definition of an internal working document in order to include documents actually prepared by the Royal Commissioners themselves. It also expands the definition of what is a record of the Royal Commission. Thirdly, it seeks to delete that provision which I moved and which became section 10 - that was the provision by which the Royal Commission could not destroy any record unless it had referred the matter for assessment to the State Archivist. The fourth thing that this Bill seeks to do is to insert in place of section 10 a clause which I am in two minds about, but which effectively appoints the Royal Commission as though it were an officer in charge of public records under the Library Board. That is not unusual because most Government agencies and departments are appointed as officers in charge of public offices. It becomes that officer's job to see to it that records are processed, assessed and then retained if necessary in accordance with the provisions of the Library Board of Western Australia Act.

It is interesting that the Government is now going out of its way to rely so heavily on the Library Board of Western Australia Act, because one section of that Statute gives the power of destruction to the officer in charge of a public office - in this case it is the Royal Commission, and that is very important. However, that is only the case if the Library Board has informed the person at the Royal Commission in writing that it does not require the record to be kept for the archives. Of course, this Bill puts a severe onus on the Library Board, under its Act, for the disposal of records. Existing subsection 30(3) of the Library Board of Western Australia Act requires that the officer in charge of the department - in this case, the Royal Commission - must notify the Library Board of the intention to destroy any of those documents after that assessment period. Subsection 30(4) of the Library Board of Western Australia Act states that if after three months have passed and it has not advised the original officer that it must keep those records, they can be destroyed. Members should note that because it will be the subject of my one and only amendment to this Bill. If the Library Board of Western Australia Act currently requires a three month response period for everyone else in the Public Service, I do not believe we should be reducing that time to one month as proposed by the Government in this Bill.

Hon J.M. Berinson: I have been working on the understanding that the three month period arises from the Royal Commission (Custody of Records) Act. Are you saying that reflects something in the Library Board of Western Australia Act?

Hon P.G. PENDAL: Yes, I am. I understand that we are dealing with two, three month periods. Under its charter the Royal Commission had a three month period in which to wind up its affairs.

Hon J.M. Berinson: That is under the Royal Commission (Custody of Records) Act.

Hon P.G. PENDAL: I thought it was either under the commission's charter or the Royal Commission (Custody of Records) Act; so Mr Berinson and I agree on that. The argument being put forward is that a month or two of the Royal Commission's dying days, of that three month period, has already passed.

Hon J.M. Berinson: One month, yes.

Hon P.G. PENDAL: The Government wants to cut back the response period that the Library Board would normally have from three months to one month. I hope Mr Berinson is more receptive to my amendment to this Bill than he was to those I proposed to the Royal Commission (Custody of Records) Act. The amendment, which I will circulate, will achieve the same end and that winding up period of the Royal Commission will be extended from three months to five months. Therefore, the Government will not need to reduce the disposal assessment period from three months to one month under the Library Board of Western Australia Act.

Hon J.M. Berinson: The reason I asked was that you seemed to be saying that this period was different from any other requirement of the Library Board. I understood from that, that you were saying the Library Board of Western Australia Act had some general provision for three months.

Hon P.G. PENDAL: It does.

Hon J.M. Berinson: That is what I was asking, because I was not aware of that.

Hon P.G. PENDAL: I refer the Attorney General to his second reading speech in which he said -

> This Bill will re-enact section 10 in order to apply the relevant provisions of the Library Board Act - that is subsections (2)(b), (3), (4) and (5) of section 30 - with the exception that the time given to the Library Board to make a decision on destruction or retention has been abridged from three months to one month. This is because there is effectively only a period of three months for the Royal Commission to complete its functions under the custody of records Act. Some of that three months has already expired.

The Opposition is proposing to leave the Government's Bill intact, and to accept the Government's amendments which are consistent with what the Opposition was seeking last month, but to restore the three months' response.

Hon J.M. Berinson: For completeness, the reference to the Library Board of Western Australia Act is subsection 30(4).

Hon P.G. PENDAL: The simple mechanism by which the Opposition is seeking to restore the three months' response period is by adding two months to the wind-up period for the Royal Commissioners - I doubt that will cause any inconvenience - but more importantly we will get a proper non-pressurised assessment of records under the combined provisions of the three Statutes.

Hon Peter Foss: The Government avoided implicitly amending the Library Board of Western Australia Act.

Hon J.M. Berinson: A problem exists with maintaining Royal Commission officers for no other purpose. Precisely the original position would be retained if the period were to be four months instead of three.

Hon P.G. PENDAL: I presume that Mr Berinson means that with only one month having gone, why give them an extra month?

Hon J.M. Berinson: Considering that Royal Commission staff and facilities must be retained for no other purpose.

Hon P.G. PENDAL: The Attorney General must bear in mind that people dealing with these matters will not be the Royal Commissioners or Mr Wicks but people who will probably be reabsorbed into the Public Service and will have those responsibilities anyway.

Hon J.M. Berinson: My understanding is that Mr Wicks will be involved.

Hon P.G. PENDAL: Given what Mr Wicks had to say about matters last month, I am not all that interested in making things easy for him; he has a bit of explaining to do.

One of the other purpose of the Bill with which the Opposition agrees is the question of the sale of transcripts. Under the Government's original Bill that was not possible. The Government asked the Opposition not to put the matter under scrutiny, but the Opposition did so. Of course, the Government has discovered that in its haste, whipped along by a few people at the Royal Commission, its own Bill has shortcomings, one of them regarding section 11 of the principal Act, which was passed a month ago. The amendment seems harmless enough and presumably would make available transcripts of the evidence that are currently restricted to people such as the Director of Public Prosecutions. Section 14 is amended with what seems to be a very sensible provision; in fact, it is one which the Opposition said last month already existed. It seeks to give the Royal Commission, acting as an officer in charge of the public record, the power to use the embargo sections of the Library Board of Western Australia Act. The nonsense I had to put up with in the media from Government circles and one or two people on the Royal Commission staff was how could one countenance the idea of highly confidential information going to the archives? People could walk in and obtain access tomorrow and have it all over the front page of the *Sunday Times*. I said then, as I say now, that the embargo provisions of the Library Board of Western Australia Act have applied for years.

Hon J.M. Berinson: That was not the argument. As I understand it, it was never the Opposition's position that there should not be an embargo; is that right?

Hon P.G. PENDAL: Yes.

Hon J.M. Berinson: At the time it was being pointed out, which makes this current provision necessary, that there was no capacity to embargo.

Hon P.G. PENDAL: We could be here all night because there is much argument about that. The only impediment to that was whether something was a public record and, therefore, could be transmitted to the Library Board, which could then activate the embargo provision under section 32. Nonetheless, I said until I was blue in the face five weeks ago that the embargo provision could be activated and the person providing the material was entitled to nominate the embargo; that is, it could be 30 to 50 years. In fact, it was meant to protect legitimate claims of confidentiality; not some sort of trumped up claim in that regard.

Existing section 14 of the Act passed last month touches on confidential records, internal working documents or private submissions that are transferred to the archives. The Act allows the release of those documents upon an order issued from the Supreme Court. This Bill seeks to impose a new restriction on the Supreme Court's releasing documents by adding a requirement that the release of a document should not contravene the embargo sections of the Library Board of Western Australia Act.

The Opposition was subject to all sorts of nonsensical claims five weeks ago. One of the sillier was contained in an article written by Paul McGeough on the front page of *The West Australian* on the Saturday following the passage of the Bill. I say that it was one of the sillier because I believe that with perhaps a bit more reflection Mr McGeough may have better understood the position. However, the second paragraph of that story stated -

> Violence has been threatened already and police have insisted on regular changes of name and address to protect the witness from associates of key WA Inc players.

Hon Peter Foss: How on earth did that get to Mr McGeough?

Hon P.G. PENDAL: It is interesting. I believe that I spoke to that witness, who contacted me. For a person who was living in fear of his life, that person contacted an awful lot of people in the media and in public life to express that view. However, if it is true as Mr McGeough states that violence has already been threatened, I want to know why section 128 of the Criminal Code was never triggered, because that section deals with the offence of threatening witnesses before Royal Commissions. A person can be sentenced to two years hard labour for that. However, no-one ever bothered to ask the question of Mr McGeough of *The West Australian*, and he certainly never bothered to ask the question of the person who seemed to be whipping the matter along. Mr McGeough does not seem to have asked of the Royal Commission staff why the Government or the Royal Commission had not triggered section 128 of that Act. That was what the Opposition - and the National Party and all the

Independents on that occasion - had to contend with. Much misinformation and fear was whipped up in order to accommodate the wishes of the Royal Commission. On 24 October, following that article in *The West Australian*, the Royal Commission issued a statement under the name of David Wicks. I ask members to listen carefully to this statement in the light of what the Royal Commissioners had written about why the Parliament should not be hasty with legislation. The article stated in part -

> The Royal Commission will urge Parliament to consider amending the recent legislation which has forced it to consult the State archivist before destroying its internal working documents.
>
> The Commission's principal solicitor, David Wicks, said today that the Commission found the Royal Commission (Custody of Records) Bill - which was passed on Thursday night - most unsatisfactory.

My response to that is, "Oh did he?" If he found it unsatisfactory he might have come to the rescue of the Parliament and might even have quoted what was in his own report. He might even have subscribed to a view that nothing should be rushed through Parliament. However, he seemed to be prepared to make a bit of an exception when it came to his legislation.

[Questions without notice taken.]

Hon P.G. PENDAL: In the Royal Commission Press release of 24 October Mr Wicks reported as follows -

> "The documents the Commission wants to destroy at its own discretion include information which the Commission was given in confidence," he said.
>
> "In some cases, Commission officers undertook not to divulge the source of that information.

I do not know whether Mr Wicks has trouble reading, but the Opposition amendments of five weeks ago did not affect those sections of the Act. For example, the confidential records to which he referred are dealt with under section 6 of the principal Act, which provides options to the commission for the disposal of its records. One such option is to release the confidential records to any person who appears to the Royal Commission to be a person who is entitled to be in possession of them. One would assume that that refers to the person who provided the information. A second discretion is to transfer the information to the Library Board as a State archive; but that is all.

The Opposition amendments did not touch on that provision, and, what is more, Mr Wicks knew it. He said, in turning away from confidential documents, that -

> "Much of it also is probably highly defamatory and could never be used by an archivist anyway."

His understanding of the law of defamation is not very good. Firstly, the embargo section of the archivists' Act can be - and presumably is - used all the time to deal with information of a defamatory nature. However, the information is of a defamatory nature only provided the person being defamed is alive; as I recall, it is not possible to defame a dead person. Therefore, it makes sense to put any material under an embargo to be released only for legitimate research purpose and when that person can no longer be offended by the material.

The lesson we must learn from this episode is that many reasons other than prosecution exist to leave documents behind. One of the principal reasons is that we have a Library Board of Western Australia Act, containing a section dealing with State Archives, which ensures that documents are not indiscriminately destroyed as they may be important to future historians and writers.

Mr Wicks did not exactly bathe himself in glory in his comments. I spent my time over that weekend assuring media personnel of the situation. On the Sunday I spoke particularly to television journalists indicating that the fears expressed - usually anonymously - were unfounded. These fears were picked up and mouthed in a puppet fashion by the Premier. The Opposition amendments - this point is conceded - in no way resulted in the destruction of the confidence in which people gave information to the commission.

Over the days which followed many people in the professions came out in support of what the Opposition had done. I am grateful to those people for that support. I quickly place on record a couple of these expressions: The President of the Australian Council of Archives, Mr Crush, said in a letter to the editor of *The West Australian* on 30 October - I am not sure whether it was published - the following -

> The Australian Council of Archives is a national consultative body which represents and promotes the interests of Australian archival institutions. The Council has noted recent media coverage of the debate over the fate of the records of the Royal Commission into WA Inc.
>
> We welcome Professor Marchant's clarification of existing archival practice which ensures the protection of confidential material for 50 years or until well after the death of persons involved. His remarks reported in the Sunday Times , 25th October, 1992, ... provide an assurance from a user of archival services that material transferred to the State Archives is not just "left lying around".

I suspect the reason that Mr Crush used that term was in reference to Mr Wicks' rather colourful, to say the least, description in his Press statement. It read -

> Other material included internal staff memos and reports which dealt with hearsay and anonymous information and the personal details of many people which formed the basis for some investigations.
>
> "This is material which we obviously do not want left lying around, just as the police Special Branch does not leave lying around its internal documents," ...

Mr Crush referred to Professor Marchant's assurances recorded in the *Sunday Times* that material transferred to State Archives is not just "left lying around". Mr Crush continued his letter -

> Archivists are well educated in their profession and conduct the State Archives on a business-like basis. Records are listed in transfer and disposal schedules in conjunction with the creators of the records and extreme care is exercised in both drawing up recommendations and actually in preserving what is to be kept.

Many other references supporting the Opposition's view are worth placing on record, but time does not permit it. Mr Mark Brogan is a former State convenor of the Australian Society of Archivists, and he issued this statement -

> A former Convenor of the WA Branch of the Australian Society of Archivists, Mr Mark Brogan, has criticised the Royal Commission for its handling of issues relating to the destruction of confidential Commission documents and working papers. Mr Brogan said that the Commission has an 'inadequate knowledge' of proper processes for the handling of confidential public records and that the Independent and Opposition amended Act relating to disposal of its records should stand in its current form.

He went on to say -

> The Commission has stated that there is no precedent for archival review of Commission decisions concerning destruction of what it considers to be confidential papers and working documents.

Mr Brogan then went on to reprimand the Royal Commission quite severely in these words -

> If it had researched this matter more thoroughly it would have discovered that the records of all Commonwealth Royal Commissions are dealt with under section 22 of the Archives Act and that the confidential records of a number of Royal Commissions conducted in other States are held in State Archives and Public Record Offices in secure conditions which protect confidentiality.

That is important in the light of an amendment I will later move, which will provide for the subject matter of the Bill to be referred to the Standing Committee on Legislation. It is not the intention of the Opposition to hold up the Bill. However, that referral will give us an opportunity to pay some real attention to the matters raised here by Mr Brogan. As the Royal Commission with all its resources could not find any particular examples, Mr Brogan was able to say -

Specifically, in relation to the Commonwealth, it has failed -

He is referring to the local Royal Commission.

- to explain why arrangements considered appropriate for the Black Deaths in Custody Royal Commission are inappropriate to a State Royal Commission.

Those are worthwhile comments. He refers to and attaches section 22 of the Commonwealth Archives Act. Mr Graham Dudley, the immediate past president of the Records Management Association of Australia, wrote to me on 6 November and stated -

I am taking this opportunity to thank you for your continued support of the Records Management Association of Australia and our profession in particular.

I was living in Western Australia and was an active member of the WA Branch of the Association.

He goes on to express a few flattering comments with which I will not burden the House.

Hon Peter Foss: Come on!

Hon P.G. PENDAL: The Records Management Association of Australia (WA Branch) had written to me a few days earlier under the signature of the secretary, Norma Easthope, as follows -

I am writing on behalf of the Records Management Association (WA BRANCH) to thank you for your support of the amendment to the Royal Commission (Custody of Records) Bill. The appropriate disposal of public records is a most important issue as is the preservation of Western Australia's corporate memory. Your support of these issues is much appreciate.

We understand that the matter has not been completely resolved and that considerable pressure may be placed on you in order to convince you to change your stand on the matter. We strongly urge and encourage you to continue your support of this amendment.

Another letter from which I will briefly quote came from Ms Maggie Exon, a WA branch councillor of the same organisation. She referred in a Press release of 27 October to a very important issue to which I keep coming back; that is, that people in the Royal Commission should have known better. I quote -

It is the mistaken belief of a number of people central to the debate on the fate of The Royal Commission records that the amendment to the original Bill will in some way compromise the confidentiality of the records, prevent some necessary destruction or hamper the process of justice. Nothing could be further from the truth. Records Managers are not opposed to necessary records going to the Director of Public Prosecutions or to them remaining confidential, but we are opposed to unauthorised and inappropriate destruction.

Public records in Western Australia, including those of the Royal Commission are protected from inappropriate or inadvertent destruction by Section 30(2) of the Library Board of Western Australia Act which states that the disposal of records (including destruction) may only take place in accordance with an approved retention and disposal authority. The introduction of Mr Pendal's amendment to the Royal Commission Bill has enabled the application of this most important mechanism.

Similar remarks came from Paul Brunton, the Federal President of the Australian Society of Archivists, who wrote to the Opposition on 29 October as follows -

. . . to convey to you the congratulations of my society, which represents professional archivists throughout Australia, for the principled stand you and your party took in amending the Western Australian Royal Commission (Custody of Records) Bill.

As you are well aware, it is vital that there be no unmonitored destruction of Commission records.

He attached his Press statement to that. Closer to home, members would have seen the letter which appeared in *The West Australian* under the signature of Molly Lukis, who has a very distinguished record in the archival movement of Western Australia. She was the State

Archivist from 1945 to 1971. She expressed her serious concerns over that matter. Mr Bob Sharman and Maggie Exon issued a media release on the subject at the same time saying -

> The Western Australian Branch of the Australian Society of Archivists is concerned that the Royal Commission Custody of Records Act which was passed on 22 October 1992, may be changed by Parliament next week. The society opposes any further amendments which would allow for the Royal Commission to destroy records without reference to the Director of the State Archives. It urges those Members of Parliament, who supported amendments to the original Bill, to reject any moves for further changes to the Act.

I am pleased to say that the amendments achieved what the Opposition set out to achieve five or six weeks ago. I believe that they keep in tact the role of the Library Board and those sections of the Library Board of Western Australian Act to which I earlier referred. Therefore, I do not believe there is any cause now for concern on the part of Mr Sharman and other people. However, there would have been had the Bill been left in its original form. I therefore come to the two final matters; that is, an amendment that the Opposition intends to move in this matter and also to explain that it intends to refer the subject matter to the Standing Committee on Legislation to allow the committee to investigate certain matters which remain unanswered in this debate while the Bill takes a natural course through Parliament.

My amendment, which I hope has been circulated, will delete parts of clause 5 and clause 8 and will insert replacements. The genesis of that is that the Opposition will oppose the reduction from three months to one month of the response time allowed for under the Library Board of Western Australia Act. Rather, it will seek to amend the tidying up time of the Royal Commission so that the month or so that has been lost so far will be added to the period. There will, therefore, be no reduction in the response period for which the Library Board can use provisions of its own Act.

I refer now to the subject matter that the Opposition will seek to have referred to the Standing Committee on Legislation.

Hon J.M. Berinson: As a matter of procedure, will you be moving that separately from the processes of this Bill?

Hon P.G. PENDAL: No. My advice is to move the referral to the Legislation Committee immediately at the end of the second reading debate, once the vote has been taken, and prior to going into Committee.

Hon J.M. Berinson: Will that disturb our ability?

Hon P.G. PENDAL: No, it will not disturb our ability to deal with the Bill and the amendments the Opposition intends to move. We will ask that the matter be referred to the Legislation Committee for consideration and report. I thank my colleague Hon Peter Foss for assisting in this method.

We will ask the Legislation Committee to consider three matters. They are, firstly, whether any further amendments are required to the principal Act; one imagines that that is for another Parliament to worry about. Secondly, a matter of substantial concern to us is to seek the reasons for such a lapse between the realisation of the need for the principal Act and the introduction of the Bill into the Parliament. We should bear in mind that the Bill was introduced into the Parliament in late October, but it was known in late May that some mechanism with which to deal with it would be needed. Hon Max Evans went so far as to introduce a Bill of his own. Legislation could have been brought into this Parliament in June or July instead of mucking and fiddling about for five months. I reiterate: We will ask the Legislation Committee to see whether it can determine why that five month period elapsed. Thirdly, there is a very important element about the Commonwealth archives Acts and the archival legislation that exists in other States of Australia. We will be asking whether there should be a general amendment relating to the custody of Royal Commission documents such as that contained in the Federal Act or, for that matter, other Statutes around Australia.

Hon Peter Foss: And overseas.

Hon P.G. PENDAL: Yes, or as my friend Hon Peter Foss has suggested, overseas. We may be able to accommodate the new Opposition next year to assist in looking at procedures in

place overseas. Hon John Halden might be a good person to entrust with the task when he finds his feet in his first few months in Opposition.

Hon T.G. Butler: I hope you find your feet in the Assembly, my friend.

Hon Tom Stephens: That will be the best thing about next year; he will be in the Assembly.

Hon T.G. Butler: He will not be in here.

Hon John Halden: You can bet on that.

Hon P.G. PENDAL: The Government has not attempted to come to grips with some serious problems in this legislation. Those five months would have been a handy period in which to have dealt with the original Bill of Hon Max Evans and with the Commonwealth legislation that is already in existence and the practices that are applicable in other States. It might be interesting to know what we did in Western Australia about documents held by the Royal Commission into Aboriginal Deaths in Custody. As I recall it, that was a joint Commonwealth-State venture and the parallel commissions were issued by the Governor. I presume that the material is jointly owned by the Federal and Western Australian Governments. The Commonwealth Archives Act 1983 makes provision for Royal Commissions that are set up on a joint Commonwealth-State basis. It seems to me that we were hardly reinventing the wheel when we set about doing what we did five or six weeks ago in this Parliament.

I am delighted that the Opposition, the National Party and the Independents stuck together on that occasion. We have been proved to be right. Notwithstanding the beat up that the Government media secretaries were involved in, notwithstanding the false line pushed by the Premier on the Sunday after this business, the Opposition was shown to be correct. In fairness, the Opposition was able to sustain that line because good people such as Professor Leslie Marchant and other people I have referred to within the professions were able to give us, if you like, public comfort, not in a political sense but in a professional sense, about what we were doing. We intend to support the passage of the legislation, but with its referral in the manner described and also with one very important amendment, the general understanding which I have outlined.

HON PETER FOSS (East Metropolitan) [5.56 pm]: I have pleasure in supporting this Bill with the qualifications that have been outlined by Hon Phillip Pendal, including the inquiry by the Legislation Committee which will be a very important inquiry. The most important lesson to be learnt from this legislative muck-up is that we need to take our legislation seriously and give it the time it requires in order to be properly investigated and dealt with. This principal Act is a great indication of the sorts of things that can go wrong when legislation is brought into this Parliament at the last minute and hurried through.

I will refer to some of the small things that happened during the enactment of the principal Act, in particular, section 3(3). I note the amendment to that section has been described by the Government as a technical amendment. This technical amendment that the Opposition inserted into the Bill, with the assistance of Hon Reg Davies, was requested by the Law Society of Western Australia because of an oversight in the Bill that was hurried into the House. Due to the broad ranging provisions of section 3 and the provisions in the later part of the Act relating to criminal and civil proceedings, the provision in section 20 of the Royal Commissions Act - it says that, although a witness can be compelled to give evidence that was self-incriminating, that evidence could not be used in prosecutions against them - had been implicitly repealed. It really became clear that that was the situation when the Government put to us how the documents would be available. All the normal procedures of litigation would operate with respect to the availability of these documents.

Hon P.G. Pendal: Yet it was brushed off as a technical amendment.

Hon PETER FOSS: Yes. It is quite clear that it had to go through. Those in Government tried to get us to agree to an undertaking to put that amendment through. That is a fairly important change, an unintended change.

Sitting suspended from 6.00 to 7.30 pm

Hon PETER FOSS: It had the effect of depriving people of the most fundamental of civil rights. Is it any wonder then that the Opposition has considerable concerns about why this legislation ended up being brought before the House so suddenly? That is the reason that I

support Hon Phillip Pendal's suggestion to ask the Standing Committee on Legislation to ascertain why the legislation was put before the House in such an untidy and unseemly fashion. In addition, the Legislation Committee should consider whether other amendments are required to this Bill. Having had an opportunity to look at it with a bit more care and in a more relaxed way than I did the first time, I noticed that clause 11(a) of the Royal Commission (Custody of Records) Bill states -

> Subject to subsection (2), if the DPP is satisfied that all civil and criminal proceedings likely to be instituted in relation to events the subject of the terms of reference have been completed, the DPP shall transfer all records in the custody of the DPP under section 5 to the Library Board as State archives.

The strange thing is that the Director of Public Prosecutions must keep everything until everything is over. It would be sensible that as an individual item becomes unnecessary the DPP should be able to transfer it to the archives. Why should he have to hold on to everything until all has been finished? We should ascertain whether the DPP should be able to release records progressively as opposed to holding onto them. These are small issues which should be dealt with.

Another question is whether we should look at the matter in principle so that next time we have a Royal Commission we do not have to rush in another Bill. In a seemly and timely fashion we should have the opportunity to consider whether the provisions contained in this Bill should be extended to any Royal Commission that operates under the Royal Commissions Act as opposed only to the Royal Commission appointed on 8 January 1991.

With these qualifications, I am pleased to support the Bill.

HON MAX EVANS (North Metropolitan) [7.35 pm]: When the Royal Commission (Custody of Records) Bill was introduced into this House some weeks ago I suggested that the Opposition recommend to the Leader of the House that it be debated at the commencement of that day's proceedings rather than after motions had been considered. This would have enabled the House to debate the Bill before 6.00 pm that Thursday because amendments were to be moved and they could have been dealt with in that time and the Bill could have been returned, with amendments, to the other place.

I told the Government this would happen because it was trying to rush through this legislation. I remind the House that in June 1987 a trustee Bill involving Perpetual Trustees and the WA Trustees was to be rushed through the Parliament in one day. The Government wanted it rushed through because it was understood that everyone approved it. Hon Andrew Mensaros was handling the Bill for the Opposition in the other place and I was in this place. Mr Mensaros told me that he was sick and tired of looking after his friends by allowing Bills to pass through Parliament in one day. He said that every time it happened he ended up with egg on his face because something always went wrong and that applied to Bills rushed through not only by this Government, but also by the Opposition when it was in Government. To the surprise of the Leader of the House the Opposition advised him that it would not push for the Bill to pass through this place in one day. Pressure was brought to bear from Perpetual Trustees and WA Trustees to pass the Bill through the Parliament and members were under the impression that the Bill was in good order. Parliament concluded the spring session without completing debate on the Bill and when Parliament resumed in August the Leader of the House introduced a number of amendments to correct the anomalies which had been found in the Bill. Unfortunately, I was not in the House at the time the amendments were introduced, but Hon Gordon Masters asked the Leader of the House whether the debate had been closed and he said yes. We had a Bill which was meant to be perfect and the Government wanted it passed through the Parliament in one day, but when the House resumed a page of amendments was introduced and the debate was closed. If that were not bad enough, when I found out about the amendments the next day I telephoned Perpetual Trustees to find out whether it agreed with them. Representatives from Perpetual Trustees told me they had not seen the amendments and I found out that Mike O'Connor from the Corporate Affairs Department had not seen them either. We subsequently found that the amendments were wrong and they had to be redrafted. I am sure the Attorney General remembers this.

I have often said to people that they do not know how lucky they are if good legislation is passed through this Parliament, because Governments of both political persuasions try to

rush through legislation. After being told that the amendments were correct we found a few months later that additional amendments were required by the ANZ Bank and National Mutual Life -

Hon J.M. Berinson: For some reason your memory is clearer than mine.

Hon MAX EVANS: I remember it clearly because the Attorney General prevented me from speaking to the amendments.

Hon J.M. Berinson: I remember doing that. It is a shame I did not do it tonight.

Hon MAX EVANS: Since then I have been worried about how legislation can sneak through this Parliament and not be examined properly. I ask members to remember that Hon Andrew Mensaros was very wise and with his many years of experience in this Parliament he was concerned about legislation being rushed through without thorough investigation.

In March or April this year I was alerted to what would happen to the records of the Royal Commission. I made inquiries through the Official Corruption Commission, the Director of Public Prosecutions and the Royal Commission and they confirmed that legislation would be required to preserve the Royal Commission's records. I was also told that Hon Joe Berinson's staff had been investigating the matter for over two months. On receiving that information I decided I would not waste my time drafting legislation. I know the Attorney General is an efficient person and I thought that, with his resources, he would come up with legislation before the House rose on 4 June this year. However, in the middle of May I realised that legislation would not be introduced by Hon Joe Berinson and I decided to look into it because it is a very complicated matter. I therefore briefed counsel to prepare the Bill I brought before this House. That Bill states that all records should be given to the Director of Public Prosecutions. On the following Sunday I saw a large headline, I think accompanied by a photograph of Hon Joe Berinson, over a report criticising me for introducing such legislation and saying it was not necessary and that the Attorney General had been looking at it for a long time and would bring legislation before the House to solve the problem when it next sat. It was unfortunate that his Press secretary did not tell him about that because when we came back on 25 August nothing was done.

My Bill was then at the bottom of the Notice Paper. I said to Hon George Cash that I would leave it there because the Government was going to bring forward similar legislation. The time for the Royal Commission to report drew nearer; I think it was due about a week later. I know the Attorney General can confirm that the legislation should have been passed before the report of the Royal Commission was tabled in this House. I would not be surprised if the Attorney General and the Premier had been told that. However, the legislation appeared on Tuesday, 20 October. I said to Hon George Cash that I would not worry about anything else during that week because that legislation had to go through before 31 October to protect the records of the Royal Commission. I said to him that I wondered whether the Government had some ulterior motive that with only three days to go the legislation might slip through the cracks in the floor and the most important piece of legislation to come before this House in the past 10 years, apart from that related to the Royal Commission, would disappear when that custody of records legislation was complementary to the Royal Commission legislation.

I wanted to expedite the passage of the Bill through the other place. The Parliament sat again on 20 October. The gallery was packed. I went to some journalists and pointed out that no legislation existed to protect the report of the Royal Commission but it was to be presented on that day. Members of the Press could not understand what I was talking about until a couple of days later, but they still got it wrong on the Thursday. On Tuesday, 20 October at 2.07 pm the Premier made her statement about the Royal Commission into Commercial Activities of Government and Other Matters. I talked to Ed Russell, secretary to the Premier, up in the gallery. He had been kind enough to give me a draft copy of the Attorney General's legislation. Such legislation has a nasty habit of changing several times before being introduced. I learnt this in relation to the tax Act years ago; that is, that I should not worry about it until it went through the Parliament because many drafts of that legislation were prepared. I asked Ed Russell when the legislation would be introduced. He is an honest and truthful man and he replied that the Government had lost the Leader of the House only minutes before and he did not know when it would be introduced. While standing there we heard that Hon Bob Pearce had stood down as Leader of the House and the Government had not had time to appoint a replacement to run its business.

At 5.45 pm I had Richard Court ask the Premier when the legislation would be introduced. She replied that it would be introduced into the Legislative Council. I checked again at 7.45 and 8.30 pm because Hon Joe Berinson was not in the House on that day. At 9.31 pm the Premier moved the introduction and first reading of the Royal Commission (Custody of Records) Bill. It was introduced on the Premier's motion and read a first time. I still could not get a copy of the Bill. I said that I wanted a copy of the second reading speech and the Bill. This most important legislation to go through the Parliament in 10 years, which was needed to back up the Royal Commission, had been introduced and nobody knew where the Bill was or could give me a copy of the second reading speech. In fact, the Bill was supposed to be introduced into the Legislative Council an hour and a half before it was introduced into the Legislative Assembly.

The next day I saw Mr Russell and asked for a copy of the Bill. The night before seven copies of the Bill had been put on the desk of Hon George Cash but by next morning they had disappeared. The most important legislation that members would ever see had disappeared from his office! At that stage only two sitting days were left before the Parliament rose for a week. At 1.00 pm I still had not been able to get a copy of the legislation. I was told I could not be given a copy because the second reading speech was not available. I then blew my top and swore at Bob Willoughby because I could not get a copy of the Bill which had been in Hon George Cash's office the night before but had disappeared. This related to legislation that the Government wanted to get through the House in a matter of minutes yet it could not be read by anybody because everything was so secretive and it was unavailable.

Having waited for 30 to 40 minutes the Premier gave approval for me to receive a copy of the Bill from the papers office because it had not been read in that House. Later that afternoon I still had not received a copy of the second reading speech. At 7.34 pm on Wednesday, 21 October the second reading was moved and the second reading speech given by Mr D.L. Smith, Minister for Justice. By that stage they had found the second reading speech. I know what had happened to it. I see that the Attorney General has his eyes screwed up. The Bill was printed for the Legislative Council on the Tuesday that Hon Joe Berinson was not here so it had to be reprinted for the Legislative Assembly. There was such turmoil at State Print on the Wednesday after printing the report of the Royal Commission that it could do little other printing. However, it had to reprint the Royal Commission (Custody of Records) Bill for the Legislative Assembly.

What had happened worried me. I said to Hon George Cash on the Tuesday that I was scared that the legislation would slip through a hole in the floor and would not be introduced by the Thursday night, which may have suited a lot of people. That legislation should have been passed prior to the first report of the Royal Commission being tabled in this Parliament. Many people wanted their records back at that stage and could not get them.

I did not worry about the Bill that Ed Russell sent to me on 12 October because he said further amendments were to be made to it and he showed them to me. I will not go through them for important reasons. Those amendments were implemented to fix the Bill before it came before the House. We have been waiting for this Bill since March this year and yet it did not finally came through until 7.34 pm the day before the end of the sitting week which was to be followed by a non-sitting week. There were to be no second guesses about that legislation if it were not passed by 31 October, so it was rushed through at that time. That was done despite the fact that my legislation was simple. It has been said on a number of occasions that the Government would have done a damned sight better if it had retained my legislation, passed it, got the records across and then worried where they were going later.

Amendments which were sent to the Legislation Committee still require close consideration to make this legislation correct for the future. I said in relation to my legislation that we should get everything across so that we have more time to consider it instead of doing as we have done tonight; that is, nit pick about what does or does not go, or what is or is not destroyed.

Hon Peter Foss asked what they did with records. They have a huge volume of records, which might cover five or six years in all, but it appears they cannot dispose of any part until they have finished with the whole. Something else might come up; some changes may need to be considered if we are to wrap up the whole matter ultimately.

The Minister introduced the Bill; his second reading speech took about 15 or 20 minutes on Thursday, 22 October. As mentioned by Hon Phillip Pendal, debate was resumed on the Bill at 9.43 pm that evening. Other matters had been dealt with in the meantime. Considering that it is nearing the end of Mr Berinson's time here and considering his vital interest in the Royal Commission's proceedings, the Government should have ensured that this place was able to function properly. I heard that the Government was considering this matter in March; however the Bill has been brought in during the last few days of the session. We are very worried about this legislation. Hon Peter Foss mentioned the Law Society and the essential amendments. The Government accepted them straight away. The Bill was returned to the other House. Hon Phillip Pendal referred to the matter of archival records, about which I believe the entire debate in the Press was led by the Government media machine. The whole situation was misreported. Several technicalities were pointed to, such as the name of the Library Board or the Archivist. The Attorney General's second reading speech stated -

> During passage of the Custody of Records Bill through the Parliament amendments were made which inserted the present section 10. This had the effect of requiring some internal working documents, private submissions and administrative records to be sent to the State Archives unless the State Archivist agreed to their destruction by the commission.

It is interesting how that has been twisted around. Hon Phillip Pendal's amendment did not mean to change the situation substantially. If records are to be destroyed approval should be given by an outside third party. If that third party did not approve the matter would go to the Archivist for retention. That is what it was all about. He wanted to protect certain records.

I remember when some years ago a very senior public servant with a PhD was brought over from Sydney. He said that when he first came over to draft legislation it was emphasised that it was a chance to sneak through things about which the Opposition would not know. That is, it was to try to put in pieces of legislation which would benefit the Government's social agenda, or something like that. That was several years ago, but I am still worried about what people will try to sneak through, particularly when legislation is introduced with only a few hours' notice - in this case it was only a few minutes' notice.

We have sorted out the situation with the three months' or one month's time limit. The earlier Bill for an Act was proclaimed more than one month ago and the legislation before us acknowledges some problems. There remains only three months for the Royal Commission to complete its functions under the Custody of Records Act. Some of that three months has already expired. The relevant provisions of the Library Board Act regarding the destruction of records have had to be changed from three months to one month. If the amendments go through tonight and the Bill goes to the other place tonight, the Bill can be proclaimed by Thursday or Friday -

Hon J.M. Berinson: The amendments are accepted. We do not need to argue them.

Hon MAX EVANS: I accept that. The point is that the Government has run out of time. We all know that not a lot of work is done around the city after 15 December because people are celebrating Christmas and New Year. I am glad that the amendments will be accepted.

Hon Phillip Pendal's remarks were very pertinent. Some commonsense has been brought to bear. This is one of the most important pieces of legislation to be considered by this place. I expect that further amendments will be required next year after the Legislation Committee has taken time to consult with the Royal Commission, the Archivist and the Director of Public Prosecutions. I am sure that the DPP will have some views about what should be done regarding this important legislation. Time would have been on our side had my recommendations been accepted in the first place. My Bill was a simple one. That was all that was necessary. We have had a long delay; but ultimately commonsense has prevailed. We accept the legislation with its amendments.

HON J.M. BERINSON (North Metropolitan - Attorney General) [7.55 pm]: The Royal Commission (Custody of Records) Amendment Bill has a very narrow scope. I welcome the general agreement with it that has been indicated by the Opposition. Frankly I have been surprised at the length of debate so far; that has been the result of Mr Pendal and other speakers wishing to cover much of the same ground as was covered during the discussion on the original Bill. All I would say in reply is that in the first place the urgency of the original

Bill was well understood, and it was well understood that the urgency was being expressed by the Royal Commissioners, not by the Government. That Bill and the urgency with which it was processed was with a view to accommodating the great concern of the commissioners. I believe that concern was well placed. The same can be said of their concern about the treatment of material. We debated that at some length last time and, with due respect to the speakers who have covered much the same ground today, I do not propose to enter into that redebate, so to speak.

We have a particular set of circumstances to be dealt with in this Bill. It would appear that at least is recognised and accepted on all sides. I would like to get on with it and it might assist that process if I indicate again, as I did by interjection, that I propose on behalf of the Government to accept the two amendments that have been circulated in Mr Pendal's name. I also indicate in order to avoid any doubts on the issue that I will be supporting the additional motion seeking to refer various aspects of the parent Act to the Standing Committee on Legislation. I find that process rather novel but I accept Mr Pendal's assurance that it is contemplated by our Standing Orders for the Legislation Committee. I have no objection to that course being pursued.

It is important in particular that we should focus on the main objective of the Bill, which is to implement what was expressed to be an understanding last time but which turns out not to be provided by the original Bill, and that is the provision of a facility to provide for embargoes and for providing confidentiality in line with the Library Board of Western Australia Act itself, bearing in mind the special provisions directed to confidentiality in the parent Act. I commend the Bill to the House.

Question put and passed.

Bill read a second time.

Referral to Standing Committee on Legislation

On motion by Hon P.G. Pendal, resolved -

> That the subject matter of the Royal Commission (Custody of Records) Amendment Bill be referred to the Legislation Committee for consideration and report, and that the Legislation Committee be directed to inquire -
>
> (a) whether any further amendments are required to the principal Act;
>
> (b) the reason for the period of time that elapsed from the time that the requirement for the principal Act was realised until the Bill's introduction into the House; and
>
> (c) whether there should be a general amendment to the law relating to the custody of Royal Commission documents such as is contained in the Archives Act 1983 of the Commonwealth.

Committee

The Chairman of Committees (Hon Garry Kelly) in the Chair; Hon J.M. Berinson (Attorney General) in charge of the Bill.

Clauses 1 to 4 put and passed.

Clause 5: Section 10 repealed and a section substituted -

Hon P.G. PENDAL: I move -

> Page 3, lines 15 to 16 - To delete paragraph (c).

In view of the Government's acceptance of my previous explanation I need say no more.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 6 and 7 put and passed.

Clause 8 put and negatived.

New clause 8 -

Hon P.G. PENDAL: I move -

Page 5 - To insert the following to stand as clause 8 -

Section 15 amended

8. Section 15 of the principal Act is amended -

(a) in subsections (6) and (7) by deleting "3" and substituting "5"; and

(b) in subsection (8) by inserting after the following -

", or under the Library Act as applied by section 10 or 14."

The combined effect of this and the previous amendment will be to ensure that the processes applied to assessing and then if necessary destroying any documents coming out of the Royal Commission will be the standard procedures that are followed under the provisions of the Library Board of Western Australia Act, and that no more or less rigorous assessment will apply in this case than with any other document in the Government service.

New clause put and passed.

Hon J.M. BERINSON: It seems there is a misprint in the amendment circulated by the Opposition.

The CHAIRMAN: To make that correction we must recommit the Bill to reconsider clause 8.

Title put and passed.

Bill reported, with amendments.

Recommittal

On motion by Hon J.M. Berinson (Attorney General), resolved -

That the Bill be recommitted for the further consideration of new clause 8.

Committee

The Chairman of Committees (Hon Garry Kelly) in the Chair; Hon J.M. Berinson (Attorney General) in charge of the Bill.

New clause 8 -

Hon P.G. PENDAL: I move -

That after the word "after" in subclause (b) the figure "13" be inserted.

Amendment put and passed.

New clause, as amended, put and passed.

Report

Bill again reported, with a further amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by Hon J.M. Berinson (Attorney General), and transmitted to the Assembly.

LAND TAX RELIEF AMENDMENT BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon J.M. Berinson (Attorney General), read a first time.

Second Reading

HON J.M. BERINSON (North Metropolitan - Attorney General) [8.12 pm]: I move -

That the Bill be now read a second time.

In December 1991, the Land Tax Relief Act 1991 was enacted to provide relief for 1991-92 land tax assessments. Members may recall that a substantial number of assessments had already been issued by that time and, therefore, the relief Act provided for them to be of no effect and for new assessments to be issued. The legislation had necessarily been drafted as

a matter of urgency so that assessments already issued could be cancelled, and the issue of fresh assessments would not be so delayed as to seriously affect 1991-92 revenue collections.

As explained in the second reading speech, the intent of the Land Tax Relief Act 1991 was that new valuations made by the Valuer General for 1991-92 were not to be used for land tax purposes except where a new valuation was less than that which it was intended to replace. In other words, there were to be no valuation increases for 1991-92 other than the normal phase in of valuation increases from previous years. The State Taxation Department issued assessments on that basis believing that they were authorised by the Land Tax Relief Act 1991. Although the provisions of the 1991 relief Act might appear to have been satisfactory because they provided for 1991-92 land tax to be assessed "on the basis of the unimproved value of the land as on 30 June 1990 or 30 June 1991, whichever is the lower", a problem has since come to light. If "unimproved value of the land as on 30 June 1990" were construed in accordance with the meanings assigned by the Land Tax Assessment Act 1976, as provided for by section 3 of the 1991 Act, it would refer to the phased in value calculated as at 30 June 1990. As stated, it was intended to use the unimproved value as determined by the Valuer General and in force on 30 June 1990, but to phase it in by a further step to get the 1991 value upon which tax was to be assessed. The consequence of such a construction would be to change the meaning of the 1991 Act significantly from that which was intended. Moreover, because the Land Tax Relief Act 1992 operates by reference to the 1991 Act, its meaning would also be affected.

The 1992 Act was intended to provide for tax for 1992-93 to be assessed upon the same value as was used for 1991-92, without any further phasing in, unless an interim valuation or general valuation that came into force during 1991-92 gave a lower value. The lower value given would then be used. This Bill proposes to amend the 1991 and 1992 Acts to ensure that they provide for assessment of land tax as was intended. The amendments are drafted to have effect from immediately after the respective Acts came into force. Assessments for 1992-93 cannot be issued until the position is brought into order. I commend the Bill to the House.

Debate adjourned, on motion by Hon Max Evans.

SELECT COMMITTEE OF PRIVILEGE INTO ALLEGATIONS OF PHONE TAPPING AND SURVEILLANCE

Report Tabling

HON GEORGE CASH (North Metropolitan - Leader of the Opposition) [8.14 pm]: I present the report of the Select Committee of Privilege into Allegations of Phone Tapping and Surveillance. I move -

That the report do lie upon the Table of the House and be printed.

Question put and passed.

[See paper No 640.]

LOCAL GOVERNMENT AMENDMENT BILL (No 2)

Second Reading

Debate resumed from 12 November.

HON P.H. LOCKYER (Mining and Pastoral) [8.15 pm]: The Opposition generally supports this Bill. We also support the fact that the requirement has finally been recognised that was put forward by the Western Australian Municipal Association that the 1984 decision to introduce an arrangement to allow selected councils to undertake a pilot training scheme of differential rating must now go to the next step. That is, to allow local authorities throughout the State to adopt differential rating without having to apply to the Minister for Local Government except on certain occasions when the differential rating is greater than four times the lowest rate. The decision made by the Government in 1984 on this pilot project was that the differential rates could be adopted based on planning zones; however, the Government has now changed that to impose differential rates based on land use. The Minister is to be removed from the approval process, as I said, except when the rating is

greater than four times the lowest rate. This matter has been discussed with the Western Australian Municipal Association and it agrees with that.

As far as the Opposition is concerned the problem arises that the new power will be vested in the local councils to adopt the genuine land use differential for bona fide land use groups. That problem will arise when councils are faced with the problem of applying a differential rating to mining tenements. The reason for that problem is that no formula has yet been agreed on for councils to use as an arrangement for such differential rating. It is no secret that many councils within the State, particularly those within my electorate such as Leonora, Cue, Mt Magnet, Sandstone and Meekatharra, would like to apply differential rating to mining tenements. My concern is that unless a formula is in place which is acceptable to all concerned it will not be the success that it should be. It is quite obvious that the responsible attitude taken by those 30 councils which have now used differential rating as a pilot program with the approval of the Minister of the day has been a great success. No reason exists why it should not be taken to that stage; however, it should only be taken to that stage with a formula which is acceptable to those in the mining industry.

Many papers have been written on this subject. In 1991 the Association of Mining and Exploration Companies (Inc) made several recommendations which it believed should be examined. I will quote some of those equitable solutions which the association would have liked considered at that time. In a document it produced, the Association of Mining and Exploration Companies stated -

> Bearing in mind the W.A. Municipal Association's assertion:
>
> > that an altered method of valuation is required for mining tenements;
> >
> > and
> >
> > the fact that the industry in the Chamber of Mines' proposal found an altered method, but has had that method rejected;
> >
> > it would seem reasonable to AMEC that a middle road solution requiring compromise from both sides of this debate, would be more appropriate.
>
> AMEC is also well aware that our original proposal to place a "cap on the rate in the dollar" applied to mining tenements is unacceptable to Local Government.
>
> Accordingly, we recommend serious consideration of the following proposal;
>
> A) That the principle which applies an arbitrary formula to establish the valuation of a mining tenement be retained.
>
> B) That the current formula values; i.e. $25 for a mining lease per hectare, $2.50 for a prospecting licence per hectare and $0.25 for an exploration licence per hectare, be doubled.
>
> C) That a new formula which values mining leases at $50 per hectare, prospecting licences at $5 per hectare and exploration licences at $0.25 per hectare (i.e. no change), be adopted as the base year valuation for mining tenements.
>
> D) That a standard method of revising base rates be embodied in the Act on the basis of adjustment to the base year per hectare values for each tenement type, through the application of the percentage increase or decrease in inflation in the general Australian economy at the end of relevant valuation periods. This period would coincide with revaluation of all land by the Valuer General's Department in any given area.

The conclusion states -

> It goes without saying that this proposition will need considerable discussion and further refinement and AMEC therefore seeks an opportunity for a further meeting with the W.A. Municipal Association to develop these issues.

While some meetings have taken place, there is still great concern in the mining industry that a formula acceptable to both parties is not yet in place. It is reasonable, therefore, that I will be seeking the agreement of this House, following the passage of the second reading which we support, to refer this matter to the Standing Committee on Legislation to examine the

specific problems that exist because it is pointless our bringing this type of legislation into this House if there will be conflict in local government authorities that will be applying the differential rating to the mining leases and the mining companies. The pastoral industry already has a formula in place. That formula uses a 20 times valuation and is acceptable to the pastoral industry. However, that would not be the sort of valuation that should be proposed for the mining industry.

On that basis, I indicate that the Opposition supports the second reading of the Bill but I will attempt to get the House to agree to refer the matter to the Legislation Committee to consider whether amendments should be made and to examine formulas for mining tenements.

HON N.F. MOORE (Mining and Pastoral) [8.24 pm]: I support the proposition put forward by Hon Phil Lockyer. The mining industry is of the view that it needs to pay more rates to local authorities because the existing rates are too low. Many mining companies make ex gratia payments to local authorities to assist in community activities, work and so on. Therefore, there is no opposition by the mining industry to paying more rates to local authorities. However, the industry is concerned that the Local Government Amendment Bill provides for differential rating at a time when there is still an argument about how mining tenements are to be valued. As Hon Phil Lockyer has pointed out, there has been much negotiation and consultation between local government and the mining industry about how mining tenements should be valued. Hon Mark Nevill was involved in a committee on this matter, but I do not remember his recommendations.

Hon Mark Nevill: I did not have much success.

Hon N.F. MOORE: I fear the member had a lot of success. Maybe they should stop putting him in charge of inquiries if they are not going to take any notice of what he says.

Hon Mark Nevill: I put my personal views to the Minister in a report afterwards.

Hon N.F. MOORE: There have been a number of inquiries, including one conducted by Hon Mark Nevill. Ironically a meeting is to be held on 3 December, the day after tomorrow, as part of the continuing negotiations on this matter. Therefore, it is premature to implement the contents of the Bill prior to a decision being made about the valuation of mineral tenements. The appropriate course of action for this House to take is to send this Bill to the Standing Committee on Legislation which could take evidence from the various parties, including the mining industry, manufacturers and other organisations involved in commerce, to find out whether there are any down sides in the Bill which would lead to industry being unduly penalised by rates that are too high.

There is a view around the place that the mining industry should be milked every time we can get a hand in its pocket. The industry is undergoing serious economic circumstances and not many sectors of the mining industry are performing well at the moment. In fact, it is incredible to hear that there was a strike in Kambalda yesterday when the price of nickel is such that the industry is virtually ready to close down. It is as bad as that. At a time when the economics of many sectors of the mining industry are very poor, we should not be looking at increasing the burden on them by Government. The way to go on this Bill, while we are not opposed to its principles, is to send it to the Legislation Committee for it to give further consideration to the issues raised by the Association of Mining and Exploration Companies and the Chamber of Mines and then make recommendations on whether we can proceed with it without causing undue problems for the mining industry.

HON MAX EVANS (North Metropolitan) [8.27 pm]: Hon Norman Moore referred to the value of mining tenements. Over a number of years we have dealt with problems relating to the valuation of stamp duty for mining tenements to be transferred from one company to another. That value was based on the money spent on the tenement, not on what it was worth. In one case, the stamp duty was going to be $1 million when the tenement was being transferred from one arm of the company to another; from its exploration side to its production side. Apparently the State Taxation Department valuers do the valuations and these huge grabs of stamp duty worry me.

I suggest that when the Standing Committee on Legislation considers the Local Government Amendment Bill, it looks also at how the Stamp Office and the Commissioner of State Taxation determine these valuations because at the moment the valuations are based on the work done on the land rather on what was paid for it. When the Government lost the case

over the $1 million, it tried to introduce legislation so that it would not happen again, but that legislation was thrown out of this House because what the Government was trying to do was most iniquitous. The Legislation Committee should try to recommend restrictions so that the way that lease was valued - I cannot remember the name of the company now - can never happen again. It was a real rip-off and I would hate to see local government doing the same thing as the Commissioner of State Taxation did in that case.

HON JOHN HALDEN (South Metropolitan - Parliamentary Secretary) [8.30 pm]: It is unfortunate that members opposite have decided to refer this matter to the Standing Committee on Legislation. I do not want to denigrate the proposition they have put forward, but they have perhaps overreacted to a problem that may eventuate with regard to mining tenements. You, Mr President, and I are well aware of the forces that come into play in the creation of a local government budget. I am sure members opposite are also well aware of that. I do not think local government, State Government or any other body would willy-nilly increase mining tenements by enormous proportions, in spite of people's fears to that effect. That would result in consequences particularly detrimental not only to the State Government but also to the local government authorities.

As Hon Phil Lockyer pointed out, many people in those areas are dependent on the mining industry and mining tenements. If they were suddenly to overplay their hands with regard to this matter, that would result in a swift reaction from the State Government and the local people who would recognise the consequences to their livelihoods. Although I understand the concerns of members who represent the Mining and Pastoral Region, as a metropolitan member I have in the past few days received considerable correspondence from local government authorities, such as the City of Melville and the Town of Kwinana, which desperately want the provisions of this Bill to be enacted.

A number of difficulties have existed since 1984. I am not criticising the first step taken in 1984, but problems have developed since that time. One such problem is providing differential rating on zonings and town planning schemes. This causes enormous problems for financial planning and equity in a zoning scheme which is designed only for town planning purposes and not for financial purposes. Although this legislation is minor in terms of the number of clauses to be changed and repealed, local authorities regard it as very significant.

]There were, and are, enough checks and balances within the local government system to overcome the difficulties presented by members opposite and for that reason, although I accept the Opposition's support of the second reading, I find it regrettable that it wants to send another Bill to the Legislation Committee at this stage of the session. It effectively means that the legislation will not come back to the House until the middle of next year or thereabouts. That means local government authorities will face their present difficulties in yet another budget. I regret that members opposite cannot see the wisdom of the Government's position. The Government opposes the referral of the Bill to the Legislation Committee.

Question put and passed.

Bill read a second time.

Referral to Legislation Committee

HON P.H. LOCKYER (Mining and Pastoral) [8.34 pm]: I move -

> That the Bill be referred to the Legislation Committee for consideration and report and the committee be directed -
>
> (a) that it not be bound by the policy of the Bill;
>
> (b) to consider whether any further amendments are required to the principal Act; and
>
> (c) to consider the requirements for a formula for the process to value mining tenements.

Division

Question put and a division taken with the following result -

Ayes (16)

Hon J.N. Caldwell	Hon Barry House	Hon R.G. Pike
Hon George Cash	Hon P.H. Lockyer	Hon Derrick Tomlinson
Hon E.J. Charlton	Hon Murray Montgomery	Hon D.J. Wordsworth
Hon Reg Davies	Hon N.F. Moore	Hon Margaret McAleer
Hon Max Evans	Hon Muriel Patterson	*(Teller)*
Hon Peter Foss	Hon P.G. Pendal	

Noes (15)

Hon J.M. Berinson	Hon Tom Helm	Hon Bob Thomas
Hon T.G. Butler	Hon B.L. Jones	Hon Doug Wenn
Hon Kim Chance	Hon Garry Kelly	Hon Fred McKenzie
Hon Graham Edwards	Hon Mark Nevill	*(Teller)*
Hon John Halden	Hon Sam Piantadosi	
Hon Kay Hallahan	Hon Tom Stephens	

Pair

Hon W.N. Stretch	Hon Cheryl Davenport

Question thus passed.

SITTINGS OF THE HOUSE - EXTENDED AFTER 11.00 PM

Tuesday, 1 December

HON J.M. BERINSON (North Metropolitan - Leader of the House) [8.41 pm]: I move -

That the House continue to sit after 11.00 pm.

I indicate to members that I move this motion after consultation with the Leader of the Opposition and the Leader of the National Party. We have, to the extent that such things are possible, agreed to a program for the remainder of this sitting which would keep the hours within reasonable bounds, but that will emerge as the night progresses. For the moment it is important that we open the way to an extended sitting after 11.00 pm.

HON PETER FOSS (East Metropolitan) [8.42 pm]: It may be known to the Leader of the House and to the Leader of the Opposition how far past 11.00 pm we will sit and what program we will deal with, and it may even be known to some people apart from me, but I do not know how far past 11.00 pm we will sit and what the program will be. I took exception to the remark made by the Premier yesterday, as reported in today's *The West Australian*, that the reason the Parliament is not dealing with legislation is that Legislative Council members are not prepared to sit long hours. Frankly, one of the main reasons we are not dealing with legislation is that this Government cannot get legislation out of the lower House and into the upper House in reasonable time for it to be dealt with.

Further, I do not know how many people in Western Australia would really like us to legislate for them at times past 11.00 pm. We have been sitting to 11.00 pm and we have been sitting to 12.00 pm. That is about as late as one can sit and deal effectively with legislation. Beyond that time, all we are doing is going through the motions of passing legislation without its actually being of any real use to anyone.

The quality of the legislation that flows through this place at the end of the session, and particularly after a certain hour, is totally useless. I will not sit here and have it suggested that we should sit past 11.00 pm as if that were a perfectly acceptable thing to do, without some explanation being given as to why we should sit beyond 11.00 pm and what it is that we have to deal with.

Hon J.M. Berinson: Do you not think it is self-evident?

Hon PETER FOSS: No. I do not know what is self-evident. All I know is that if the Government really believed in its legislation and thought it was worthwhile to get it through, it would have had it in this House much earlier than now. I believe that if the legislation is any good, it should be dealt with properly and at the right time of day. If it is not any good, then I do not know why we should bother to deal with it at all.

Hon B.L. Jones interjected.

Hon PETER FOSS: If members opposite want me to take 45 minutes to say why I am opposed to this motion, I will, but members can be quiet and let me speak. I believe that whenever such a motion is moved, an adequate explanation should be given to the House so that it is on record and not just behind the Chair why it is that we should depart from a resolution of this House which we reaffirmed only the other day. If the Leader of the House thinks it is such a good idea, he should not just stand up and say it is okay, but give some reason for it.

HON GEORGE CASH (North Metropolitan - Leader of the Opposition) [8.45 pm]: One of the reasons the Leader of the House was unable to put a specific time limit on the sitting past 11.00 pm was that it was necessary for me to speak to one of the members on this side of the House to ascertain how long a particular Bill would take to be dealt with. I have since found that out, and I will be able to report that to the Leader of the House in a few minutes.

I might say that when there are discussions between the Leader of the House, the Leader of the National Party and me, they are not done in such a way as to want to hide anything from any member of the House. They are done in good faith, along the lines that have been set down by members on this side of the House certainly and also, as I understand it, members on the other side of the House. It is certainly not an attempt to trick anyone. In fact, it was impossible to set down the time at which we might finish, although there was a clear understanding between the three parties that we would not work past a certain hour.

It just so happens that the Leader of the House wants to get on to the Appropriation (Consolidated Revenue Fund) Bill 1992 - I might say at my insistence and not at the Leader of the House's insistence - and whether we are still here past 11.00 pm or, indeed, at 1.00 am, will depend upon how long I speak. Like Hon Peter Foss, I want legislation to be dealt with properly in this House, but I recognise also that the Government's having now determined that it wants to finish its program this week, some flexibility is necessary if we are to achieve that purpose, notwithstanding the fact that all legislation should be dealt with in a proper and agreed manner.

Question put and passed.

MOTION - STANDING ORDERS SUSPENSION

Perth Market Amendment Bill - Referred to Standing Committee on Government Agencies

HON GEORGE CASH (North Metropolitan - Leader of the Opposition) [8.48 pm]: I move, without notice -

> That so much of Standing Orders be suspended as would enable me to move that Order of the Day No 15 be referred to the Standing Committee on Government Agencies for its consideration.

This matter has been discussed with the Leader of the House, and agreed to.

The PRESIDENT: Order! I have just finished telling another member that when members move these motions there is a requirement that they have them written out and given to the Chairman or the President so that he has a rough idea of what he has to say to the House.

HON J.M. BERINSON (North Metropolitan - Leader of the House) [8.49 pm]: I normally would not speak on this motion, but simply leave it to the indication which the Leader of the Opposition has given that this motion has the agreement of the Government. However, you will be aware, Mr President, that the Leader of the Government in this House has very few perks. With your indulgence, I thought I should elaborate a little on this motion if only to draw attention to the fact that it is taking place in very distinguished company. I refer to Mr Yehoshua Shalom Solomon and Miss Rachel Rivka Solomon who are taking a very intense interest in proceedings. I am sure we would all want to wish them well.

Members: Hear, hear!

Hon J.M. BERINSON: I support the motion.

Question put and passed with an absolute majority.

MOTION - PERTH MARKET AMENDMENT BILL

Discharged from Notice Paper and Referred to Standing Committee on Government Agencies

On motion by Hon George Cash (Leader of the Opposition), resolved -

That Order of the Day No 15 be discharged from the Notice Paper and the Bill be referred to the Standing Committee on Government Agencies for its consideration and report.

LOAN BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon J.M. Berinson (Attorney General), read a first time.

Second Reading

HON J.M. BERINSON (North Metropolitan - Attorney General) [8.54 pm]: I move -

That the Bill be now read a second time.

This Bill seeks the necessary authority for the raising of loans for two purposes. Firstly, to help finance the State's capital works program as detailed in the General Loan and Capital Works Fund Estimates of Expenditure tabled on 1 September 1992 and, secondly, to enable the State to assume responsibility for the debt raised on its behalf by the Commonwealth under the 1927 Financial Agreement between the Commonwealth and the States. Authority to borrow for the purpose of redeeming maturing Financial Agreement debt was provided for in the Loan Act last year and will continue for a number of years until the State assumes full responsibility for this particular category of debt. Redemption of maturing Financial Agreement debt is in accordance with the agreement between the States and the Commonwealth that the States would assume responsibility for this debt on a phased basis over the period 1990-91 to 2005-06.

The Commonwealth compensates the States and Territories for the additional borrowing cost of this change based on interest margins between Commonwealth and State debt applying at, and prior to, the change. In addition, the Commonwealth provides compensation for its reduced sinking fund contributions due to the accelerated decline in outstanding debt on which those contributions are based. The borrowing authority being sought this year for the raising of loans is up to a maximum of $540 million, comprising authority of up to $350 million for public purposes generally and authority of up to $190 million for redemption of maturing Financial Agreement debt. The level of borrowing authorisation is determined after taking into account the unexpired balance of previous authorisations as at 30 June 1992.

It is also necessary to have sufficient borrowing authority to cover works in progress and maturing Financial Agreement debt for a period of up to six months after the close of the financial year, pending the passing of a similar measure in 1993. Indeed, it is estimated that the balance of the authorisations at 30 June 1993 will be $166.5 million of which $104.1 million relates to borrowings for public purposes generally.

The machinery nature of this Bill is consistent with the Loan Act 1991 which contained, for the first time, the additional authority to borrow for the purpose of redeeming maturing financial agreement debt.

In accordance with clause 4 of the Bill, the proceeds of all loans to be raised under this authority for public purposes generally must be paid into the General Loan and Capital Works Fund, as required under the provisions of the Financial Administration and Audit Act. Moreover, no funds can be expended from the General Loan and Capital Works Fund without an appropriation under an Act passed by this Parliament. Clause 4 also provides that the proceeds of all loans raised under this authority for redeeming maturing financial agreement debt must be credited to an account called the redemption of financial agreement debt account which is to be part of the trust fund under the Financial Administration and Audit Act 1985 and that moneys in the account are to be used only for the purpose of redeeming maturing financial agreement debt.

In addition to seeking the authority for loan raisings, the Bill also permanently appropriates

moneys from the Consolidated Revenue Fund to meet principal repayments, interest and other expenses of borrowings under this authority.

I commend the Bill to the House.

Debate adjourned, on motion by Hon George Cash (Leader of the Opposition).

INDIAN OCEAN TERRITORIES (ADMINISTRATION OF LAWS) BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon J.M. Berinson (Attorney General), read a first time.

Second Reading

HON J.M. BERINSON (North Metropolitan - Attorney General) [8.58 pm]: I move -

That the Bill be now read a second time.

This Bill has two major purposes: Firstly, to enable State authorities to exercise powers and provide services to the Indian Ocean Territories; and, secondly, to enable Western Australian courts to exercise jurisdiction in the Territories.

In March 1991 the Commonwealth House of Representatives Standing Committee on Constitutional and Legal Affairs recommended the replacement of the existing repressive and largely unintelligible legal regime of the Cocos (Keeling) Islands and Christmas Island, with the legal models applying to Western Australian, as amended from time to time, subject to any essential modifications relevant to the cultural and other unique characteristics of those islands. In September of the same year, the Prime Minister wrote to the Premier seeking agreement, in principle, for the Western Australian Government to assist the Commonwealth in implementing these important reforms.

The Commonwealth Territories Law Reform Act was enacted on 1 July 1992 with the result that a new Commonwealth legal regime now applies to the Indian Ocean Territories. That is virtually identical to that contained in the Statute book of Western Australia. Since the State and its agencies have a close familiarity with this regime, the Commonwealth is keen for the State to administer the Territories' adopted legislation and to deliver services, acting as agents of the Commonwealth.

Our agencies have already made an important contribution to the adopted legal regime, providing advice to the Commonwealth as to what modifications to Western Australian legal models might be essential and appropriate to the Territories, and which laws have no relevance. The Commonwealth has also agreed to suspend a significant proportion of the adopted regime to allow adequate consultation with, and education of, the Territories' communities before eventual application.

The overall aim of the Commonwealth reform is to introduce to the residents of the Territories the same benefits, standards, obligations and rights as apply to Australian citizens in remote areas of the mainland.

The most significant representation by Western Australia in the Territories will be in the key areas of health and education; however a range of mainland-based agencies will lend advice and support across many other important areas such as the courts, local government, power generation and distribution, marine safety, fire protection, agriculture, town planning and land administration.

The proposed legislation provides support to the State and those agencies that will exercise powers in and deliver services to the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands as agents of the Commonwealth.

It provides essential legislative authority to a small number of Western Australian agencies that will conduct enforcement activities on behalf of the Commonwealth, and enables Western Australian courts to exercise jurisdiction in the Territories. The Bill is also important complementary legislation to the Commonwealths Indian Ocean Territories Law Reform Act 1992, which acts on the Christmas Island Act 1958 and the Cocos (Keeling) Islands Act 1955 to give effect to the Commonwealth's law reform program for the Territories.

Western Australia is in a unique position to assist with this reform; our agencies have sole competency in administrating the adopted laws and they are willing and able to assist. The Commonwealth has agreed to provide adequate indemnity and meet all direct and indirect costs, as far as possible in advance. The direct and indirect economic benefits to Western Australia of an association with the Territories are significant. I commend the Bill to the House.

Debate adjourned, on motion by Hon Peter Foss.

FREMANTLE-MANDURAH RAILWAY BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon Graham Edwards (Minister for Police), read a first time.

Second Reading

HON GRAHAM EDWARDS (North Metropolitan - Minister for Police) [9.00 pm]: I move -

That the Bill be now read a second time.

In 1989 the Government made a commitment to examine the possibility of connecting Fremantle to Rockingham and Mandurah by rail transit. This was part of the Government's general policy to ensure that the public transport system keeps pace with population growth in the outer suburbs. Our February 1992 WA Advantage economic statement gave a commitment to provide rail transit between Fremantle, Rockingham and Mandurah and pointed out that a range of alternatives was being assessed.

The Fremantle-Mandurah Railway Bill is a major step towards the Government's implementation of these earlier commitments. The Bill provides the authority to construct and maintain a rail transit system for the people of the south west metropolitan area and to initiate the land reservation process. In March 1992 the Minister for Transport formed the south west area transit - SWAT - steering committee with a brief to prepare recommendations of the route and rail transit type most suitable to meet the Government's urban planning and development objectives for the area, including cost estimates, and a profile of the community's rail transit preferences.

"Metroplan", the Government's planning strategy for the Perth metropolitan region, advocates the integration of transport and land use planning and urban containment. The SWAT route and technology options currently being considered are those which will guide and facilitate a desirable land use actually occurring in the area. A land use and settlement vision for the area has been developed in conjunction with local governments and a desirable land use transport objective formulated, being to foster self-sufficiency by ensuring residents have easy public transport access to destinations within the area and to other parts of the Perth metropolitan region.

Between March and July 1992 comprehensive technical investigations were undertaken, focusing on the year 2021. The results of this work were communicated to the local community through the distribution of brochures to households and technical information packs to local governments and libraries. Public meetings have also been held in each relevant local government area and State electorate. Although the area's population in the design year of 2021 is expected to be more than three times that of today, a statistically valid survey of the existing community's preferences has been conducted.

Further technical work is currently being undertaken to explore variations on the basic routes and to examine the practicalities of comprehending community and local government preferences. Surveys of current travel behaviour by residents and forecasts of the demand for public transport travel in 2021 indicate a consistent focus on travel within the area. This focus has been found to hold regardless of alternative routes and rail technologies - provided there is convenient access to, and an appropriate number of, stations or stops. Travel time is also a major consideration. Given that the objective is to provide a real alternative to private car use, these issues are being weighed up carefully. The detailed results of this additional work are contained in a second technical information pack released earlier this month.

As well as devising a rail transit link per se, recognition is being given to its relationship to

the extension south of the Kwinana Freeway, and the complementary role of express bus services on it to the Perth City Busport.

The various rail transit options currently being examined represent a project cost of about $200 million by 1996 with operation to Rockingham, and about $400 million by 2001 to Mandurah, including feeder bus services. At this stage the Government sees funding as possibly a mixture of State loan funds, a Commonwealth better cities grant, and private sector equity.

A process consistent with the Government's 1992 "Investing in Infrastructure" guidelines is under way to ascertain the likely extent of private sector involvement. Under section 96(2) and (3) of the Public Works Act, as qualified by clause 4(4) and (5) of this Bill, it is necessary to table a copy of the plan showing the area within which the rail transit line can be constructed. I seek leave to table a copy of the plan.

Leave Granted. [See paper No 641.]

Hon GRAHAM EDWARDS: This plan illustrates the broad approach taken by the Fremantle-Mandurah Railway Bill, which is not specific. This is because to do otherwise would constrain private sector and local government initiative, and possibly handicap equity or funding negotiations. In contrast, the Perth-Joondalup Railway Act was, in effect, route specific and therefore promoted a lower level involvement by potential contributors of funds. Therefore, this Bill gives particular attention to section 96 of the Public Works Act which would otherwise require a route to be specified. The Government is progressing the Bill and the route and technology selection in parallel.

The steering committee's first recommendations regarding route and technology implications, comprehending the likely impact of private sector involvement, are expected by later this year. The rail transit route and technology options currently being investigated by the SWAT steering committee include both "metro" and "access" rail. These are new terms for what are commonly known as heavy and light rail systems. In the event that access rail is chosen, other Acts will need to be amended. Likewise, a decision to proceed with significant private sector equity or funding may also require legislative amendment. If needed, these amendments will be handled collectively in separate legislation. Like the existing public transport system, the socioeconomic benefits conferred on the community from SWAT are expected to exceed its cost. However, fare levels for travel on the rail link will be very similar to those already applying, regardless of the mixture of private sector and Government involvement. Therefore, it is likely that to be commercially attractive, private sector proposals may contain major property development schemes as well as harnessing aspects of the Commonwealth Government's 1992 Budget infrastructure development incentives. In parallel with the SWAT initiative the Government is aware of the need for improved bus services to be provided for Kwinana, Rockingham and Mandurah well ahead of the anticipated 1996 and 2001 commissioning dates. To this end, planning is currently under way to extend Transperth's city link services. This will become an especially attractive public transport service once the Kwinana Freeway is extended to Thomas Road in 1994 - an undertaking already given by the Government.

I commend the Bill to the House.

Debate adjourned, on motion by Hon E.J. Charlton.

BILLS (2) - RETURNED

1. Juries Amendment Bill
2. Legal Practitioners Amendment (Disciplinary and Miscellaneous Provisions) Bill

Bills returned from the Assembly without amendment.

SGIO PRIVATISATION BILL

Second Reading

Debate resumed from 24 November.

HON MAX EVANS (North Metropolitan) [9.10 pm]: Earlier this afternoon I spoke about

my concerns regarding badly drafted legislation that is rushed into this House. The arguments that were put this afternoon for referring other legislation to the Legislation Committee are valid in respect of all legislation that is brought before the Parliament in haste. An example of this is the Land Tax Relief Bill which was introduced into this place this afternoon. The second reading speech stated -

> The legislation had necessarily been drafted as a matter of urgency so that assessments already issued could be cancelled, and the issue of fresh assessments would not be so delayed as to seriously affect 1991-92 revenue collections.
>
> As explained in the second reading speech, the intent of the Land Tax Relief Act 1991 was that new valuations made by the Valuer General for 1991-92 were not to be used for land tax purposes except where a new valuation was less than that which it was intended to replace. In other words, there were to be no valuation increases for 1991-92 other than the normal phase in of valuation increases from previous years. The State Taxation Department issued assessments on that basis believing that they were authorised by the Land Tax Relief Act 1991. Although the provisions of the 1991 relief Act might appear to have been satisfactory because they provided for 1991-92 land tax to be assessed "on the basis of the unimproved value of the land as on 30 June 1990 or 30 June 1991, whichever is the lower", a problem has since come to light.

In October last year the Government announced that it would enact legislation to cover this relief measure. The Bill was read in this House on 28 November 1991 and it was rushed through on the night of the last sitting day in December 1991. That Bill was in its embryonic drafting stage for six weeks, yet the legislation was still incorrect. It concerns me that the number of Bills that are being introduced tonight may well give rise to a number of problems due to the way in which they are drafted.

The SGIO Privatisation Bill would not be before us had the State Government Insurance Commission Bill not been brought forward in the Legislative Assembly on 17 June 1986 by the then Treasurer, Hon Brian Burke. In his second reading speech, Brian Burke said -

> The Bill consolidates the insurance activities of the Government sector through the amalgamation of the State Government Insurance Commission and the Motor Vehicle Insurance Trust to form a new body to be called the State Government Insurance Commission.
>
> This consolidation is based on the recommendations of a State insurance task force established by the Government to examine the operations of the State Government Insurance Office and the Motor Vehicle Insurance Trust. The task force identified a number of weaknesses in the present structure and operations and it is believed that the establishment of the commission will achieve the principal objectives of -
>
> > minimising premiums on compulsory forms of insurance; and
> >
> > maximising the financial returns to Government from its commercial insurance activities.

That was the commencement of the debacle that we have before us today. It was left to Jack Walsh, who worked with Laurie Connell, Rothwells Ltd and Price Waterhouse and Co to advise as to how this organisation would set up its operation. It was supposed to minimise the forms of compulsory third party insurance. From the huge losses suffered last year, we now know that premiums should have increased by 12 per cent. However, the Government decided not to increase the premiums notwithstanding two requests by the board to do so. The second request was for an increase of six per cent which was not approved.

To maximise returns the Government promised commercial insurance activities. On 1 January 1987 the organisation had capital of $28 million. Following a revaluation of its building, the capital was shown at $60 million; however, the true profit was only $2 million. At that stage $791 million was available for investment, of which $111 million came from the SGIO and $680 million came from the compulsory third party insurance fund of the Motor Vehicle Insurance Trust.

At 30 June 1992, following the promised commercial insurance activities, the balance sheet of SGIC shows minus $353 million. Including the original capital of $28 million, the total loss was $381 million. Mr Burke's speech continued -

> The State Government Insurance Commission will comprise two operating arms. One arm is to undertake non-competitive forms of insurance: Compulsory third party personal injury motor vehicle accident insurance, the State Government's own self-insurance arrangements, and other non-competitive forms of insurance. The second arm is to undertake competitive forms of insurance and is to be known as the State Government Insurance Corporation. It is intended to compete with private sector insurers in all classes of life and general insurance.
>
> It is proposed that all of the existing assets and liabilities of the SGIO and the MVIT will be vested in the commission which will have the initial responsibility to then reallocate them as appropriate to one of the funds established under the Bill.
>
> The commission will be headed by a board of seven members including a chairman and deputy chairman together with a managing director who will be the chief executive of the commission.

If I remember rightly, the chairman was expected to have experience in the insurance industry as did other members of the board. Kevin Edwards and Tony Lloyd were two senior public servants, friends of the then Premier, who were appointed to the board and who influenced some of the bad decisions that were made. The second reading speech continues -

> The competitive arm of the commission, the corporation, is to be established along the lines of private sector insurers, the corporation is to have share capital and be governed by a board of directors whose chairman will be the managing director of the commission.
>
> The aim of the corporation will be to compete with the private sector in both life and general insurance and, accordingly, the legislation allows the corporation to have financial and business powers similar to its private sector competitors. There is no extension of the SGIO franchise beyond that which was approved by the House in the 1983 State Government Insurance Office Amendment Act.
>
> The Insurance Commission will always hold a majority of shares in the corporation but provision has been made for other private sector organisations to hold shares also.
>
> The Government believes that competitive neutrality of the commission and corporation will be achieved by establishing the corporation at arm's length from the Government as a subsidiary of the Insurance Commission and by funding the corporation through the issuing of share capital to the commission. The issuing of share capital will provide also a benchmark by which to assess the commercial success of the corporation.

It sounded so good. Who could believe that between 1 January 1987 and 13 November 1987 the SGIO would have been on a downward spiral? It paid $285 million for the interests associated with Mr Holmes a Court for 2.5 per cent of BHP and made a profit of about $12 million. Then followed $206 million for city properties, part of which were on-sold to Packer and Anderson. The SGIO still had to take a discounted cash flow on that payment just to get out of the difficulties associated with the interest owing and the balance of $180 million. At the end of the year, the profit was $135 million of those deals, but after the Rothwells loss it was reduced to $112 million.

The organisation which was intended to operate at arm's length from the Government never did so. The Royal Commission's report mentions this, and I will come to it in a minute. Through Kevin Edwards, the Government orchestrated what the SGIO would do.

> In addition, the legislation requires the corporation to -
>
> comply with the Financial Administration and Audit Act;

The Auditor General normally receives qualified audit reports comprising two pages which the Press reports on very lightly each year. The Government would not accept the SGIO reports saying, "The figures were a result of the balance of the day." But that was not so, the audit reports contained fact. The SGIO snubbed its nose at the FAAA when providing the audit reports for the next year and the Auditor General could do nothing about it. There was no outcry from the media. I refer again to the second reading speech of the then Treasurer relating to the State Government Insurance Commission Bill which was delivered in the Legislative Assembly on 17 June 1986. It stated that the legislation required the corporation to -

observe all solvency and other requirements imposed on insurers under the Commonwealth Insurance Act and Life Insurance Act;

That was a mockery because not long after the legislation was passed a regulation stating that the State Government Insurance Commission did not have to comply with the requirements of the Insurance Commission, which is a Federal body, was implemented. The SGIC had to acquire solvency standards four times a year. One of the main standards was that the capital had to be 20 per cent of the annual insurance premiums. In other words, if the insurance premium value was $150 million, the capital, which was 20 per cent of that, had to be $30 million. That was ignored and the SGIO looked at getting its solvency ratio up on the last day of the year. It ignored the Insurance Commission Act, but this was not brought to the public's attention until the Public Accounts and Expenditure Review Committee investigated the matter. It was a sorry day when the Government passed a regulation to that effect.

The then Treasurer's second reading speech also stated that the legislation required the corporation to pay the equivalent of all Commonwealth taxes and charges to the State Government. The SGIC did that and in the first year it made a $112 million profit. An amount of $12.5 million was paid out to the Western Australian Family Foundation and payments were made to other organisations by the Government. Technically speaking this money came out of the SGIC's capital as it did not make a profit. They were all paper losses. Members may recall the property deals were rushed through on 30 June 1988 so that it could be shown on the books that they were sold for $270 million to Packer and Anderson. The payments made to the State Government were fabricated; they were simply paper profits which subsequently became losses. The then Treasurer's second reading speech went on to state that the legislation required the corporation to -

pay all State and local government taxes and charges; and

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

I have no confirmation of whether the SGIC did that. One of the worst aspects of the hidden agenda in that legislation which did not come to light in the then Treasurer's second reading speech is that the previous legislation involving the Motor Vehicle Insurance Trust stated that it was limited in investments to authorised trustee investments. It had $680 million worth of investments at the time it merged with the State Government Insurance Office on 8 January 1987. Most of these investments were in the form of debentures involving the Water Authority of Western Australia, the State Energy Commission of Western Australia, local government and some shares. Basically, they maintained a liquidity position for a business which had long term claims in the pipeline. It was a prudent way to handle its affairs and in those days the SGIC was happy to receive an interest rate of between 14 and 16 per cent, which was tax free. A company can accumulate a lot of capital this way. However, the Government, through the Premier and his friends, decided there must be a better way to run a business. All the gung ho, four on the floor boys were making a lot of money and the Government could not see any reason why it should not be doing the same.

At one stage it was being said around town that Laurie Connell had Len Brush on a fast learning curve; I think he had the SGIC on a faster learning curve. However, Holmes a Court beat him to it. In the week of the world's largest share market crash the SGIC bought shares in public companies worth $20 million. It was the bravest decision anyone ever made, but it is the sort of decision that one would make with other people's money. If it was going to hurt a person financially, no-one would make that decision.

I am referring to legislation which was brought into the Parliament on 7 June 1986 to amalgamate the SGIO and the MVIT. One of the organisations had been so well run in the early years that it did not bring in the interest earned on investments at the end of the year. For example, in 1986 it was stated that interest accrued of $14 million was not included in the accounts. That is what is called a secret reserve, but we did not have accrued accounting in those days. It was a strong, wealthy organisation and it had provision for claims on one side which were reflected by good liquid investments on the other.

When the SGIC bought the Holmes a Court's properties and BHP shares on 11 and 13 November 1987 an amount of $400 million had to be borrowed. Cabinet gave approval for those deals and obviously a lot of the liquid funds were locked in for certain periods before

they could expire. That is how the SGIC undertook these investments. I am referring to two organisations which were well set up to operate properly, but they were bastardised by this Government in its early days in office. The Government bent the law so that the organisations did not have to comply with the Insurance Commission's regulations applying to solvency standards. It did not comply with the rules of investment. We had authorised trustee investments for the MVIT and the SGIO. Under new legislation they were able to invest in shares in companies listed on the Stock Exchange and they did not have to be authorised trustee investments.

In June 1986 things probably appeared to be all right, but 70 second board companies were floated in Western Australia and I do not know how many of these were taken up by the SGIC. We were unable to check its portfolio. We know what the Superannuation Board did because it listed all its purchases. Hon Mark Nevill was the Chairman of the Standing Committee on Government Agencies in 1978 when that committee tried to investigate the investments of the SGIC. The committee's inquiry was rushed and it was not effective. On looking back, we were told a lot of lies about these deals.

I want to refer again to several issues the Opposition raised in those years. Most of its concerns were written up in the financial pages of the newspaper and did not receive coverage on the front page. In money terms the deals by the SGIC should have received more coverage than that which has been given to the Western Women group and to the University of Notre Dame Australia deal. In those days there was no hue and cry about the Opposition's concerns.

Point 1.1.8 of the second part of the Royal Commission report states -

> Members of statutory authorities with very significant funds subject to their control seemed to be unaware of, or else indifferent to, their legal and public duties. Immediately following the stock market crash in October 1987 when the demise of Rothwells appeared imminent, SGIC made what was essentially a loan of $30 million to Mr Connell in respect of his interest in the Midtown property development. The transaction was undertaken at Mr Connell's request and for the purpose of assisting him. It was not in pursuit of SGIC's objectives.

That transaction occurred on 23 October when this deal was done. Connell's cheques were not being honoured and we found out later that he was granted an additional $11 million to buy back the property. The Government was naive at that stage to give him an option to buy it back. An amount of $30 million had been granted to him for a quarter interest in the Perth technical school site and a quarter interest in the David Jones site. At the time a capitalisation of these two properties was undertaken and it was a joke around town.

The Government said that if it had two buildings, one on the David Jones site and another at Westralia Square, and they were fully let the profit would be $208 million. Laurie Connell's interest was a quarter of that which was $52 million. Laurie Connell generously sold his interest to the Government, based on a valuation of the properties being fully let. He did not have to finance the buildings because that was to be done by the SGIC and the Superannuation Board. As the Royal Commission said, it was not in pursuit of SGIC's objectives. We were told in 1986 that this body would be highly independent and would run a commercial operation for the benefit of the taxpayers and people buying insurance policies in this State.

Point 1.1.9 states -

> In November 1987, SGIC purchased from interests associated with Mr Holmes a Court, 2.5% of BHP at a cost of $285 million. The acquisition was proposed to SGIC by the Premier, Mr Burke, and Mr Parker. At least in part, the acquisition was made for the purpose of obtaining a deposit of $50 million from Mr Holmes a Court, for the ailing Rothwells. Mr Burke did not disclose those matters to Cabinet when it considered what it believed to be SGIC's proposal.

Mr Burke and Mr Parker were seeking to induce a person to make a deposit of $50 million to Rothwells, a man who was not known to be overgenerous in any shape or form and who knew the value of a dollar. Mr Holmes a Court was out to help nobody, but was about to make a deposit of $50 million to help Rothwells. A man like Mr Holmes a Court knew that any company running short of money that week which had been through the debacle a couple

of weeks before would never get up again yet he was told to put $50 million into that company. In terms of cash flow, when one has just picked up $491 million from the Government what is $50 million? It is a 10 per cent cash discount. My goodness, if I had all the bankers of the world breathing down my neck to get money I would take a cash discount of $50 million to get $491 million in a couple of cheques! The Government had to borrow $400 million to do that. Mr Holmes a Court gave a cash discount which went to someone else. People do that sort of thing when they buy a car, for instance, or other things; that is, they get sucked in by a cash discount.

The Government got sucked in by a cash discount in that deal by somebody who was to put $50 million into Rothwells. I should insert here a 1.1.9a to deal with United Credit, which is an institution mentioned during the Royal Commission's hearings which was forgotten. SGIC loaned United Credit $10 million on the condition it had to be on-loaned to Rothwells. That received a bad report too. It was clear what had to be done. I was the first person to bring out publicly what had gone on there. One could not get a hue and cry about that and it was accepted because of what this Government was doing. That is not shown in this report. It was another deal done through Kevin Edwards and the SGIC. It lent $10 million to be on-loaned to Rothwells, which had also been given a $150 million Government guarantee and Bond had also racked up a $150 million guarantee, which a lot of people are now regretting. Point 1.1.10 states -

> In December 1987, and again in January 1988, SGIC purchased commercial bills in Rothwells in order to provide it with liquidity support. In January 1988, GESB utilised $50 million standing to its credit in Treasury to purchase commercial bills from Rothwells. The transactions were not in pursuit of SGIC and GESB objectives. Such risky investments were undertaken in pursuit of the Government's objective of supporting Rothwells. They would not have been made in normal circumstances.

We had a long debate in this House when we received the warrants for that $50 million. The Under Treasurer appeared in this House and answered questions on that matter. We put to him that on the Monday, either 1 or 2 February, the GESB got $50 million from State Treasury which went to Rothwells as follows; the previous Friday, $18 million; Monday, $12 million; and the next day, $20 million. The Under Treasurer said in this place through the Leader of the House that those payments to Rothwells were not related to the $50 million that came from Treasury. At the Royal Commission it subsequently came out that those transactions were related. The Opposition knew that and had said that they were related but was told in this House that no relationship existed. The Government made money move from one place to another, that is what it did! Mr Parker blamed Mr Burke for what happened. I am not sure who took all the blame at the end of the day, but that was the situation in January 1988. As I said, the Royal Commission said, and I repeat -

> Such risky investments were undertaken in pursuit of the Government's objective of supporting Rothwells. They would not have been made in normal circumstances.

There we had the Government interfering in the SGIO and the SGIC's operations which were to be so highly independent only 12 months after those bodies got off the ground. They were already limping. They had not quite got cancer then, but could not walk straight. The report continues at point 1.1.11 -

> In February 1988, SGIC deposited $10 million with Spedley Securities Ltd with the intent it should be on-lent to Rothwells. The sole purpose of this transaction, undertaken at the request of the Government, was to assist Rothwells in a secretive manner. Obviously, it was not serving a purpose of SGIC.

That was similar to the United Credit deal where $10 million went down the drain. We lost most of that at a later date and lost other moneys through Spedleys. Point 1.1.12 states -

> In May 1988, SGIC purchased 19.9% of The Bell Group Ltd at a cost of $162.1 million on the basis that the Government desired it to do so. Bond Corporation also purchased 19.9%. Those purchases were preceded by an understanding reached between Mr Dowding, as Premier, and Mr Bond, on behalf of Bond Corporation, concerning the future use of Bell Group funds to assist Rothwells. The understanding was contrary to the spirit of the *Takeovers Code*. In addition to purchasing the shares, SGIC also purchased $140 million of Bell Group convertible bonds in order to ensure that the share sale proceeded.

I hesitate because May 1988 is mentioned. On 24 April Kevin Edwards received a letter from Holmes a Court. On 25 April a letter was written back - that is, Anzac Day - and on 27 April Cabinet met. On 26 April Salomon Brothers valued the shares and $375 000 was paid. Although that all happened in April, the Royal Commissioners mention May. I hesitate to say that they are wrong, but they are.

The report goes on to talk about how the undertaking was given to gain access to funds. Things came unstuck with the collusion between Bond Corporation and the Government to try to get away with what had happened at the National Companies and Securities Commission hearing. Kevin Edwards admitted that he told lies and had to send Eric Heenan QC to sort out the matter as a consequence. Mr Bond and his group had to buy the balance of the shares which removed most liquid funds from Bond Corporation and Bell Group. I do not think the SGIC had any chance of putting funds into Rothwells, which was the original intention.

The purchase of $140 million of Bell Group convertible bonds was the worst deal the Government ever did. It gave $140 million to Holmes a Court. One would not give one's best friend or one's wife a gift of $140 million. Originally the Government offered Mr Holmes a Court $150 million, but he was a decent chap and he said that for cash he would give $10 million discount. That was something valueless from day one. Mr Holmes a Court had 75 million shares converted at $3 or $3.50. The others were $10.50 and taken up as convertible notes. They were worth about $1.65 a share and the Government paid $2.50. I cannot work out why the commission did not go further into that.

Why did the Government do that? I have an idea. By the time April 24 to 27 came - not May - Holmes a Court knew he would not get back his $50 million. Members may have read the other day that writs were served by Mr Warren Anderson against the Government for moneys lost in Rothwells. He made a donation too. It was like passing the plate in church - Treasury put in $50 million one day, Holmes a Court made a donation of $50 million another day and in June another $50 million. Those donations were made to an organisation bereft of money that could not survive. Everybody including the advisers knew it, but were forced by this Government to proceed. Did the Government give Holmes a Court $140 million to make up his loss? We know about the $50 million that Warren Anderson lost just before the crash. He did a deal with the Premier that the Government would pay back $12.5 million of his loss. He had taken security of $37.5 million for Paragon bills; they were supposed to have some value but it turned out they had none. However, the Government agreed to make up the $12.5 million. We discovered recently that Mr Warren Anderson did not receive that amount.

That was the whole sorry saga about how the Government handled this brand new operation set up in June 1986. It was to be a great insurance operation. It was to bring together the two organisations, but all it did was bring together a melting pot of money. It could not go to any of the investors because it was not brought about by 1 January 1987. An amount of $790 million went to Holmes a Court. That is, the total funds went to one man. What was the reason? Was it because he put in $50 million to Rothwells? We will never know. He did not live long enough to tell the Royal Commission. If he had lived we might have heard the truth. A few other people have squealed since then. I always believed that Mrs Holmes a Court was so close to her husband's business deals that she could have said a lot more at the time. I would love to know the reason the money was put in. I would like to know who received the benefits later. We will never know. Perhaps Holmes a Court made large donations. Others did a lot better; they put in larger sums of money but received fewer benefits. They did not receive a quid pro quo.

Returning to the SGIO Privatisation Bill, in May 1990 a crisis occurred in this House when we were told that if we disallowed a regulation to increase the capital of the SGIO it would have to close its doors. At that time we agreed, provided undertakings were given to Hon Peter Foss, Hon Max Trenorden and me by Mr Ian Taylor and Hon Joe Berinson. We wanted them to sort out the wrongs involved with the SGIC that had been going on from January 1987 to May 1990. The main problem was that the Government had ignored the Insurance Commission's regulations. Many of those regulations are very simple; they represent commonsense. The Insurance Commission says that any insurance company's investment funds cannot be invested in a parent company; they must be invested straight into the market. If one invests all one's money with one's parents and they go broke, one has had

it. Ultimately that happened. An amount of $111 million was invested; it was put into a fund with the SGIC investing in other ventures. Holmes a Court received the whole lot. That was another rule broken. However, the Government had already passed a regulation in order to ignore the Insurance Commission. We were told via the legislation that the SGIC would abide by the Insurance Commission's rules and regulations but that did not happen. As we found out years later through the Public Accounts and Expenditure Review Committee, the law was amended to remove this requirement.

We wanted to see the investment of the SGIO split, whatever the value. I believe that 86 per cent represented compulsory third party insurance and 14 per cent came from the SGIO. We considered that the investments should be split into two lots. It should have been easy with the shares, the cash and the properties. They could worry about the stamp duty problems, but the properties should be split between the two. We also thought that the board should be split. It was a messy arrangement in the original legislation. We considered that two boards should run two separate operations, one being a wholesale organisation running the motor vehicle insurance side with compulsory third party. All premiums would be collected by the Police Department, which would receive a 1.5 per cent commission; that is, $110 million per year would be collected. The cheque would be passed over. The SGIC had only to administer the fund. That was done very well. The SGIO was to be a retail organisation; its success would depend on how it marketed its product and competed in the marketplace.

In June 1991 we heard an announcement about new legislation to split the organisations. We were told it would include a new board. Ron Cohen would be the new chairman on the undertaking and he would be able to speak to the Liberal Party whenever he wished. It was only fair that he should look after the taxpayers' funds. I wish that we had an arrangement before that to hear the truth. I did not read that legislation when it was circulated to us. It was like the taxation legislation years ago; that is, taxation by media release. This is legislation by media release. We saw all the hype about the legislation and the new board. When I saw the legislation relating to the new board I knew it would be torn up, so I did not waste my time reading it.

In November 1991 another Bill was introduced. I was even cynical about that legislation because we were told how it should be put through by a certain date. I said the Government should come back in November because it would not be put through by the June. I did not read that Bill either. When the third Bill was introduced I thought it was about time I started reading the legislation. We have been through quite a bit since then. The second reading speech for this Bill reads -

> The SGIO Privatisation Bill 1992 is an historic piece of legislation. It is the first Western Australian Bill that provides for the sale by public float of a statutory authority. In February 1992 the Premier announced the Government's decision to sell the State Government Insurance Commission, which trades as SGIO, as part of its continued commitment to microeconomic reform, and the relevance of its operations.

That is brilliant stuff. That is the reason I need to make this speech. If people read the second reading speech they would think that this is a righteous Government because it had built up the organisation to sell it off for the good of everyone. They would think that the Government was the first Government to think of it, that it would go down in history and that it has beaten the Liberals to it. In 1986 the organisation was to be privatised. I said a few things to Paul Aslen, who asked for a commitment from us to stop the legislation going through. He wants us to help his Civil Service Association members. I said that it was all a laugh because in 1986 his organisation gave $160 000 to the Government to fight the Liberals in the election. I told him that he deserves all he gets. I told him that I hope he loses all his members as a result of this legislation. I told him that he caused this, and if he had assisted the election of the Liberal Party to Government this would not have happened. He said that it was just politics. We now see $250 000 being spent by the CSA on television advertisements. I hope they come back to bite him in the same way. That organisation was against our privatisation. Now it appears that the Government has a halo around its head because it considers it is the first Government to privatise in Western Australia.

The second reading speech continues -

> The Government believes that trading enterprises should contribute to economic growth and to the State through dividends. It became clear that the SGIO would

> require capital in the long term in order to achieve its full potential in the highly competitive insurance market.

That is right; it does want more capital. We found out today that it needs another $25 million to start off. The SGIC has already put $100 million into the SGIO. It ran down to $35 million; it picked up a few profits this year to bring it to $65 million, but still it has lost $35 million of the original capital. Of the proceeds from the sale of shares, $25 million will be retained by the SGIO to build up its capital to $90 million. If the company had not been destroyed it would still have $150 million. Now we are about to take $25 million from the proceeds of the sale of shares to make up sufficient capital to comply with the solvency ratio rules of the Insurance Commission.

If one adds $25 million to $65 million, the sum is $90 million, and this document states, "It became clear that the SGIO would require capital . . .". Of course it did, because it had lost it all. The board did not lose that money, it was lost at the connivance of the Government. The Government wanted to recoup that loss by floating the SGIO. I am glad this is being recorded in *Hansard*. Senior public servants enjoy reading *Hansard* and have often mentioned to me how interesting it is. It will be particularly easy for them - as *Hansard* is going into a computer database - to find out what happened in the crazy 1980s and early 1990s. The second reading speech continues -

> This Bill provides the legislative framework to enable the sale of the SGIO by public float.

We are a long way from that at the moment. To continue -

> However the Government accepts its ongoing responsibility in respect to social insurances such as industrial diseases and compulsory third party insurance, and will move to establish a separate Insurance Commission of Western Australia to oversee and manage its affairs in this area.

The Government is going back to 1986-87. It has lost about $380 million and it is now saying it will establish a separate Insurance Commission. It is interesting that when the Government brought in the two together, the SGIC had liabilities of $90 million for workers' compensation claims. These were all taken over by the SGIO, which in the old days managed only Government funds. It should never have been a liability of the SGIO. The SGIO paid claims on the part of the Government and was reimbursed. The first balance sheet came out in June 1987 and the actuary who looked at the liabilities said that because it was no longer a Government authority - at that stage the SGIC had $30 million invested - the liability was $90 million as a result of picking up the Government's liabilities. These are liabilities that should have been funded by the Government from day one. I had to laugh at this quote -

> However, this Government does not believe in privatisation as a panacea and certainly not as a general approach to Government. Privatising core functions like public transport, hospitals, schools, welfare services, the public housing function and our natural monopolies - as has been suggested - would achieve little.

In 1985 I attended a breakfast meeting in my neighbourhood at which one of my neighbours, a well known construction man in the city, said he had been told by Brian Burke that everything in the city was for sale - the railways, Stateships, hospitals and schools. Brian Burke had all those things on his agenda then; he was blatantly boasting that he had the authority to sell everything if he could find a buyer. The speech continues -

> Over the past two years the operations of the SGIO have been closely reviewed. In November 1991 a package of legislation was introduced to separate the operations of the State Government Insurance Commission, the SGIC, and the State Government Insurance Corporation, which trades as SGIO, and to establish the State Government Insurance Office as a separate corporatised statutory body corporate. Those Bills did not proceed past the second reading speech.

That was a wrong statement. It looked very good in the Press but the legislation was not necessary. The State Government Insurance Corporation was a separate entity; it had a share capital. There was no need to separate it by enacting new legislation. All that was needed was a change in the approach of the board. The legislation in November 1990 was a sham. The speech continues -

> It is anticipated that the SGIO will rank in the top 150 companies in Australia on the "all ordinaries" index based on market capitalisation.

The figures show that that is a long way from the truth; however, we will wait and see what happens at the end of the day. The timing of the float will be very important. The Government wants to get this all wrapped up so it can be floated when the time is right. The speech continues -

> After the Bill receives Royal assent, the State Government Insurance Commission will be obliged to incorporate SGIO Insurance Limited.

I have been given a copy of the memorandum and articles of association of the SGIO Insurance Ltd. To pacify the chairman of the board it was based on a copy of Atkins Carlyle Ltd's memorandums. That company's memorandums are operating successfully so it must be all right and there will be no problems. I commend the Government. It learnt its lesson from the R & I Bank legislation which we were told would come into this House in November 1991. I said to Mr Warwick Kent, "I've got news for you. Unless you provide the memorandums of articles of association there will be no legislation passed." That was the vehicle that would carry the R & I Bank Ltd for the rest of its life. Graham Nelson of Robinson Cox worked all that weekend and on the Monday night we were given copies of the memorandums of articles of association and the Bill came into the House. The Government did not care; that was its slap dash way of doing things. However, it learnt from its mistake and I received the articles of association for the SGIO Insurance Ltd in February this year. It is like all these things; there is no rush until the last few weeks of the session. The speech continues -

> The name SGIO Insurance Limited is reserved by the Bill for the purposes of Corporations Law.

After careful review of the SGIO insurance operations it was decided that the SGIO Insurance Ltd would not provide inwards insurance or life insurance business. I discussed this with Mr Cohen and others. Some months after Mr Cohen's appointment he discovered that the SGIO was taking risks on events overseas and outside of its control and knowledge. It is a fairly risky business and not highly profitable; although the insurance premiums are good early on it is like all of these things, it is only as good as the day of reckoning after the claims are made. The life insurance business has very high up front costs before it gets the long term revenues from cash flow. I remember the Press releases about the SGIO privatisation and people like Kevin Edwards, Tony Lloyd, Len Brush and Brian Burke must have looked at the AMP and the MLC and saw the billions of dollars that they invest; they thought they would get billions of dollars coming into the SGIO. Thank God they did not, because the State could have lost even more money than it did. The Government went into the insurance business for the wrong reason - it was interested in getting hold of money. The speech continues -

> The assets and liabilities of the inwards reinsurance business will remain with the corporation.

The Government expects there will be a profit on that. We hope there is. The speech continues -

> It was announced on 4 August 1992 that Mr Ron Cohen and Mr David Young will be Chairman and Deputy Chairman respectively of the SGIO Insurance Limited.

The Bill provides for the transfer of assets on the appointed day as detailed in a statement submitted by the Treasurer. This also is a learning curve, and I wish this had happened a long time ago. The Government has committed itself to publishing the list of assets and liabilities and valuations in the balance sheet as at June 1992 to be updated to the appointed day. The reason is that amounts owing and premiums rendered, not paid, etc, will be different. The provision for claims will be different because premiums have been increased or they have gone down, or there is more loss claims and premium experience.

The figures will not be the same, they will be adjusted at the end of the day and the balance sheet will show the amount of money owing to the State Government Insurance Commission of $64.5 million. We hope it is still that; it might be written down again; but I have not heard of any problems about town. On the appointed day there will be a transfer of the liabilities under the insurance policies to the SGIO Insurance Ltd. The Government will still retain its

responsibility with respect to those until the shares are allotted for the float. In other words, a transition period will apply where the capital of the SGIO Insurance Ltd is only $5. There will not be much backing for the shares held by the SGIC, and people will not take out premiums. They will still be guaranteed by the Government of the day when the shares are allotted and new capital can be taken up. The speech continues -

> For SGIO Insurance Limited to be granted approval as an approved insurance office under the Workers' Compensation and Rehabilitation Act 1981. SGIO is the State's largest workers compensation insurer and is currently authorised by the State Government Insurance Commission Act 1986 to write workers compensation.

That is the norm. It is expected to have that all in place soon and planning has been carried out for that. I commend the Government for that action. It is much better than the situation which occurred with the R & I Bank Ltd. Far more disclosure has occurred than existed at that time. However, far less remains to be disclosed; not much is left in there. The speech continues -

> The Bill contains provision for the superannuation of transferring employees. Approximately 25 per cent of relevant employees are contributors to the Government Employees Superannuation Fund. Further, some employees have entitlements under the Superannuation and Family Benefits Act 1938.

The first relates to where the employees contribute five per cent and the SGIO contributes 12 per cent. The old family benefit Act is the pension scheme. Only a couple of dozen people are involved in that scheme. They may or may not move across depending on what they want and their age. Many of them may stay in the scheme because if they are reaching retirement age it could be beneficial to remain in what is a good pension scheme based on people's salary at that time. The speech continues -

> The Bill allows the Treasurer, after consultation with the Government Employees Superannuation Board, to make arrangements for the transfer of benefits from the GESB to a superannuation fund to be established by SGIO Insurance Ltd.

It will be interesting to see what that is. Members know that the GESB has financed the Central Park complex at present with a cash flow of five per cent of the superannuation payments from employees. If a large sum were involved in this case it may result in a slight liquidity problem. The speech continues -

> The balance of the proceeds of the float which are anticipated to be over $64 million, the present net asset value, will flow to the State Government Insurance Commission and form part of the Insurance Commission General Fund.

That sounds quite good and much money may be involved. At one stage discussion occurred about whether the money should go to the State Government Insurance Commission or back to the Government. I have always believed that up to the first $100 million should be returned to the State Government Insurance Commission because that is the money they have invested there. At the end of the day they will be lucky to get back just the money they invested plus a few million dollars. Roughly, if $100 million were obtained from a float, $25 million would go to increase the net worth of the SGIO Insurance Ltd to lift its capital from $65 million to $90 million. With a cost of about $5 million there would be $70 million left over which would go to the SGIC for the $65 million presently owed. The SGIC will be released from its investment in the SGIO which was $100 million worth. It should have about $70 million cash with which I hope it does better business. It can lick its wounds and say that is that.

The State Government Insurance Commission balance sheet at June 1992 shows a shareholder equity in 1991 of $64 million. It recorded a profit of about $27 million. That was not all that it seemed to be because $5 million of that was from unclosed books the previous year on certain premium income. Therefore, that results in a profit of about $22 million in that business. That seems quite good on the capital. A total of $22 million on $38 million is a good return. All the crook assets went over to the SGIC and the SGIO investments were left for a better return on more liquid funds. The $122 million for the investment funds have all been transferred between the SGIC and SGIO; some are still in the final process of being transferred. The SGIC has taken most of the low return assets because they have longer to get over the problems. The SGIO would never be floated off if the mess which the Government forced upon it some years ago was not cleaned up.

The State Government Insurance Commission shows accumulated losses of $353 million in its final consolidated balance sheet as offset in the profit it made in the SGIO in the past couple of years. That is the sad tale of the privatisation of the SGIO which was heralded by the Premier of this State as a great and noble thing, and for it to be praiseworthy of the Government for introducing this historic piece of legislation. It is the first Western Australian Bill that provides for the sale or public float of a statutory authority. It is a shame on the Government because this floatation has come about by ineptitude, bad management and bad investments. There is nothing historic about it; the history is all shown in the Royal Commission's report. I hope that people in years to come - if they ever want to read about the SGIO Privatisation Bill and what brought it about - will realise that it resulted from the disgraceful business policies of this Government.

The Opposition supports this legislation to a degree. It sees that some problems exist. Firstly, assets must be transferred across and the balance sheet must be examined. A suitable time must then be found to enter the market. When members discussed this matter many months ago the Government Insurance Office in New South Wales was offered at a good premium price. Its value kept coming down, not all because of the way it was managed, but from the attitude of the brokers. A drop in the value of the shares has occurred which in turn will have an impact on it. The big drop in the Australian dollar over the past couple of days may in turn have an influence on share investment in this country. This is a difficult time for the board to make decisions. The floating will be undertaken by a privatisation committee, which includes a member of the Treasury Department, which will make a recommendation to the board of the SGIC about that float and what price should be sought. The Government and Treasury will be involved in that decision before it is made. It will then be for the board, and I presume the privatisation committee and BP Oil Australia, to pick the time when they will do that. In hindsight nobody ever makes the right decision.

An organisation which I believed was well run needed sorting out some years ago. If members refer to *Hansard* they will see that I spoke strongly against the merger at that time. Two different types of insurance companies were involved. Problems always result whenever two different types of companies are brought together. They were brought together for the wrong reasons. It was not as though they were going to get cooperation from the two businesses to make each one better. They were brought together only to get investment funds. They used those funds, changed the policy and thought they would make huge profits out of those funds. However, in this world very few people except for the Holmes a Courts have made much money out of investments. They have made their money only because at the end of the day the Government bailed them out; they did not really make it on their own. The Opposition supports the legislation; however, it is a sad day that this has all been done for the wrong reasons. As I said to Paul Aslan of the Civil Service Association, they brought it on themselves. They wanted to return the Government to power in 1986 and it wanted privatisation then. That is why it has been privatised today.

HON PETER FOSS (East Metropolitan) [10.09 pm]: This company must be sold off for one reason or another. It must be sold because this Government is strapped for money. The SGIO now has to comply with the prudential requirement relating to insurance companies as it should have always done. However, as Hon Max Evans has indicated, at an early stage ways to circumvent that were found by this Government.

If the SGIO is to continue to expand its business, which it needs to do if it is going to make a profit, it will need more capital so that it can write more business. However, there is no money around to be put into the SGIO. If anything, this Government needs money out of the SGIO rather than in it. The SGIO will go nowhere unless it has a fairly substantial infusion of capital so that it can write more business so that it can make more money. I believe that should happen and it is quite obvious it will not happen unless it is floated off. It is a shame that this business, which could have been an extremely valuable one, has been so run down because of the reasons set out by Hon Max Evans. It is a disgrace not only because of the matters referred to in the Royal Commission report - they are totally disgraceful matters - but also because of the way in which the truth was concealed after the event. The Royal Commission really did not deal with this point, unfortunately. Even when the people of Western Australia started to revolt against the behaviour of this Government and insist that the deals stop, the concealment and duplicity still went on, and nowhere did it go on more than in the SGIC and the SGIO. I think we can very much refer to the times as BC when

referring to the SGIO, the time before Cohen, because until Ron Cohen came along there was one thing we could be assured of at the SGIC and that was that we would get the runaround. When Ollie Rees was there with Frank Michell aiding him, we could be guaranteed that every time we asked a question to try to find out the truth, not only would we be deceived and our questions avoided, but also we would get answers which indicated that the people in the SGIC were totally irresponsible and that they did not believe they had to answer the questions of the Parliament. We received rude and insolent answers from the officers of the SGIC. Their behaviour was a disgrace. Only when Ron Cohen went in there and added a bit of honesty to the place did we find out what had really happened.

I remember being given the runaround by Ollie Rees as was reported by the Pike committee. I remember also being given the runaround by Frank Michell. Hon Joe Berinson will be interested in this because one of these days he may be able to say that the written undertakings that I have waved at him since 16 May 1990 will actually be carried out by this Government. The first of the undertakings that Hon Joe Berinson gave was to provide answers to the questions proposed to him and the SGIC. We certainly got his answers and we got a series of answers from Mr Michell. However, I should give members the background of that. In May 1990 Hon Max Evans and I went to see Mr Michell at the SGIC and put to him in fairly strong terms what we suspected had happened with the purchase of the Holmes a Court assets. It was exactly as was found by the Royal Commission. Mr Michell said, "Oh well, I cannot actually say that" but he admitted the truth was as we alleged and as has been subsequently found to be the case by the Royal Commission. We said that we wanted from him the true answers to the questions. He was reluctant to do that but eventually we wrote down questions, some of which we had brought with us. We varied the first question because he asked us to do so so that he could answer it in a way that he did not find so embarrassing but which firmly bought out the truth that it was a Government inspired and directed investment in Rothwells. That was the truth we got then.

We returned to this Parliament. We agreed to not moving the motions which would have closed down the SGIO and we waited for the written undertaking to be honoured. One of the first things we got was Mr Michell's answers which did not accord with what we had been told by him when we went there and he wanted us to not close down his company. Mr Michell secured from us by deceit our agreement to not allow the motions to be put. Members may understand therefore why we on this side of the House do not have much time for Mr Michell. He may have been cleared from the original implication in the Holmes a Court purchases, but afterwards he was in there helping to conceal the truth. That is totally unacceptable in this State. Mr Michell aided and abetted the lies and deceit that were told about the Bell transactions and all of the other transactions that took place. That is why I find him a totally unacceptable person to have anything to do with public moneys because the people who deal with public moneys must account for them and be prepared to account for them. The first of these undertakings has never been carried out and never will be because Mr Michell welched on a deal done in his office at the SGIC. It would be interesting to know what might have been the course of history if Mr Michell had had the guts to come out and tell the public what he agreed to tell us at that time at the SGIC. Some of the lies would have been revealed immediately because he would have exposed them. We would not have had to wait until the Royal Commission exposed the lies.

The other thing that concerns me greatly about the SGIC is that subsequent to the report of the Pike committee in which Mr Ivor James, a former deputy manager of the SGIO, was quoted as pointing out to the SGIO the problems it had as a result of its disastrous investments - he was a man who told the truth, and a man who told the truth at that stage was not very popular around the SGIC - he was hounded by the then chairman, Mr Rees, and given a hard time. Eventually he resigned, which is what other people should have done. Mr Michell should have resigned too when he found out what had been done by Rees and the Government. When Mr James told the truth to the Pike committee about those investments, as has been confirmed by the Royal Commission, the company that Mr James worked for at that stage and which did work with the SGIO was cut off from all further work with the SGIO for his having dared to tell the truth to a parliamentary committee. I wanted to have that investigated by a Committee of Privilege. However, due to other events that did not get done. It seems to me that that was the way in which the SGIC operated in those days and it was a disgrace to this State.

Hon D.J. Wordsworth: It is the way the Government worked.

Hon PETER FOSS: Yes. It was a disgrace to this State and continued far beyond the time when it was generally the behaviour of the Government. At that time I am pleased to say some changes had taken place. I think we are going back to concealment again, but at that stage it seemed we were getting a slightly different attitude. Not in the SGIC. In those days there was concealment and deceit. I must say that when Mr Ron Cohen came along it was like a breath of fresh air to have an honest businessman in charge who said he had an obligation to be frank with the Parliament.

Hon Tom Helm: That is a contradiction in terms.

Hon PETER FOSS: I notice that Labor members of this House seem to think it is okay to make remarks about Mr Cohen. That is typical of their attitude in that they do not take any blame or responsibility for what happened and they do not see that their complicity allowed this to happen. That means while this Labor Government is in power we shall never have responsible Government because its members think if they can get away with it or if the criticism dies down for a while, they are okay.

Hon Tom Helm: Are you going home soon, Mr Foss? Are you fed up?

Hon PETER FOSS: I am fed up with the Australian Labor Party because its attitude to responsibility and accountability is typical of its members who do not see that the two reports of the Royal Commission are full of shame for them, or that the behaviour of the SGIC is full of shame for them. Nor do they understand that the reason the Government must sell this enterprise, even though it seems to go against Labor Party policy, is that the Government has ruined it. Hundreds of millions of dollars have been wasted by the Government's inept dishonesty and its dealings in the saving of Rothwells. Hon Max Evans has indicated how the Labor Government has squandered the assets of those two corporations which were previously quite sound. If any criticism could have been made of the MVIT, it was that it had too much asset backing for its liabilities. Now what is the situation? The assets of the SGIC are one of the two concerns I have about this matter. When we received a briefing from the SGIC about how this float would take place, we were told that there had been a brilliant apportionment of assets. Under that apportionment all the short term assets went to the SGIO because it handled short term business, and all the long term assets went to the SGIC because it handled was long term business. That is rubbish. No insurance company has purely long term liabilities. That really meant all the good assets went to the SGIO and all the bad assets went to the SGIC. We were told at the time that it was a perfectly fair apportionment because it fitted in with their business. We asked whether that meant the SGIC would get all the non-performing assets and we were told there was none. We asked whether some assets were not producing much income. We were told that was so but their value had been written down so that the amount they were producing was consistent with their value. There is a certain charm about that and a naive truth to it. Yes, I suppose if somebody had bought them for that amount of money, and wanted those assets that did not produce any income or might not produce any income for years to come, those assets would be doing the job for which they were purchased. However, there is no way one could say the SGIC really wanted those assets not producing any income. There is no way one could suddenly change the large, empty buildings in the Terrace into performing assets by carrying out such an amazing flick of the wrist and general shenanigans. The non-performing assets have gone to the SGIC and the performing assets have gone to the SGIO. What will be the effect on the SGIC? It could mean a disastrous change to the situation at the SGIC, which could be very badly placed with regard to the asset backing for its liabilities.

I would like to know the amount of assets and their ability to produce income compared with the reserves that the SGIC had before it was amalgamated with the SGIO, and the amount it has now. Where do they stand? What is its asset backing to its reserve? What is the income earning capacity of those assets to the reserves they have made? What is the ability of the SGIC to meet those obligations compared with that it had prior to the merger of the SGIO and the SGIC when the Act was introduced in 1987? Let us know what the situation is with the company. I would also like to know whether the write-down was done prior to or after the distribution of the assets. I would like to know the recurring short term obligations of the SGIC to make payments in cash, and its ability to do that. I am sure that Mr Cohen, being the man he is, will ensure that I get those answers.

I am also concerned a little about the way the float will occur. When we went for a briefing from the SGIC I understood the following to be the case: Eventually the SGIO will be floated; that is, the shares of the company will become available to members of the public. The money paid by the public will have two effects; some will go to the SGIO and give it the extra capital it needs to write more business. The SGIO needs more capital. Some of that money will not go to the SGIO but will be used to acquire shares owned by the Government of Western Australia. Some shares sold will be the Western Australian Government's shares, perhaps not then but at a later stage. I would like to know the Government's strategy in this matter. Is it intended in the float that the Government will quit all or part of the shares issued to it? It seems to me the mix between the shares to be given to the SGIO's current owners and the shares to be created afresh in order to enable the subscription will make a big difference as to how much goes to the SGIO and how much to the Western Australian Government. I see Mr Berinson looking deeply puzzled.

Hon J.M. Berinson: Yes, I am. Will you put your question in another way? My understanding is that the SGIC will have all the shares and the indication is that they will be sold.

Hon PETER FOSS: All of them?

Hon J.M. Berinson: Yes, you seem to be saying something different.

Hon PETER FOSS: If all shares floated will be shares already issued to the SGIC, there will be no additional capital for the SGIO, which will not make it a very attractive proposition. That is certainly not how it was explained to us. The SGIO must have some capital.

Hon J.M. Berinson: Can you put again your understanding of the way in which the SGIO will receive additional capital from the float?

Hon PETER FOSS: My understanding is that in the first instance shares will be issued to the SGIC, representing the capital asset that it currently has. That will not infuse into the SGIO any more capital. There will then be a public offering. My understanding is that the public offering will comprise two types of shares: Some or all of the shares currently owned by the SGIC, and, for the remainder, new shares to be subscribed by people who wish to invest in the SGIO. The difference between the two types of shares is that the money which is paid towards the shares which are subscribed will go into the company. It will bring no benefit to the State of Western Australia, but it will bring considerable benefit to the SGIO because it will give it an infusion of new capital. The money which is paid to the State of WA for the shares which it has had issued to it will go to the SGIC and ultimately to the people of Western Australia.

I do not know what valuation will be put on the SGIO, but I will take a notional figure of $100 million, and put a value on the Western Australian Government's interest of $30 million. Therefore, we will have a float of $100 million, and $30 million-worth of shares will be issued to the SGIC. If it sells all of its shares, it will get $30 million. The remainder will be subscribed, and the capital of the SGIO will increase by $70 million because $70 million has been put up. The SGIO will not be a saleable proposition, as I understand it, unless it gets some more capital. The actual mix between what will come out in the name of the State and what will go into the company, as I understand it, has not been worked out yet, so everything seems to be pretty up in the air at the moment. It will depend upon how much the Government will be able to sell the SGIO for, what the total capitalisation will be, and how much of that will be the State's interest in it.

Hon Mark Nevill: Why does it need more capital if its prudential solvency ratio is 38 per cent?

Hon PETER FOSS: Because it cannot expand. The problem with insurance companies is that because of the amount of business which they are writing, they are putting themselves in a position where they cannot expand any further, and they will need to expand. We have reached the stage where if the SGIO wants to go any further, and I think it does want to go further, it will need to have put in more capital in order to enable it to write more business. One of the reasons that the State has to sell off the SGIO is that it cannot put in any more capital to enable the SGIO to continue to expand. There are considerable benefits for Western Australia, provided the SGIO stays here, in the expansion of the SGIO, particularly a privatised SGIO, because it will not be competing unfairly with private insurance companies.

Two benefits will come from the float: The increased health of the SGIO through increased capital, and the return to the State by quitting some of its capital. That is my understanding. I do not know whether Hon Max Evans has the same impression as I do about what will happen and about how much will go into the SGIO and how much will go to the State. We are unable to get the ratios or even a ballpark figure about the total capitalisation. My concern is that there is nothing in the Bill about how that mechanism will take place. It may be that the Government has changed its mind and does not intend to put any further capital into the SGIO. I would not think that would make it a very attractive proposition. It may be that all the shares will be issued to the Government and all the shares will be sold by the Government. It may be, as the Bill states, that all the allotments will take place on the same day, and that the SGIC is allotted shares for subscribing other than in cash and that it subscribes to the assets of the company and everybody else actually pays cold hard cash. Perhaps that is the way it will happen. I do not know.

Hon Max Evans: Mr Berinson will tell you.

Hon PETER FOSS: I am sure he will at some stage. It will be interesting to know exactly how it will happen.

It seems to me that if one is not careful, that because everything is in the hands of the SGIO directors, they may have an obligation - and this matter was raised by Max Trenorden outside the House - which is inconsistent with maximising the return to the State of Western Australia. I do not know whether that is correct because I do not know how the mechanism will take place. It seems to me that if there is any suggestion that any purchase of the assets should take place after the public float has taken place, then shareholders other than the State of Western Australia will be involved. The acquisition and the fixing of the price of the acquisition of the State's shares must be at a time when only the State has an interest in the new company to be floated, otherwise there would be a difference of interest between the new shareholders coming in and the current shareholders. I assume that has been looked at and dealt with, but this Bill gives one no idea about how and when that will occur. We require some form of assurance to know exactly what will be the mechanism, what will be the order of events, and how it will occur, even if we do not have the dollars and the number of shares involved in the float. That mechanism must be set out plainly somewhere, and were it not, I would have some hesitation in going much further than this.

I conclude by referring to a speech by Dr Gallop which was made some time ago, after the SGIC had made one of its wonderful profits, or supposedly had made a wonderful profit. That profit was taken by the State Government and used for the Western Australian Family Foundation. We now know how illusory were those profits and how disastrous were the events in which the SGIC was involved, but the Western Australian Government sold it to the people of Western Australia for a time as a wonderful thing which it had done. That is somewhat ironic in the light of what we now know. Dr Gallop stated -

> In respect of the activities of the Government trading organisations referred to in this amendment, no evidence has yet been produced that any of those organisations, in their overall financial positions, have contributed losses to the State which would flow through to reduce the services to the people of this State.

Wait until the Government tells us the situation with the motor vehicle premiums! Dr Gallop continued -

> I will not talk about the role this State Government is playing in changing the framework within which public sector agencies operate, because I think it will go down in history as being one of its most significant achievements via the promotion of performance objectives, a more commercial outlook on the part of our public sector agencies, and a more responsible and businesslike approach to their performance. This is all part of the package by which it then becomes possible for the Government to provide services to the people in those areas where it needs to provide services, such as law and order and education.

I say amen to that. We certainly need to provide services, such as law and order and education. However, this Government went off and engaged in wonderful speculation. In fact, it was hardly speculation. It engaged in gambles, and outrageous gambles at that. Dr Gallop continued -

> The Opposition has on many occasions, and again last night, highlighted the losses incurred on individual investments undertaken by the State Governments trading enterprises as examples of Government imposing costs on taxpayers. Such claims are quite misleading and irresponsible. We need to look at the annual reports of those agencies.

He continued -

> If we turn to the implications of that surplus shown by the State Government Insurance Commission last year, we can see that surplus enabled the Government to pass resources over to the Western Australian Family Foundation. What is the Western Australian Family Foundation? It is a Government organisation which provides funds to build our community. It provides funds to enable the community to be strengthened.

Hon P.G. Pendal: When the Opposition put that proposition in early 1987 it was denigrated as promoting old fashioned and outmoded values.

Hon PETER FOSS: That is right. When it comes to the Government making money, it says that it enables the provision of services, such as law and order and education. However, when it comes to losing money, it affects exactly the same things by removing money which would otherwise be available for law and order and education. As a result of the massive losses we have suffered in Western Australia we have a shortfall in money available for law and order, health and education. The losses with the SGIC alone are a disgrace and could have gone to pay for a large amount of that shortfall.

I recall making a statement in this House in early 1989, I believe, on an appropriation Bill. I said that ultimately the money lost had been spent on keeping this Government in power. I remember I made that response to an interjection from Hon Tom Butler. He said, "Tell us who received the benefit of this money?" - so I told him. He did not believe me, and I hope he does now! My words have been echoed by the Royal Commissioners as they found that the expenditure was for political purposes to keep this Government in power. They said that this Government concealed from the people of Western Australia the enormous losses through Rothwells. The tale of the SGIC and the SGIO is a sorry one. The operations of the former MVIT were preferable to those of the SGIO. In my legal experience the SGIO from time to time did not fill me with confidence regarding its efficiency and general ability to operate. The MVIT was certainly a good operation. Nevertheless, both the MVIT and SGIO had the benefit of a sound base and good financial backing.

I hope that eventually the State will catch up with its losses. It will take many years before we are back to our financial position prior to this Government's raping and looting these two corporations. We will eventually reach that point, and it is a good step in the first instance to float the SGIO.

The Opposition has one concern; namely, it is suggested that the float will probably result in the organisation going to the Eastern States. Clause 22 of the Bill restricts ownership to 15 per cent, and involves a two year sunset clause. We disagree with the sunset clause. It is argued that this provision will increase the value of shares on the market. However, as the Deputy Leader of the Opposition argued in another place, the United Kingdom experience has been that golden share provisions have not reduced the amount of return to the Government from a float. In fact, the UK privatisations have been some of the most successful ever. These have resulted in not only a substantial return to the Government, but also people taking up a large amount and acquiring an interest in the corporation involved. The Opposition will not support the provision which causes the restriction to cease at the end of two years. I have amendments on the Notice Paper for the deletion of that time limit.

The interests of the people of Western Australia require that as many of our financial institutions as possible remain in this State. I agree with what Mr Brian Burke said prior to his coming to power: One of the difficulties we face in Western Australia is that far too many financial decisions concerning this State are made elsewhere. The only thing which went wrong with Mr Burke was that he thought the decisions should be made by him - this caused us to lose a great deal! We have a responsibility to keep financial institutions in Western Australia. We do not have too many left. If we do not make financial decisions in Western Australia, we will never control the financial expansion of this State.

The Government sees short term gain in the two year restriction, but that would be a foolish decision. Even if it were correct, it would be short term and short sighted. We must keep such a significant financial institution in Western Australia. With those reservations and questions, I am happy to support the Bill.

HON GARRY KELLY (South Metropolitan) [10.46 pm]: I feel like a latter day King Canute as I oppose the SGIO Privatisation Bill. It is regrettable that such a Bill is sponsored by a Labor Government. As a long time member of the Australian Labor Party, I know that when the decision was made to privatise the SGIO a confused message was sent to party members and its supporters. Shortly after the decision, in a newsletter I release called *Garry Kelly's Labor Chronicle*, I said -

> . . . Labor's embrace of privatisation, however qualified, lowers the threshold for public acceptability of the policy in general - the choice for the electorate between the major parties on this issue is now only a matter of degree. There is a cogent argument to be put in favour of public trading enterprises which will never again be advanced, with conviction, by any mainstream political party . . .

Hon P.G. Pendal: From what are you quoting?

Hon GARRY KELLY: I am quoting myself!

Hon Peter Foss: Mr Pendal does it all the time.

Hon P.G. Pendal: Yes, I thought you were copying me.

Hon GARRY KELLY: It continues -

> The community-at-large will, in the fullness of time, have cause to regret this blurring of what has been up until now been a major distinction between the political forces in this State . . .

Hon P.G. Pendal: Your wife has a good turn of phrase.

Hon GARRY KELLY: The New Zealand experience is a case in point. That country is reaping the harvest from the seeds sown during the heyday of what was known as "Rogernomics", which was the New Zealand variant of economic rationalism. Economic rationalists have preached the doctrine of the level playing field. However, I refer to the economic rationalists - harking back to 1492 - Christopher Columbus setting sail on his voyage of discovery and all that the "flat-earthers" of the modern era -

Hon N.F. Moore: You will find that New Zealanders will be pleased with Roger Douglas in time.

Hon GARRY KELLY: They are going through a great deal of pain at the moment. If the Federal Coalition inflicts the Fightback document on Australia, we will also suffer these consequences.

Several members interjected.

Hon Derrick Tomlinson: Tell us about the New Zealand balance of payments and its capacity to sell goods overseas!

Hon GARRY KELLY: Yesterday's demonstration was largely against the imposition of the deregulation of the labour market in Victoria. I have often made the point that deregulation, not just in the labour market but also other areas within the economy - as practised by the flat-earthers - seems to go hand in hand with privatisation. In many ways they are opposite sides of the same coin. It is also regrettable that such an important piece of legislation is being debated in the dying days of this Parliament. Irrespective of what Opposition members think of privatisation, we are making a very important decision in very quick time. It has been left to this late stage for a variety of reasons.

We have a unique situation in this Parliament as neither major party controls either House of Parliament, and that creates unusual problems. Only two and a half days remain in this session and we are debating a Bill to sell off a significant State-owned enterprise. As I will illustrate later, we have not had enough time to consider the import of that, despite the content of the second reading speech and some of the comments made in favour of the privatisation proposal by members opposite. Insufficient debate in this Parliament has taken place because of the relatively late introduction of the legislation. There has also been precious little debate in the community and virtually none in the Labor Party.

Some expressions of opinion have been adduced by way of polling this issue? I seem to remember reading a result of a poll in *The West Australian* a few months ago which indicated the majority of people were in favour of the SGIO, if not of remaining in total public ownership, at least having an arrangement where the Government retains an interest. The case for the sell-off has not been made to convince me - neither has sufficient information been circulated among the public - to support that decision. I, for one, feel as though I am being put in the position of making a decision without sufficient information.

Hon Peter Foss in his contribution alluded to the fact that some questions have been unanswered. I believe we have not had time to canvass many questions.

Hon P.G. Pendal: You will have some sympathy for the Opposition when we made the same comments about -

Hon GARRY KELLY: I am not referring only to this legislation; much legislation comes into Parliament for which, for a variety of reasons, there is insufficient time to consider.

Hon Peter Foss: That is why the Legislation Committee does such a good job.

Hon GARRY KELLY: We try, or we may be called trying.

Hon Peter Foss: We succeed.

Hon GARRY KELLY: I have done some reading on this Bill and I have considered the issue fairly carefully. On the information available, I do not believe I am in a position to make an informed decision. If members of Parliament are being asked to vote on whether to sell off what, until now, has been one of the key financial institutions in this State, we should be able to say we have made the decision on the basis of knowledge. One of the questions I would like to have answered concerns other options surrounding the sale of the SGIO. If, for example, the SGIO needs an injection of capital in order to expand and to meet its corporate objectives, where are the alternatives that could have been considered? There may be considerable advantage in the Government's retaining a majority shareholding, for example.

If the SGIO needs an injection of capital in order to grow and the State does not see its way clear to give that injection, what is wrong with, say, selling off 49 per cent of the company and retaining a Government majority ownership of 51 per cent. That may provide quite an incentive for some investors. The announced intention of the semi-privatisation of the R & I Bank is along those lines. If that is good enough for the R & I Bank, why is it not good enough for the SGIO? Those options have been dismissed along with the provision of a golden share. I have yet to see the analyses which dismiss those propositions. If we are to make an informed decision we should be able to compare the alternative proposals. The alternative proposals are: A 100 per cent sell-off; a 49 per cent sell-off; retaining a golden share; or the status quo, where the whole box and dice remain in public ownership. I have not seen a comparison of those options. It would not do the State or the Parliament any harm to have those options clearly spelt out and the implications of each put before members.

The last point made by Hon Peter Foss in his speech concerning the retention of the privatised insurer in Western Australia was a very valid one. If we are to privatise it, the very least we can do is ensure that the insuring headquarters remain in Perth. It is a significant financial institution, a significant employer and a significant investor in infrastructure around the State. It provides considerable loan funds to local authorities and assists in regional development. In the August edition of my newsletter I said that one particularly alarming feature of the proposed sell-off was that there would be no guarantee that the privatised insurer would be headquartered in Perth. That decision could well contribute to a loss of jobs and a reduction of business investment in this State, neither of which Western Australia can afford.

The two year moratorium on shareholding exceeding 15 per cent does not allow very much time for the privatised insurer to establish itself. When the two years has expired, the SGIO Ltd will be a prize takeover object for other insurers based either interstate or overseas. If we are to sell it off, we should at least guarantee that the insurer's headquarters remain in Western Australia. I understand that the merchant bankers have advised the Government that anything less than a 100 per cent sell-off will reduce the expected return from the sale. That may be the case. However, once again we have not independently been able to assess the quality of that advice.

Other questions that need answering relate to the property portfolio of the existing SGIC, especially when the values were written down, whether before or after the division of assets between the SGIC and the SGIO. It must be borne in mind that floating a company is a pretty risky business these days. The Westpac Bank's rights issue and the proposed Woolworths Ltd float - Ian Leslie notwithstanding - were both quite spectacular failures. One must ask, why contemplate a float of an enterprise in the present climate when those other capital raising ventures were so unsuccessful?

Since the finalisation of the Australian Securities Commission, the regulations regarding the issue of a prospectus have been tightened considerably and the costs have increased quite substantially. I would like to know what are the anticipated costs of the prospectus and whether the anticipated net return, referred to in the second reading speech, takes into account this prospectus cost. From what I have read, those costs will be quite significant.

In conclusion, I have highlighted a few questions that need to be answered but many more remain unanswered. It is sad that the State is going down this dubious privatisation road in the face of such a paucity of information. For this reason I felt it necessary to state what I see as the shortcomings of this privatisation proposal, apart from my philosophical objection to it. I ask that when it makes its decision on this Bill the House bear my comments in mind.

HON J.M. BERINSON (North Metropolitan - Attorney General) [11.02 pm]: It is only natural that a debate about the State Government Insurance Office should lead to substantial comments about the losses of the SGIO and the State Government Insurance Commission since 1986. These difficulties were highlighted by Hon Max Evans and Hon Peter Foss. The figures provided by Hon Max Evans in relation to the losses are acknowledged. They are well documented - in fact, exhaustively documented - by the McCusker inquiry in the first place and, more recently, by the Royal Commission into Commercial Activities of Government and Other Matters. The same can be said of the circumstances associated with those losses.

The Government does not deny the importance or the seriousness of these matters. For the present, however, the House is required to consider a current and different issue. That can be summarised in two questions: Firstly, should the SGIO be privatised; and, secondly, should that privatisation be by public float? The Government has said yes to both and, as I understand it, the Opposition is saying yes to both as well. To reach this common decision has required much more of a change of view by the Government than by the Opposition. Nonetheless it is a change which the Government has now adopted unequivocally and one which will be recognised as consistent with Australia wide and worldwide developments. Whatever was appropriate in earlier times in respect of Government participation in the insurance industry, the Government's view on the current appropriate position is reflected by this Bill.

Hon Peter Foss raised a number of specific questions. The first batch of those questions dealt with detail of the ratio of assets to reserves of the SGIO. I will refer those questions to the SGIC and ask it to respond quickly to Hon Peter Foss direct. At a later point in his comments, Hon Peter Foss indicated his understanding of the nature of the float. He said that I was looking puzzled. I was puzzled and, on checking my position, I found that I was justified in being puzzled. My understanding of the position was different from the outline provided by Hon Peter Foss. My understanding has been confirmed.

The position, as I can best put it, is that the new SGIO - for current purposes I will refer to it in that way - will initially be owned by SGIC with five shares of purely nominal value. The new SGIO will at that point have no assets. It will engage in the float to the public and whatever it receives by way of that float will be directed, initially, to making a payment to the SGIC for the insurance business which has to be taken over by the SGIC and the balance will be held as the new SGIO's own capital. In other words, the Government will not hold shares in that process.

Hon Peter Foss: It will be an asset acquisition?

Hon J.M. BERINSON: Yes. That is all I can say about the nature of the float, but I hope it is all that needs to be said.

Hon Peter Foss: The value of that asset has to be agreed between the SGIC and the SGIO.

Hon J.M. BERINSON: Hon Peter Foss also made some brief reference by way of

anticipating the amendment which has been circulated in his name; that is an amendment directed to removing the limit of two years' operation on the 15 per cent shareholding in what I have called the new SGIO. That aspect of this proposal has had considerable discussion and, in fact, formed a major part of the discussion on this Bill in the Legislative Assembly.

The view of the Government has been - this is based on advice of the current board as well as other professional advisers - that the sort of continuing limit contemplated by the amendment is undesirable as a disincentive to efficiency and would insulate the new SGIO from the discipline of market pressures. It occurs to me that the real test might be put in a reasonably simple proposition; namely, whether this privatisation is to be a regular commercial exercise or whether it will be a semicommercial exercise. Having made the decision that privatisation should be pursued, the Government believes that it should be on a fully commercial basis.

I refer next to some questions which were posed by Hon Garry Kelly. I think he can be assured that in the course of working up the proposal which is embodied in this Bill a wide range of options were considered. The basic reason for the Government moving to 100 per cent privatisation rather than partial privatisation is because it has come to accept the view that there is no real justification for it continuing to engage in a form of commercial enterprise which is fully catered for, in any event, by the general insurance industry and where the special social factors formerly covered by the SGIC will continue to be met by the continuing SGIC. I refer here to third party insurance, to industrial disease cover and to the need for the Government to maintain its self-insurance framework.

Mr Kelly also asked a question about the timing of this proposal. I understood the question he asked was why the Government should be contemplating a move to privatisation at this stage when the recent experience, for example, with the Westpac Banking Corporation float and the proposed but aborted Woolworths float might indicate this is a bad time for floats of this nature. The short answer is the Westpac and Woolworths' floats, which were preceded by the GIO float, indicate, above all, the importance of timing. This Bill does not set a timetable for the privatisation of the SGIO: It creates a framework which allows a float to proceed if and when that is judged to be commercially prudent. As one could learn from the other recent experiences, it is no good waiting until the time is right and then looking to some legislation. Parliament could be out of session and all manner of timing difficulties could arise. Having decided that the time is right, the company might not in those circumstances be in a position to do anything about it until the timing is no longer right.I think Mr Evans made this point in his contribution to this debate and it is important; that is, this Bill does not require privatisation to proceed at any particular time or, I suppose, at all. What it does do is enable privatisation to proceed when it is considered to be commercially prudent and advantageous from the State's point of view.

Although I have not spoken for very long, I think I have covered most of the questions that were raised in the course of the second reading debate. No doubt, there will be other questions raised in the Committee stage and they can be addressed at that time. I commend the Bill to the House.

Question put and passed.

Bill read a second time.

Committee

The Chairman of Committees (Hon Garry Kelly) in the Chair; Hon J.M. Berinson (Attorney General) in charge of the Bill.

Clause 1: Short title -

Hon MAX EVANS: I ask Hon Joe Berinson to clarify the position with the capital factor. Hon Peter Foss did not receive an answer to the question he asked about the extent of the capital. I had one understanding and Hon Peter Foss had another. I understand there will be five shares in the SGIO Insurance Ltd which will be owned by the SGIC. As a result of that, the SGIC's shares can be controlled by the Government, through ministerial direction, and the board, subject to the recommendation of the privatisation committee, will decide when the float will be undertaken. I was provided with this information only today and I would like Hon Joe Berinson to confirm how the money will be distributed by SGIO Insurance Limited.

Hon J.M. BERINSON: I can confirm Mr Evans' account of the position in the first part of his comment. The second part of his comment involved the question of how the money which comes in will be distributed. I can only repeat what I indicated in my reply to the second reading debate; that is, the float will be by the new entity. The new entity will retain a portion of the proceeds as part of its assets and the balance will go to the SGIC in consideration for the insurance business which the new company is acquiring. At the time of the float the new company will not be in the insurance business.

Hon MAX EVANS: It will own the complete insurance business. I would like from the Minister's mouth rather than mine an assurance that the SGIO Insurance Ltd will be in the insurance business and a debt will be owing to the SGIC. I was given a hypothetical figure of $100 million of which $25 million would remain in SGIO to increase its solvency, less $5 million cost to the float leaving $70 million to go to the SGIC for the sale of its interests and the debt owing. Is that correct?

Hon PETER FOSS: I turn to the application of the proceeds of the sale. When we eventually get to clause 23 it appears that we will learn that the method by which that sale is to take place is that the total amount of money is to be applied successively to the amount to be retained by the SGIO, the expenses of the float, and the balance to be paid to the commission in accordance with the transfer statement. The transfer statement comes up under clause 8, which states -

> As soon as is practicable after SGIO Insurance Limited comes into existence, the Commission, the Corporation and SGIO Insurance Limited are to jointly prepare and submit to the Treasurer a statement showing, as at a date specified in the statement -
>
> (a) a description of the assets and rights of the Commission and of the Corporation that are to vest in the SGIO Insurance Limited under section 9;
>
> (b) a description of the liabilities of the Commission and of the Corporation that are to become the liabilities of SGIO Insurance Limited under section 9;
>
> (c) any proceedings in which SGIO Insurance Limited is to be substituted as a party under section 9;
>
> (d) the manner of payment of the amount which SGIO Insurance Limited is to pay to the commission under section 23(c) and the allocation of all or part of that amount to the assets, rights and liabilities referred to in paragraphs (a) and (b);
>
> (e) the amount, or the manner of calculation of the amount, that is to be retained by SGIO Insurance Limited under section 23(a);
>
> (f) the arrangements to be made or indemnities to be given in respect of taxation under section (2)(c).

The only dollar amount that is certain is that appearing under clause 23(a), the amount referred to in clause (8)(1)(e). That is the amount that will be held on to. The only thing definitely known about the amount under clause 23(c) is how it will be paid and not how much it will be. That will be dependent to a large extent on how well it is subscribed, I suppose - although depending on the underwriting arrangements it may be totally subscribed - and how much it will cost to float it. That amount may be a variable. It seems to be a fairly large exposure of the State if the float is unsuccessful or not as successful as the State thinks it will be because the State does not get the value of the assets but what is left over after the float. It seems quite possible that if things went really badly the State might end up with a whole lot of new shareholders with a lovely new company and all the assets transferred with absolutely nothing going to the State for them.

Clause 23(c) refers to a balancing figure, so the amount the commission gets is purely the balance. That seems to be strange because if the assets are worth something I would have thought the Government would want some protection to ensure that it got something out of it. It may be that the answer is that the underwriting arrangements will be so good that there will never be a shortfall resulting in the Government's getting nothing for its assets. The vulnerability arises that the State will get for its assets only what is left over in the end.

Two ways are available to do this. If shares were issued for the assets and then the Government sold those shares and the float shares the Government would get its value's

worth. It could not end up missing out if it did not get an awful lot of subscribers because the value of each share left over would be greater. Under this system where the assets are actually being sold it seems strange to sell the business and have no guarantee about how much the Government will get before entering into it. This seems to be especially so if the underwriting arrangement is a personal one. What would happen if the Government had a deal with an underwriter who went broke? The Government would have lost all its assets, there would be a shortfall on the subscription and the Government would have a right of action against the underwriter but in the meantime everything would be gone. Is that a possibility?

Is the Government relying on the underwriting arrangement to ensure that it gets its value for the assets it is transferring and what would be the situation if the underwriter were not as reliable as the Government thought it would be? Would the Government merely have an action against the underwriter and in the meantime have lost all its assets that were transferred?

Hon J.M. BERINSON: I will deal with Mr Foss' question first. The float will only take place on a fully underwritten basis. The Treasurer will be in a position to veto any arrangement that does not provide full underwriting. That is the intention. The Bill does not indicate that. The veto power of the Treasurer could be applied. I have absolutely no doubt that neither the Treasurer nor the board would recommend a float that was not completely underwritten, nor would the Treasurer approve any such arrangement.

Hon Peter Foss: What about the security of the underwriter?

Hon J.M. BERINSON: There again, two separate bodies will be making a decision on the acceptability of the underwriters; that is, the board and the Treasurer. They will have responsibility for ensuring that the underwriting arrangements are satisfactory and that the underwriter or underwriters are satisfactory. It is possible to contemplate all manner of disasters, but in round figures if a float like the Westpac one with its shortfall did not produce any trauma in respect of the underwriting offered then a float of this size, which is only a fraction of the Westpac one, can proceed with confidence given a proper and prudent approach to the selection of the underwriting body.

I asked Mr Foss to hold his question for a moment while I answered Mr Evans. I find I had an excellent reason for that because now I forget what Mr Evans asked. I am sure it was a very good question and I think it had something to do with timing.

Hon Max Evans: The capital structure, and what it was to be.

Hon J.M. BERINSON: I thought I had answered that, but perhaps Mr Foss was referring to the possibility that the insurance business might in fact go to the new company in advance of the float. In that case, the value would be a debt to the SGIC, so whether it was a concurrent payment with the transfer or a payment to follow, nonetheless the SGIC would be in a position to have those proceeds from the float.

Hon MAX EVANS: If the net worth is $65 million, on what basis is the float set? An amount of $70 million is the notional figure; that is, $100 million less $25 million, to pick up the solvency ratio; less $5 million operating costs. That is, $70 million is left over but $65 million is owed to the SGIC. I was told that $70 million will go across, but I cannot see it. People are worried that if funds go to the SGIC the Government should guarantee that it will all stay there and it should not be distributed to the Government.

Hon J.M. BERINSON: Starting with the last question, relating to the possibility that the Government might be able to draw on the funds going to the SGIC and whether there was a guarantee against it, the funds are in fact provided to go to the Insurance Commission general fund; that is a fund which can be drawn on for Government purposes. However, there would be no point to that being done if it were to leave the SGIC with a shortage of funds to meet its obligations. It would be going in a full circle then because the Government is obligated to ensure that the SGIC meets its obligations, so there would be no point to leaving it short. It would be transferred from one place to another with the requirement to come back again.

Hon Max Evans: The Attorney General has not answered the question about a guarantee.

Hon J.M. BERINSON: There is no guarantee.

Hon Max Evans: We had the same answer with PICL years ago.

Hon J.M. BERINSON: This is the converse situation. There is no guarantee that the fund cannot be drawn on but the fund exists now and can be drawn on. The question is the Government's drawing on the fund and leaving the commission short in its capacity to meet its obligations.

Hon Max Evans: You have done that for three or four years.

Hon J.M. BERINSON: I cannot help Mr Evans on that. If he wants to address that question he should address the SGIC legislation and make some different provision for the general fund. There would not seem to be a need but it could be in due course.

Hon Peter Foss: Which all arises out of your undertaking.

Hon J.M. BERINSON: Mr Foss has already referred to the number of times he has waved that document at me and he is determined, even in the twilight hours of my career, to have it waved before me again. Nonetheless I think I have answered that question as far as it can be answered.

Hon MAX EVANS: The Attorney General talks about paying $65 million across to the SGIC. Will he do that and, if so, how?

Hon J.M. BERINSON: We are still on the short title. That question is answered directly by clause 23(c) which specifies that the whole of the balance is to be paid to the commission. That seems a very straightforward situation. I do not understand what the problem is.

Hon Max Evans: An amount of $65 million is owed; there is a surplus of $5 million. What is that amount debited against?

Hon J.M. BERINSON: In the books of the SGIC?

Hon Max Evans: It has a $100 million capacity and it will take up the shortfall. What will the SGIO debit the extra money to?

Hon J.M. BERINSON: I am advised that it can be paid against goodwill or something called "share premium account" which would mean more to Mr Evans than to me. The long and short of it is that it is paid because it is a legislative requirement to pay. I am sure someone in Mr Evans' profession will know how to write that up in the books, but whatever way it is written up the point is it must be paid because the Act says it must be paid.

Hon MAX EVANS: Even though Hon Peter Foss asked questions it is not clear how the share delivery will come on. It was unclear two or three weeks ago, but it has been explained in answers to questions and in answers provided by Mr Berinson which complement those answers. There would not be any goodwill involved; it is more likely it would be the share premium. Does the Minister's adviser contemplate capitalising goodwill in the SGIO when its assets are transferred across to the new company?

Hon J.M. BERINSON: I am advised that the answer is no. I have to put my answer in those terms because I find the question incomprehensible.

Hon MAX EVANS: Why did you use the word "goodwill" a few minutes ago, when the answer is no?

Hon J.M. BERINSON: I withdraw the use of the word "goodwill".

Clause put and passed.

Clauses 2 and 3 put and passed.

Clause 4: Definitions -

Hon PETER FOSS: I would like some clarity on the Minister's undertaking to introduce legislation along lines proposed in the lower House by Mr Trenorden. Has the Government separated the board of the corporation and the commission, and is there any overlap? Are the investments and assets of the SGIO to be returned to the direct control of the SGIO board? Will directions by the SGIC be limited to prudential matters? What is the current situation of the investment of assets of the SGIO? Are they currently under the direct control of the SGIO board, and is there any measure of SGIC control of those assets?

Hon J.M. BERINSON: I understand that the boards of the corporation and the commission are not currently separate, and that board members of the corporation are commissioners of the commission. The assets have been separated and the board of the corporation has control

of them formally. The question of any SGIC link to that would arise through the current common membership of the boards. The boards would of course have to be entirely separate no later than the date of the privatisation, but I understand that it is contemplated that there could well be separate boards before that.

Hon MAX EVANS: The Bill clearly provides that the new board of SGIO Insurance Ltd be set up with the transfer of the allotment and privatisation may then occur. Mr Berinson's answer would mean there would never be a board.

Hon J.M. BERINSON: There is a difference between the board of the company, which will of course be separate, and the board of the corporation, which is the continuing SGIC pending that development.

Hon PETER FOSS: Why has there not been a separation? One of the things we did discuss was doing this to the extent that it was possible without legislation. I do not know how we can have this splitting up of assets between the two with the same board between them. One of the reasons we insisted upon a split between the two corporations, and where we saw the problem having occurred in the first instance, was that the investment decisions made by the SGIC were not in the best interests of the SGIO. This goes back to the time when all the investment decisions were taken over by Ollie Rees and his merry men and they started squandering the assets of both the corporation and the commission. The other problem we used to have was that every time there was an up or down on those investments, a book entry took place to adjust between the two. That particularly happened when they needed a bit more capital. The problem was whether the book entry was made on the pre-devaluation price or on the post-devaluation price.

It seems that for years an inherent conflict has occurred between the two corporations. That occurred as soon as the commission board engaged in an investment policy which was inconsistent with the aims and requirements of the SGIO. I have always believed that the SGIO had a right of action against the SGIC because of the wrongful investment which took place; certainly, somebody had a right of action against somebody else over that matter. A continuing conflict exists while those two boards have a total overlap, as they now have. It worries me that in the undoing of the wrong that occurred between the SGIC and SGIO the same board is still doing it. It is wrong that the long term assets have been given to the SGIC and the short term assets to the SGIO. It is particularly wrong when it is the one board asking where they want it best of all.

That is not the right way to proceed. The SGIO's considerations should be looked at by the SGIO and the SGIC's considerations should be examined by the SGIC. The same result may not be obtained; however, how can it be said that it is a reasonable result when the two boards are not separate and only the one mind exists? I do not think the Government has done what it undertook to do over two years ago; that is, split up these two boards. It may not have been as convenient to do that two years ago, but that is where the Government got into trouble in the first place; that is, the convenience of having the SGIO and SGIC boards as the same people. Continuing with that creates trouble and the Government is continuing with that in this float. However, the companies are two different identities with two different requirements and outcomes. I do not know why the Government is continuing to do it this way. All sorts of problems will result.

Hon J.M. BERINSON: The short answer to the question is that we have the same boards because we have the same legislation. The current legislation, as I am advised, requires that the members of the board of the corporation should be commissioners.

Hon Peter Foss: Only one.

Hon J.M. BERINSON: I have relayed to the member the advice I have received. Going beyond that, I must ask whether this line of questioning relates to the Bill with which we are dealing. It is looking into an entirely new situation. Mr Foss' question seems to be reflecting his concern about the situation under the current Act. Whether the conflicts to which he is referring are real or, if they are real, whether they are any different from the position of a company which is a wholly owned subsidiary of another company and with perhaps a common board, is another question which could be addressed. With due respect to this line of inquiry, I do not believe it is really relevant to the exercise with which we are now engaged, the aim of this Bill and the direction of the SGIO's activities which it aims to facilitate.

Hon PETER FOSS: It is relevant because if I am not happy about the answers, I will not be happy about passing the legislation.

Hon J.M. Berinson: That goes without saying.

Hon PETER FOSS: Mr Berinson knows perfectly well that this whole arrangement emanated from the fact that the Government mucked up the SGIO and SGIC. It is financially incompetent over its dealings on those matters. The Opposition has been asking the Government for over two years to fix it. I understood that this was part of the Government's carrying out its undertaking; however, it appears to have done very little in carrying out the undertaking it gave two years ago. The Opposition wants to know whether the Government has addressed the problems between the SGIO and SGIC because this Bill takes off all the assets that appear to be of any use and floats them to the public, leaving behind a crippled SGIC. Mr Berinson may not be too worried about that because he is leaving this Parliament in about two days' time and will not have to find the money to keep the SGIC going. However, the Opposition is being asked to agree to this float in order to get some money into the State Government. Mr Evans quite rightly asked where will the money go once it goes into the SGIC. Will it remain there or will the Government take it out again? This has been done pursuant to the whole undertaking. Has that division of assets been properly done now? Will we allow the assets which have been split to be sold off now, or will we say that we are not happy with that because the Government does not appear to have honoured the basis of its undertaking, which was to split the board of the SGIC and SGIO and appropriately divide the assets between them? Then, if desired, the privatisation could proceed.

The question is highly relevant because the Government is supposed to be carrying out its undertaking and must satisfy the Opposition that it is doing so. Opposition members want to be assured that things are being done properly. Mr Berinson may have signed this not thinking that he would ever have to see it or say anything about it again. However, the Opposition wants to know that the Government is going to carry out its undertaking. Mr Berinson may think that leaving this Parliament in two days' time releases him from his obligation to carry out that undertaking but I thought he would have ensured that he carried it out before he left. The question is highly relevant because it deals with the satisfaction that this Chamber will feel that the Government has done something to rectify the great wrong done to the SGIO and the maladministration of the SGIC over the years in which they were spending their money in the way the Royal Commission has set out.

Hon J.M. BERINSON: The splitting of the two boards has not been achieved, but is being achieved by this Bill. This Bill is opening the way to the most complete possible separation of the SGIC from the SGIO; that is, by way of splitting it and floating it off.

Hon Peter Foss: The SGIO is still there.

Hon J.M. BERINSON: Yes; I agree with that. It is still there, but the whole aim of this exercise is directed to a situation where it will not still be there. If the Government were not looking to privatise the SGIO an argument could well be made that we should have a Bill separating the SGIO and SGIC formally, and that could be discussed. We are leap frogging over that process in contemplation of an arrangement which seems to be agreed on all sides. That is, what we should now be aiming for is the privatisation of the SGIO part of what is now a closely associated SGIO and SGIC function.

Hon MAX EVANS: Frank Michell is currently the Chairman and Chief Executive Officer of the SGIO. Under the legislation who is now the Chairman and CEO of the SGIO?

Hon J.M. BERINSON: The acting chief executive officer of the corporation is Mr Bob Pearce.

Hon P.G. Pendal: He's done all right for himself. He'll be in heaven.

Hon J.M. BERINSON: He has not gone there, but I am sure that if he had, he would have been very good. Mr Vic Evans is the managing director of the commission, and by virtue of holding that office is also chairman of the board of the corporation.

Hon MAX EVANS: I do not want the Attorney General to provide misinformation to Hon Peter Foss. The boards of both are not the same.

Hon Peter Foss: I was aware of that.

Hon MAX EVANS: Ms Diana Newman and Mr Graham Bond on the commission board are not on the corporation board.

Hon J.M. BERINSON: I thank Hon Max Evans for that information. It is a matter of detail about which I had no reason to inquire earlier.

Clause put and passed.

Clauses 5 to 7 put and passed.

Clause 8: Statement to be prepared -

Hon PETER FOSS: I assume that this statement will not be difficult to prepare. The clause requires it to be jointly prepared and submitted to the Treasurer. It does not make any real provision, however, for what happens if they are unable to agree. I take it the agreement will be achieved by ministerial direction if they cannot agree. Is that the intention?

Hon J.M. BERINSON: I am advised that, theoretically, any difficulties in arriving at an agreement could be met by ministerial direction, but that is not intended. The intention is that these bodies should agree cooperatively and by way of consultation. That is regarded as a realistic expectation especially given the common membership between them.

Hon PETER FOSS: I am curious about clause 8(2). I understand that one of the benefits that the State would get out of this would be a substantial payment from the Commonwealth because a previous exempt from income tax body such is the SGIO will cease its business and that business will be taken over by a non-tax exempt body, SGIO Insurance Ltd. Is it intended that any of that money should be used for the purpose referred in subclause (2)(c)? What is the prospective liability for Commonwealth tax referred to in subclause (2)(c)? Why is there a provision for it to be indemnified as opposed to being borne by SGIO Insurance Ltd?

Hon J.M. BERINSON: There is no suggestion that any of those funds expected to be paid by the Commonwealth or credited by the Commonwealth in lieu of tax should be called on as a result of clause 8(2)(c). This provision allows an indemnity, but it is not contemplated that there will need to be an indemnity nor that any liability should arise. The theoretical situation arises from the fact that when the limited company is established, it can engage in insurance business before it is floated off; that is, while its shares are held by the SGIC. This subclause, as I understand it, is in contemplation of the possibility that the business at that stage might attract Commonwealth taxation. I am advised that that will not happen in practice because the new company will not engage in insurance business until a request for a ruling by the Taxation Commissioner has indicated that the tax free status of the present SGIO could still be enjoyed until the point of privatisation.

Hon PETER FOSS: I take it that the only circumstance under which subclause (2)(c) would operate is if that view were wrong.

Hon J.M. Berinson: Yes.

Hon PETER FOSS: Clause 8(1)(e) seems to be a bit circuitous because it refers to clause 23(a). In turn, clause 23(a) refers to the amount referred to in clause 8(1)(e). Do we ever find out what the amount is?

Hon J.M. BERINSON: Although clause 8(1)(e) provides the alternatives of the amount or the manner of calculation of the amount, the actual position is that the agreement will be based on a manner of calculation and not an amount.

Hon Peter Foss: I do not think that really answers my question on drafting of the clause. Clause 8(1)(e) refers to the amount to be retained under clause 23(a), which tells us about the amount referred to in clause 8(1)(e). Is it to be retained under clause 8(1)(e) or clause 23(a)?

Hon J.M. BERINSON: Under clause 23(a).

Clause put and passed.

Clauses 9 to 21 put and passed.

Clause 22: Restriction on maximum shareholding for 2 years -

Hon PETER FOSS: I move -

Page 17, lines 13 and 14 - To delete the lines.

I adequately dealt with the reasons for this amendment in the second reading debate. We are very concerned with the loss to Western Australia of a very substantial financial institution. We believe this will happen almost instantly if it is floated off without such protective provisions. We believe also that the Government has not carefully enough researched privatisation overseas to see what is the effect of a golden share provision such as this. Had it done that it would be satisfied that the amendment we propose is perfectly reasonable.

Hon J.M. BERINSON: I am prepared to follow a good example and limit my comments. The Government's view also has been put in my reply to the second reading debate. It is a question of a fully commercial approach as opposed to one that is less than commercial, and it is a question also of the undesirability once we bite the bullet of privatisation of insulating this new company from ordinary market pressures and disciplines.

Amendment put and negatived.

Clause put and passed.

Clauses 23 to 30 put and passed.

Schedules 1 and 2 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by Hon J.M. Berinson (Attorney General), and passed.

RESERVES BILL

Assembly's Amendments

Amendments made by the Assembly now considered.

Committee

The Chairman of Committees (Hon Garry Kelly) in the Chair; Hon Kay Hallahan (Minister for Education) in charge of the Bill.

The amendments made by the Assembly were as follows -

No 1

Clause 2

Page 2, line 5 - To delete "This" and substitute the following -

(1) Subject to subsection (2), this

No 2

Clause 2

Page 2, after line 6 - To insert the following lines -

(2) Section 38 shall come into operation on such day as is fixed by proclamation.

No 3

Clause 8

Page 6, line 8 - To delete "Act" and substitute "section".

No 4

New clause

Page 38, after line 20 - To insert the following clause -

"Subiaco Endowment Lands" in Subiaco

38.(1) The lands known as the "Subiaco Endowment Lands" as described in -

(a) Certificate of Title Volume 299 Folio 102A;

(b) Certificate of Title Volume 1402 Folio 563;

(c) Certificate of Title Volume 1545 Folio 375;

(d) Certificate of Title Volume 1589 Folio 192; and

(e) Certificate of Title Volume 1589 Folio 193,

each held for an estate in fee simple by the City of Subiaco on trust that the lands be used solely for the purpose of "Municipal Endowment" may be sold and transferred by the City of Subiaco for such consideration as it thinks fit, and those lands shall, when so transferred, be freed and discharged from their respective trusts and each may be dealt with accordingly.

(2) The Registrar of Titles appointed under section 7 of the Transfer of Land Act 1893 shall, upon delivery to him or her of the duplicate of any or all of the certificates of title referred to in subsection (1) registering the transfer, in accordance with that subsection, of the land or lands concerned, cancel the relevant certificate of title and make out a new certificate of title in accordance with subsection (1).

Hon KAY HALLAHAN: I move -

That the amendments made by the Assembly be agreed to.

In October 1988 Cabinet directed that a review be undertaken of the land the Government owns in the industrial area in Subiaco. The Asset Management Taskforce which is now part of the Department of Infrastructure and Government Assets undertook the review, and on 14 May 1990 Cabinet approved an AMT recommendation to proceed with subdivision, development and disposal of the Government landholding. The development plan included a proposal to relocate the existing railway 15 metres to the north in order to produce a parcel of land - 2.5 hectares - immediately opposite the Subiaco shopping precinct which would have the potential for commercial/retail development. The City of Subiaco subsequently presented an alternative entitled "Subiaco 2000" which embraced the additional Subiaco endowment lands and a proposal to underground part of the Fremantle railway.

To achieve implementation of the Subiaco 2000 scheme the council sought the opportunity to acquire 11 ha of Government land for inclusion in its development proposal. Council further proposed that the trust expressed over the endowment land be removed to allow its sale by council in order to generate funds to acquire the 11 ha of surplus Crown land. The endowment lands consist of approximately 33 ha of land in (a) Certificate of Title Volume 299 Folio 102A; (b) Certificate of Title Volume 1402 Folio 563; (c) Certificate of Title Volume 1545 Folio 375; (d) Certificate of Title Volume 1589 Folio 192; and (e) Certificate of Title Volume 1589 Folio 193. All are held in fee simple by the City of Subiaco in trust for the purpose of "municipal endowment". The Government approved the council's proposal subject to -

(i) Council agreeing to pay current market value for the 11 ha (approximately) portion of Government land at the time the land is to be transferred; and

(ii) capital available as a result of the land sales to be spent solely within the endowment lands and/or railway land precinct.

Clause 38 will be subject to separate proclamation to give effect to the arrangements between the Government and the Subiaco City Council. This amendment and the information have been provided to the Opposition and I understand it agrees to support the City of Subiaco in its endeavours to implement Subiaco 2000.

Hon N.F. MOORE: I thank the Minister for providing the Opposition with the proposed amendments well in advance so that members had time to consider them. The City of Subiaco is very enthusiastic about the proposal contained in this amendment. The member for Nedlands, in whose electorate this area is located, also supports the proposition so the Opposition will support the proposal the Minister has outlined. I will not repeat it because we all know it is about the rearrangement of land in Subiaco to facilitate the Subiaco 2000 scheme.

I indicate that I took great exception to the remarks made by the Minister for Lands in another place on the progress of this Bill. When discussing the Legislative Council on a previous occasion he suggested that somehow or other we had deliberately delayed the passage of the Reserves Bill. In fact, it was introduced in the Legislative Council on 27 May, four days before the conclusion of the autumn session of this Parliament. When these Bills come before the House the Opposition sends the details of each clause to the relevant local authority and anybody else who may have an interest in the clause. The Government suggested on that occasion that the Opposition could write to and receive responses from those people and then be in a position to debate the Bill within four days. I was not prepared to do that, and the session ended. We came back to Parliament and the Reserves Bill was dealt with early in the spring session. However, because I requested certain information from the Minister and there was some delay in that information being provided, the Bill did not leave the Legislative Council until Tuesday, 15 September. The debate in the Legislative Assembly did not start until Wednesday, 25 November, yet we are told by the Minister for Lands that the Legislative Council has somehow delayed the passage of this Bill!

Hon Peter Foss: That is typical of them.

Hon N.F. MOORE: Yes. I am getting heartily sick of being accused of delaying legislation when it is nothing to do with the Legislative Council at all. We did our best, as the Minister handling the Bill in this Chamber would attest, to ensure that this Bill got through in a reasonable amount of time, and at the same time that the right decisions were made in respect of each clause.

I mention in passing in respect of clause 33 that the gentleman whose land is to be swapped for some Crown land would now like to see that decision postponed. However, I am told that I cannot do anything about clause 33 because it has already been passed by both Houses. The gentleman discovered that the land which he was proposing to swap with the Department of Conservation and Land Management contains some limestone which may have a commercial value, and he would like to cancel the deal in order to prove up the limestone deposit. The information provided to the Chamber was that the swap was on the basis that the two areas of land to be exchanged were of equal value. If they are not of equal value and the gentleman who is making the swap for the purpose of improving a national park or an A class reserve will lose out on the deal, then the Minister in all conscience should reconsider the matter and perhaps not proclaim that clause if that is possible, or at least investigate the matter to see whether that gentleman's problem can be resolved. The Chairman would rule me out of order if I tried to do anything about clause 33, which has now been passed by both Houses, so the Minister representing the Minister for Lands might take that on board and see whether something can be done, because that gentleman may be badly disadvantaged by virtue of the location of the limestone deposit on his land.

I reiterate the point that we are getting sick and tired of the attitude of some Ministers in blaming this Chamber for delaying legislation. The Reserves Bill was left sitting in the Legislative Assembly for over two months before it was debated, yet the Minister tried to get some mileage out of the claim that we had delayed the Bill. We support the clause, and wish the City of Subiaco well in its proposal.

Hon KAY HALLAHAN: I am pleased that it appears members are of one accord in respect of these amendments, and I indicate that I will bring to the attention of the Minister in the other place the comments made by Hon Norman Moore.

Question put and passed.

Report

Resolution reported, the report adopted, and a message accordingly returned to the Assembly.

ONSLOW SOLAR SALT AGREEMENT BILL

Second Reading

Debate resumed from 26 November.

HON N.F. MOORE (Mining and Pastoral) [12.24 am]: The Onslow Solar Salt Agreement Bill is a Bill to ratify an agreement between the State Government and Onslow Salt Pty Ltd in respect of the proposed development of a solar salt operation at Onslow. This project has

been subject to a great deal of comment, particularly in the Onslow area, and has also been of considerable concern in the mind of a number of people from time to time. I am told by the proponents of the project that the problems that were originally expressed by the leaseholder of the pastoral property in the area of the site have been overcome and that it is now possible for an agreement to be ratified, and that the project should proceed reasonably soon. The project will provide initially for the production of about 1 million tonnes per annum of salt, which will increase to a maximum of 2.5 million tonnes per annum when the project is at its maximum operation.

The project will employ initially a permanent work force of around 60 persons, will cost $85 million to establish, and will provide between $20 million and $50 million per annum in export earnings. Such a project would be very welcome in a town like Onslow, which as members will know has not attracted a great deal of industry, and where a significant number of persons are unemployed or live on other welfare benefits. Onslow is a delightful town, and I can understand the views of some people who would like to see it retain the character which it now has and who would not like to see a project like this be developed. However, I believe the time eventually comes, and in Onslow's case the time began to come when the road was bituminised, for development to take place. In my view and in the view of many people at Onslow, a project like this would be of great benefit to the community.

The agreement requires the company to accommodate its workers in Onslow. I give the company credit for making the decision not to operate as a fly in, fly out operation. The agreement requires also that the company employ local people and that it provide training programs for local residents, where appropriate. Therefore, the project is to be welcomed in the context that a town such as Onslow is very much in need of this type of development and investment, and the jobs which it will create, which of course is welcomed also in Western Australia at a time when 100 000 people are unemployed. Any project which can be started up and which will create employment must be welcomed.

I have several concerns about this project which I will ask the Minister handling the Bill to explain to me when he responds. My first concern is the substance of the company, Gulf Holdings. Recently, we debated a Bill concerning the Port Kennedy development, where my colleagues argued that persons of little substance were given a Government ratified agreement which they could then sell overseas or to other investors. In effect, the provision of the Government agreement was a saleable product, and the proponents started off with very little but finished up with a Government contract which would increase considerably their capacity to sell the project. It has been suggested that with this project also the proponents are not very long on substance and in fact are looking for a State agreement Act which will enhance the project in order to enable them to then on-sell it to overseas investors. I will ask the Minister to explain to me what he considers to be the substance of the company involved, Gulf Holdings, and its subsidiary, Onslow Salt Pty Ltd, and whether the Government believes that the company has the assets and the capacity to develop the project, or whether it will have to be sold to an overseas company in order to be developed.

The second concern I have relates to the effect of a new salt project on existing operations in Western Australia. Members will be aware that salt is harvested at Port Hedland, Dampier, Lake MacLeod and Shark Bay. They are very competent and efficient producers of salt. However, I am told that the Japanese market, the main market, has a predetermined system of purchase: It has decided that 25 per cent of its salt requirements will come from Australia, 25 per cent will come from Mexico, and the rest from other sources, I think that is what it is but I have a mental block. I am told that Australia has been allocated that percentage of the Japanese market and that no matter how many producers emerge in Australia the figure will remain the same. Therefore, any new producer must take a slice of the existing market. Concerns are held among the existing producers that if this project produces between 1.5 million and two million tonnes of salt a year, it would increase competition between Australian producers for that slice of the Japanese market; therefore, a reduction in price would occur. If the price reduces, the producers will suffer severe economic problems and the project at Onslow would not be viable. No new solar salt operations have been established in Western Australia since the 1960s and 1970s because the market was not seen to be big enough to take new operators. That is a matter of concern, and I hope the Minister will be able to explain the market situation and whether a new producer will cause the price to fall to such an extent that the industry will go broke.

In view of the time, I will recap my comments briefly. Firstly, the project is welcomed by the majority of the people of Onslow as it will provide a new industry for a small town. I welcome the fact it is not a fly in, fly out operation. Its employees will live in Onslow and boost the town's population and increase the size of the school and other facilities in the town. I welcome the fact that environmental conditions attached to the project are stringent. It is necessary to protect the land surrounding Onslow. I am told by the company that the problems associated with the local pastoralist have been solved; I hope that that is the case. I expressed my concerns regarding the capacity of the company to deliver the goods. I am a little heartened by the quality of the brochure released by the company - it is very glossy. However, it reminds me of the way in which the State Government operates: It releases glossy brochures to put across a good message, but sometimes the message does not reflect the substance. I hope the quality of the brochure released by this company represents the quality of the company and its ability to proceed with the project.

Hon Peter Foss: It is usually the reverse.

Hon N.F. MOORE: Quite right. I am also concerned about the market situation with salt. If this project is financed by overseas interests, and competes with existing Australian producers to the detriment of the industry, I would be concerned about the future of the industry. However, the Opposition supports the Bill and I look forward to the Minister's response to my questions.

HON P.H. LOCKYER (Mining and Pastoral) [12.35 am]: Briefly, I was heartened by my colleague's words that the company, Gulf Holdings, had indicated that the problem with the local pastoralist at Onslow had been resolved. However, tonight I spoke to Jim Cullen, the pastoralist involved, and the problem has certainly not been solved.

To give a brief history of the matter, Jim Cullen bought a small pastoral property close to Onslow. It was his lifetime wish to go back to the property on which he began working, and he worked around Australia to save the money to buy that property. However, when this company proposed to build the saltworks at Onslow, it meant part of the best area of Mr Cullen's property would become unusable. The company proposed to erect a great sea wall around the project cutting through some of his best paddocks. Jim Cullen attempted to negotiate with the company, which said it was happy to buy him out. That is all right except that he does not want to sell; he wants to run his property. Regrettably, because it is a pastoral lease, the Government has the ability simply to take back part of his property. Mr Cullen has been hard done by and members should not underestimate the influence he has with this problem. He fought the shire election on this issue and deposed the former shire president as he, Cullen, convinced enough people about his case. I want an assurance from the Minister that Mr Cullen will at all times be consulted and his wish to run his property will be paramount in considering this project. Also, every opportunity should be taken by the company to reach some compromise. If the company suggests that it has made an agreement on this issue, it is time it had a chat with Mr Cullen. He has never been happy about this situation, and it will take considerable time before he is.

Apart from that issue, this project will be good for Onslow, as long as it is done properly. Onslow is currently dying the same death as Wittenoom, and the salt project is the only opportunity for survival provided the company's bona fides are right. I understand the company has hawked this project all over the world. If when it comes to fruition it will not benefit the people of Onslow, especially those who have received an undertaking for employment, and if it is just window dressing or an opportunity for the company to obtain a parliamentary agreement for it to on-sell, I will not support the project. However, if the company is serious about getting this project off the ground, it will receive my support. However, the Minister must indicate that Mr Cullen's interests will be closely considered.

HON TOM STEPHENS (Mining and Pastoral - Minister for Services) [12.39 am]: In all circumstances when development projects are proposed in Western Australia we are faced with a range of comments which naturally arise from the local community. This debate provides an opportunity for that to come from the community of Onslow; for example, the specific interests of a neighbouring pastoralist. In addition, a company hopeful of producing salt in Western Australia has entered a community of salt producers who also have a common interest in the issue raised by Hon Norman Moore. It is important to realise that the salt industry in Western Australia has faced enormous challenges recently with a softening of

the market in the face of diminishing prices and increased world production. In addition, producers have come on stream in other parts of the world. However, in the face of those circumstances it is interesting that the Western Australian salt producers, which are spread from Port Hedland to the Karratha-Dampier area and Lake MacLeod, north of Carnarvon, to Useless Loop, appear to be stretched to capacity with the demand for their products. I understand they are each faced with proposals to expand their capacity to produce more salt to meet the demands of customers. It is perhaps true that the Japanese market is divided up in the manner in which Hon Norman Moore has been advised by one of his -

Hon N.F. Moore: Forty five per cent Australia; 45 per cent Mexico and 10 per cent for the rest.

Hon TOM STEPHENS: That may well be the case with the Japanese markets. Interestingly enough, that is not the only market for the salt produced in Western Australia. In considering this agreement Bill, it is worthwhile the House paying some tribute to a company like Gulf Holdings which has approached a range of alternative salt purchasers and found markets about which it is particularly confident. The company has been battling away at this project for in excess of 20 years. After I had a briefing with the company I took the opportunity of congratulating the principals for their persistence in their association with this project. I hope other members will take that view as well. Too often, people with projects such as this find themselves overwhelmed by the challenge to get a project like this off the ground. They see the hurdles as being too difficult and consequently toss in the towel before it reaches this stage. A company in business for something like 27 years is not an indication of a fly-by-night operation. The company has a track record of considerable investment. Almost $2 million has been spent by the individuals associated with this project in order to reach this point. Members will no doubt be interested to know that Wesfarmers Ltd's annual report for 1992 indicates that it has an interest in this Gulf Holdings project with an equity of approximately 17 per cent in the operation. That is an indication of its having participated in the outgoings necessary to bring the project to this point.

Gulf Holdings will be looking for equity participants from its potential markets. Right now, principals associated with this company are in Asia and are continuing to explore the prospects for equity participation. Once the agreement Bill is passed, they will take the opportunity to get on with structural arrangements with its overall company holdings to ensure that other participants will be in this operation. The company is determined to keep the majority of the operation Australian owned with an equity of at least 51 per cent and at the same time encourage joint venture partners to purchase salt which can be produced from Onslow. Gulf Holdings works in the knowledge that competitors are watching its every move. It is difficult to debate this question without placing that company's own confidential effort at some risk. Having said that, we must press on and hope that this debate does not do the company any disservice as a result of Hon Norman Moore's asking questions which he is entitled to have answered.

Hon N.F. Moore: Of course we are; this agreement Bill gives them a marketable product.

Hon TOM STEPHENS: Nonetheless, Hon Norman Moore should keep in mind that he has been prodded by other sections of industry to ask questions.

Hon N.F. Moore: Not at all. You should read the debate in the other House.

Hon TOM STEPHENS: I understood that Hon Norman Moore had the opportunity of hearing from other sections of the salt industry who have been voluble in their -

Hon N.F. Moore: I have not.

Hon TOM STEPHENS: I was under the impression Hon Norman Moore had the opportunity to talk to CRA Exploration Pty Ltd.

Hon N.F. Moore: No; I just know that company's view.

Hon P.G. Pendal: I think you are trying to rub salt into the wound.

Hon TOM STEPHENS: I am sorry; I misunderstood something Hon Norman Moore told me earlier. I understood him to have told me something that I knew as well, not from the debate in the other place. Other producers would be pleased if no other project came on stream because without that their job would be easier in what has been a tight market place.

Hon N.F. Moore: The viability of Gulf Holdings was raised in the other House by the member for South Perth.

Hon TOM STEPHENS: I did not take the opportunity of reading the debate in the other place and I am sure the President would interrupt me if I referred to it.

Hon N.F. Moore: You should have read it.

Hon TOM STEPHENS: Having admitted that, I will press on. This company has identified in Korea, users and producers of salt who occupy land that is quite valuable for other potential use. In that context, it would like to find an alternative producer of salt for itself, particularly one with whom it could have an equity arrangement. In addition, projects in Korea face pollution problems in the water used for salt production. That is another factor that is driving the country towards looking for an alternative supply of salt. When we compare the ability of Korea to produce salt with ours, given our climatic conditions, we can understand that Korea will look for salt that can be produced at more reasonable prices and more efficiently than it can be produced in Korea. One can imagine the temperature in Korea at the moment, yet that country has managed to produce its own salt for industry.

One company that falls into that category has identified itself to this company. Gulf Holdings has been interested in equity participation with a view to contracting salt production that can be used in Korea. It is interesting to note comments of at least two honourable members about the salt industry. We share the same electorate. The operations of two of the significant producers of salt in the Gascoyne region have recently passed very significant milestones. They have expressed a desire to expand their operations. There does not seem to be any lack of market opportunities indicated by those companies in the Gascoyne area, which is a testimony to their efficiency as salt producers. Despite having faced a very difficult market situation they have nonetheless indicated that their operations have become increasingly productive, competitive and efficient operations.

Hon P.H. Lockyer: The most efficient year was 1971 when I worked at Lake MacLeod.

Hon TOM STEPHENS: Gulf Holdings is a small Western Australian company. It was formed for the sole purpose of operating this project. This agreement should ensure that sufficient funds are available for the project to proceed. I have already mentioned that the Japanese market is not the prime target for this company.

The company has advised the Government that it has not sought a State agreement to on-sell the agreement on ratification. The Onslow Salt project is at an advanced stage of negotiations with potential joint venture equity partners both within Australia and South East Asia. Naturally, for reasons of commercial confidentiality, the company does not want to disclose the potential participants at this stage. The agreement before the House is an integral component of those negotiations.

The company has expended in excess of $2 million to date on environmental, marketing, engineering and feasibility studies. Under clause 4 of the agreement the company would be required to advise the Minister at quarterly intervals of progress on each of the studies and the Minister may request the company to undertake such further studies as he may require. The Government remains supportive of the salt industry's continued development and does not perceive a need to influence the industry's competitive processes.

I put it to members that it would be odd if the Government did not lend legislative support for initiatives such as these to allow another company to come on stream with a project that has the capacity to get off the ground and to provide employment opportunities for the people of Onslow and to continue to secure the future of the Pilbara region.

Salt from the Onslow project will be sold on the export market, mostly into the Asian region. The impact of these sales on other producers is a commercial matter and not a matter for the Government or for this House. All the existing Western Australian producers are either expanding their operations or have proposed expansions. All these expansions have been given the assistance and support of this Government through the Department of State Development during the environmental approval process. All the existing salt export operations in Western Australia operate under State agreements which were negotiated with the project proponents at the time. For reasons of equity alone, the developers of the Onslow agreement should be given equal Government support.

In the negotiation of the Onslow agreement, parity of agreement provisions was sought with the existing salt agreements, although modern clauses, such as the environmental and local content clauses, have been introduced. I am advised by the company that consultant market studies were carried out for Onslow Salt which indicate that there will be a window of opportunity in the mid-1990s for entry into the salt marketplace because of demand outstripping supply in the Asian region. This scenario is contrary to the view that is being expressed by many of the existing producers. We have to recognise that if the assessment that has been done by this company's consultants is accurate and WA cannot meet these additional markets, for example in Indonesia and elsewhere in South East Asia, other producing countries, such as India and Mexico, will.

Gulf Holdings has targeted salt consumers who are not presently buyers from other Western Australian salt producers. It is planned that a large portion of Onslow Salt's initial production will be to Asian buyers that are phasing out their domestic production because of other demands for the land now occupied by their salt fields.

The State Government is of the view that significant benefits will accrue from this project, including providing an economic stimulus to the Onslow area and geographical diversification of the Onslow area, as I mentioned. It is very easy for a cyclone coming down the coast to knock out a couple of the salt producers.

Hon P.H. Lockyer: It happens every year.

Hon TOM STEPHENS: In such a large geographical spread, the operation of one or two of these producers could be affected by cyclones.

Hon P.H. Lockyer: Definitely not a strong argument.

Hon TOM STEPHENS: But one which I have no embarrassment about putting to the House. From time to time a cyclone which comes through the Pilbara region will put those producers at risk.

Hon Derrick Tomlinson: Stop insulting our intelligence with this.

Hon TOM STEPHENS: Hon Derrick Tomlinson has not been north of Wanneroo.

Hon Derrick Tomlinson: True. It shows.

Hon TOM STEPHENS: Hon Derrick Tomlinson would not know about the argument concerning geographical diversification, and I am not surprised that he cannot see the value in that argument.

Hon P.H. Lockyer: So that you can sit down.

Hon Derrick Tomlinson: A great scourge on the rest of Australia; the salt-affected land.

Hon TOM STEPHENS: It is important that we always have the capacity to produce salt to supply market demands.

Hon P.H. Lockyer: I am terrified to think what would happen if we had a Bill that we disagreed with.

Hon TOM STEPHENS: I have been asked several questions and I am trying to answer them.

Hon N.F. Moore: I appreciate your response.

Hon TOM STEPHENS: Included in the benefits which the Government envisages from this project is an increase in the potential of the local industry to capture a larger share of the world market by increasing its overall capacity and promoting investment in Western Australia by Asian companies. Such companies are presently considering equity.

I have many more benefits I could outline, but Hon Phil Lockyer asked me a question about Mr Cullen. Agreement and environmental approvals deal only with the development of the area coloured blue on the map which was tabled in this House and it relates to a 1.5 million tonne per annum project. The environmental approvals associated with the first stage of the project do not impact on Mr Cullen's pastoral lease.

A second mining lease is provided for under the agreement for future expansion. This project will impact on Mr Cullen's property because a brine channel will traverse the Urala Pastoral Station between the two mining leases. It should be noted that, prior to the development of the second area, the project is subject to review under the Environmental

Protection Act. Furthermore, the future area will be subject to development proposals under the State agreement.

In summary, Mr Cullen's property will not be affected by the initial development, which accounts for the planned 2.5 million tonnes per annum production. The capacity of the land in the area coloured blue is 1.5 million tonnes for the first stage and it could go to 2.5 million tonnes per annum by double shift production before the company moves to the next stage of the project. Of course, this is subject to it succeeding in obtaining environmental approval for double shift production. Mr Cullen's property is not affected by this part of the agreement. Two other properties are adjacent to and form part of the project - I think they involve the property known as Peedamulla and the Minderoo Pastoral Station. I am not aware of any concerns from these two pastoral leaseholders, even though this project affects them. We must remember that salt production does not come from grazing country; it comes from clay pans on which there is not one blade of grass.

Hon P.H. Lockyer: I understand what you are saying, but Peedamulla and the lessee of Minderoo will not be affected by this agreement. However, Urala will have a brine channel down the centre of it.

Hon TOM STEPHENS: If the proponents go to that stage, Mr Cullen can put forward his case at that time.

Hon P.H. Lockyer: Hopefully he will be given $1 million for his property.

Hon TOM STEPHENS: I hope the member is not saying that a proposal like this should be held up to ransom.

Hon P.H. Lockyer: I am not saying that. It is very important that Mr Cullen be consulted at all times.

Hon TOM STEPHENS: He will have the opportunity to put his proposal when the next phase of this project comes before the Government.

Question put and passed.

Bill read a second time.

Committee

The Deputy Chairman of Committees (Hon D.J. Wordsworth) in the Chair; Hon Tom Stephens (Minister for Services) in charge of the Bill.

Clause 1: Short title -

Hon N.F. MOORE: I appreciate the Minister's response. He has gone to great lengths to convince me that this Bill should be passed. I take on board his comments which are different from some of the comments made by other people. In the world of competitive production, such as the salt industry, there are varying views from producers about the state of markets, future markets and prices. Based on the veracity of the comments of the Minister, I will support the Bill and I can see no need to argue each clause in the Committee stage.

Clause put and passed.

Clauses 2 to 4 put and passed.

Schedule put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by Hon Tom Stephens (Minister for Services), and passed.

CRIMINAL LAW AMENDMENT BILL (No 2)

Returned

Bill returned from the Assembly without amendment.

STATE FORESTS - REVOCATION OF No 68 AND PARTIAL REVOCATION OF Nos 20 AND 36 PROPOSAL

Assembly's Resolution - Motion to Concur

Message from the Assembly requesting concurrence in the following resolution now considered -

> That the proposal for the revocation of State Forest No 68 and the partial revocation of State Forests Nos 20 and 36 laid on the Table of the Legislative Assembly on the third day of June 1992 by the command of His Excellency the Governor be carried out.

Committee

The Deputy Chairman of Committees (Hon D.J. Wordsworth) in the Chair.

Hon KAY HALLAHAN: I move -

> That the Legislative Council concur with the resolution passed by the Legislative Assembly.

Hon P.G. PENDAL: The Opposition has considered this motion and in view of the time does not intend to spend any more time on it other than to advise the Minister that it supports it. Most of the land being revoked is intended to go into a conservation park.

I cannot understand why an order of this kind has come to this place at this time of the session. I suggest that in future the Government may see fit to bring matters of this nature into the Parliament at an earlier stage. We were told, as recorded in the last paragraph of the Minister's speech, that the Water Authority and the museum had no objection to the proposal referred to and although not yet received similar clearances were anticipated from the Department of Minerals and Energy and the Shire of Mundaring. I am assuming that in the meantime those clearances have been received. I would like to hear that from the Minister. The Opposition agrees with the revocation.

Hon Kay Hallahan: I will be happy to provide the member with the information he is seeking.

Hon P.G. Pendal: I accept the Minister will provide that answer tomorrow.

Report

Resolution reported, the report adopted, and a message accordingly returned to the Assembly.

ADJOURNMENT OF THE HOUSE - ORDINARY

HON J.M. BERINSON (North Metropolitan - Leader of the House) [1.14 am]: I move -

> That the House do now adjourn.

I take this opportunity to give advance notice that I will be proposing tomorrow that the House sit on Thursday at 10.30 am rather than at 2.30 pm.

Adjournment Debate - Strike Against Kennett Government Industrial Relations

HON TOM HELM (Mining and Pastoral) [1.15 am]: The House should not adjourn until it congratulates the workers and their families who demonstrated yesterday against the activities of the Kennett Government in Victoria. The Opposition should also be warned that if it adopts the same attitude in this State there will be more of the same.

Hon N.F. Moore: So, regardless of voters' opinions, you will do what you like!

Hon TOM HELM: The voters of Victoria were not told that the Kennett Government would do what it has done. I draw the attention of the House to the activities of the Opposition's favourite employer Robe River and its actions today in relation to its work force, and to a report which appeared on ABC news tonight and another which appears in today's paper titled "Robe row over day of action". For daring to join in the demonstration that took place across the nation yesterday objecting to the things that the Kennett Government has put in place in Victoria, 180 employees based at the Wickham operation of Robe River were stood down for 24 hours.

The House should be aware that the Peko Wallsend Ltd arm of the Robe River operation, which was put in place six years ago, has caused nothing but destruction, heartache and trouble in the Pilbara iron ore industry.

Several members interjected.

Hon TOM HELM: The House should be aware of the words spoken by Hon Derrick Tomlinson and Hon Peter Foss. Fred Madden, executive director of Robe River, told the ABC yesterday that the work force was the most productive in the iron ore industry. He did not mention that for 18 months since 1989 that work force has been waiting for the first of the CPI increases agreed in the accord that every other worker received in 1989. Two other pay rises have been granted to iron ore workers since, but the workers in the Pilbara at Robe River have not been given those increases and have now been stood down for 24 hours to consider their position.

These people met at an authorised stop work meeting last Thursday and decided they would have a further stop work meeting yesterday to consider the call from the ACTU for a day of action yesterday. As a result of that meeting the workers decided to join the 24 hour protest strike.

Hon Peter Foss: Disgraceful!

Hon TOM HELM: They exercised their democratic right to withdraw their labour.

Hon Derrick Tomlinson: And the employer exercised his democratic right to withdraw their wages.

Hon TOM HELM: This sycophant on my right shouts "disgraceful" because a group of Australians exercised their right to withdraw their labour.

Hon Peter Foss: A blatant political move that damaged our country.

The PRESIDENT: Order!

Hon TOM HELM: That is what would happen if we had a Kennett-style conservative Government in this State. In Victoria workers could be liable to a fine of $10 000 for exercising their right to withdraw their labour. Not only are the workers to whom I have been referring the lowest paid and the most productive iron workers but it seems they must be the quietest.

Hon T.G. Butler: And intimidated.

Hon Peter Foss: They are utterly irresponsible.

Hon TOM HELM: Is it responsible to sit back and allow workers to be treated in the way in which workers are being treated in Victoria?

Points of Order

Hon GEORGE CASH: An urgency motion appears on the Notice Paper related to the Kennett Government's attack on workers on which Mr Helm has already spoken. I suggest it is beyond Standing Orders for him to be referring to a matter presently before the House.

The PRESIDENT: What is the number of the motion?

Hon George Cash: It is No 2 on the Notice Paper.

Several members interjected.

The PRESIDENT: Order! I am trying to work it out. So long as the member does not refer to the motion, he is okay.

Hon George Cash: He referred to it about 30 times.

The PRESIDENT: I do not think he did.

Several members interjected.

The PRESIDENT: If Hon Derrick Tomlinson does not want to stay for the rest of the night he is going the right way about being allowed to knock off early. There is no point of order; however, I tell the member not to refer to that motion.

Hon GRAHAM EDWARDS: Mr President, I draw your attention to the fact that while you deliberated on the point of order the clock was ticking away. My understanding is that in

such a situation the clock should be stopped so that the member speaking is not penalised for the time lost while you correctly adjudicate on the matter.

The PRESIDENT: And the clock is continuing to tick while you are talking. There is no point of order regarding the time.

Debate Resumed

Hon TOM HELM: I did not refer to that motion. That was another attempt by the conservative Opposition to stop me from saying what needs to be said. We are talking about a company whose work force has become fully multi-skilled; it is a work force which has no barriers to cross-skilling and no barriers to transferability, and a company whose work force still has no opportunity to pursue career paths. Not only were the workers not given an opportunity to pursue career paths or to receive the benefits that other employees enjoy in this State because they form a compliant work force, but also they were told that they would be stood down for 24 hours while the company considered the position. They cannot talk to shop stewards or bring in union representatives to represent them if they have a problem with their boss. Still they are being told that they are stood down for 24 hours to consider their position.

What will be the next step for the Opposition? Will it be to bring back the cane or to stand people in the corner? Will it treat the work force like decent human beings or will it be in the same manner as Kennett treats the work force. It is a disgrace. Robe River Iron Associates should be condemned in this place for the activities it undertakes, and the workers should be praised for standing up to the bully boy tactics that Robe River has used.

Hon N.F. Moore: You should remember what happened before with Robe River!

The PRESIDENT: Order!

Hon TOM HELM: The employees should be praised for exercising their democratic right to withdraw their labour to show how they feel about the employer. It is an example of the activities that all employers would use if we had a Kennett-like Government such as currently in place in Victoria.

Adjournment Debate - Airline Travel Interstate, Customs Requirements

HON DOUG WENN (South West) [1.23 am]: I wish to point to a situation about which the House and the people of Western Australia should be aware. Recently, airline travel interstate in Australia was deregulated. Qantas is now allowed to carry domestic passengers between Western Australia and the Eastern States. A situation was brought to my attention last week by a neighbour in Bunbury who unfortunately needed to travel to the Eastern States urgently. After contacting his travel agent he and his wife were placed on a Qantas flight to the Eastern States. When they came to me they were very distraught. When one flies interstate with Qantas one enters a state of limbo because people are required to go through customs when travelling between, say, Perth and Melbourne. The problem faced by my neighbour was that neither he nor his wife has travelled out of the country; therefore neither had a passport, nor did they have photographs on their driver's licences. I thank the Minister for Transport and her staff for the support given to me and these people. We were able to negotiate the production of personal photographs for identification. In Canada, people travelling interstate are given a coloured ticket to indicate which way to go through customs as a domestic traveller. People continuing on an international flight go through customs through a separate area. My neighbours were so distraught about their situation that they felt like aliens in their own country. This House and the people of this State should be aware that this can occur. Members may face the same situation with their constituents. People travelling interstate on Qantas flights are treated in the same way as international travellers and they must go through the customs system. Deregulation is in its early stages, and it is a case of Qantas seeking passengers and putting backsides on seats. People should be aware of this situation. Travel agencies should be aware also and advise their customers regarding customs requirements.

I raise this matter because this is my last opportunity to do so this session. I am paired tomorrow, and I have an appointment Thursday night that would not allow me to raise the matter then. It is a situation that many people in Australia will face. People cannot travel on a Qantas domestic flight unless they possess a passport or a photograph on a driver's licence. Many people do not have driver's licences with photographs attached; therefore they must

produce a family photograph. I spoke to my neighbour the other day and he said that he used a photograph of him nursing two dogs. Only his face appeared between the faces of two beautiful dogs. However, customs accepted the photograph.

Hon T.G. Butler: Could you tell who was who?

Hon DOUG WENN: If the member knew my neighbour, he would realise that it was difficult to tell. Perhaps we should not tell my neighbour that. I will send him a copy of this speech because I put that same point to him. Members should be aware of the situation; it is not the first instance, and it will not be the last.

Adjournment Debate - Daniels, Spike, Condolences to Family

HON BOB THOMAS (South West) [1.28 am]: Before the House adjourns I wish to extend my commiserations to the family of Spike Daniels, who passed away last night. Most members will remember Spike as the person involved with the Royal Commission into prostitution in 1976. However, I will always remember Spike as a genuine and highly principled person who was always trying to help people less fortunate than himself. The great love of his life was beekeeping and the conservation aspects that went with it. To me the State of Western Australia is a better place as a result of Spike's involvement in environmental and conservation matters. Because of his great love for the environment he became interested in the problem of dieback. Through his membership of Rotary International he managed to introduce a State service project which is now operating in the south west and great southern educating people about the lack of a remedy for dieback and the need to contain the disease. Many of our human activities contribute to the spread of dieback without our knowing it. I extend my commiserations to the Daniels family. He was a great man and he will be sadly missed.

Question put and passed.

House adjourned at 1.30 am (Wednesday)

QUESTIONS ON NOTICE

TREASURY - ESTIMATES OF REVENUE AND EXPENDITURE
Business Undertakings - Profits, Surpluses and Other, Estimate $68.2 million Details

623. Hon MAX EVANS to the Leader of the House representing the Treasurer:

With respect to the Estimates of Revenue and Expenditure at page 17 and under the heading of "Treasury", will the Treasurer provide all relevant details of the estimate of $68.2 million under "Business Undertakings - Profits, Surpluses and Other . . ."?

Hon J.M. BERINSON replied:

The Treasurer has provided the following reply -

Details of the 1992-93 estimate for Treasury Revenue: Business Undertakings - Profits, Surpluses and Other are as follows -

	1992-93 Estimate $m	
Western Australian Development Corporation		
- Proceeds from winding up	47.0	
State Government Insurance Commission		
- Refund of estimated surplus premiums held in Government Employees Indemnity Fund	20.0	
		67.0
GoldCorp		
- Contribution in lieu of income tax	0.3	
WA Exim Corporation		
- Proceeds from winding up	0.4	
		0.7
Bunbury Port Authority - dividend	0.3	
Port Hedland Port Authority - dividend	0.2	
		0.5
Total		68.2

REDUNDANCY PACKAGES - GOVERNMENT DEPARTMENTS
Minister for Housing Portfolios

734. Hon MAX EVANS to the Leader of the House representing the Minister for Housing:

With respect to the various departments under the control of the Minister's portfolios -

(1) How many staff were made redundant under the voluntary severance scheme in 1991-92?

(2) How much was the department's total payout for -

(a) redundancy pay;

(b) leave payments; and

(c) superannuation?

(3) How many of these vacancies had been filled by 30 June 1992?

(4) How many of these vacancies have been filled since 1 July 1992 to date?

(5) How many of these vacancies is it expected will be filled within the next 12 months?

(6) How many staff, paid under the voluntary severance scheme, are now employed or paid as consultants directly or indirectly as an employee of a professional or business firm?

Hon J.M. BERINSON replied:

The Minister for Housing has provided the following reply -

See Premier's response to question 732.

REDUNDANCY PACKAGES - GOVERNMENT DEPARTMENTS
Minister for the Environment Portfolios

735. Hon MAX EVANS to the Minister for Education representing the Minister for the Environment:

With respect to the various departments under the control of the Minister's portfolios -

(1) How many staff were made redundant under the voluntary severance scheme in 1991-92?

(2) How much was the department's total payout for -

(a) redundancy pay;

(b) leave payments; and

(c) superannuation?

(3) How many of these vacancies had been filled by 30 June 1992?

(4) How many of these vacancies have been filled since 1 July 1992 to date?

(5) How many of these vacancies is it expected will be filled within the next 12 months?

(6) How many staff, paid under the voluntary severance scheme, are now employed or paid as consultants directly or indirectly as an employee of a professional or business firm?

Hon KAY HALLAHAN replied:

The Minister for the Environment has provided the following reply -

See Premier's response to question 732.

ENVIRONMENTAL PROTECTION AUTHORITY - FOREST MANAGEMENT STRATEGY CONSIDERATION HOLDING UP TIMBER INDUSTRY STATEMENT

796. Hon BARRY HOUSE to the Minister for Education representing the Minister for the Environment:

(1) Is the announcement of a timber industry statement to clarify the long term availability of forest logs for sawmillers in WA being held up by the Environmental Protection Authority's consideration of the forest management strategy?

(2) When will the EPA complete its consideration of the forest management strategy?

(3) When can we expect the forest management strategy to be approved?

(4) Is the Minister aware that the delay in approval of the forest management strategy is affecting many sawmillers because of the uncertainty surrounding their access to sawmill logs in the future?

(5) Is the Minister aware that many sawmillers will be forced to shed labour in the near future if the position is not clarified?

(6) What does a sawmill, such as Whitelands in Busselton, have to do to obtain an increased quota of sawlogs to meet the demand it has for the finished timber?

(7) If a sawmill is prepared to maximise its recovery rate and value-add by installing kilns and using other technological advances, will its quota of sawlogs be increased?

Hon KAY HALLAHAN replied:

The Minister for the Environment has provided the following response -

(1) Yes. The Executive Director of the Department of Conservation and Land Management is required by the Environmental Protection Authority Act not to pre-empt the EPA process once a proposal is being formally assessed.

(2)-(3)

The EPA has completed its report on the forest strategy which was published on Friday 10 October. The mandatory appeal period which followed the release of the report closed on 24 October and I am now required to determine appeals and set any conditions. I have appointed Mr Thomas Barnett to provide independent advice, following consultation with appellants and other interested parties.

(4) The approval of the strategy has not been delayed. I am not aware of any sawmillers who have been adversely affected; log supply contracts have been extended where necessary.

(5) I am aware that there are concerns, but I am not aware of any specific instance where log supply contracts are not being met. As indicated in (2), I undertake to move as quickly as possible to complete the EPA process.

(6)-(7)

The timber industry statement will detail how the available log resource in excess of that committed to contracts will be allocated to sawmills such as Whitelands. Finalisation of this document is dependent on the completion and results of the EPA assessment process.

MOTOR VEHICLES - REGISTRATIONS SUSPENSION LEGISLATION
Companies in Default of Pecuniary Penalty Payments

809. Hon GEORGE CASH to the Minister for Police:

Does the Government intend to introduce legislation which would have the effect of suspending the registration of motor vehicles registered in the name of a company where the company is in default of payment of a pecuniary sum imposed on the company in relation to an offence arising out of the use of a motor vehicle of which it is the registered owner?

Hon GRAHAM EDWARDS replied:

I refer the member to the ministerial statement made by the Leader of the Government in this House on 23 September 1992 concerning the imprisonment rate where he stated that -

> . . . between 1988 and 1991 an annual average of 12 000 persons were charged with drink driving offences under one or other of the blood alcohol level categories and subsequently fined under the Road Traffic Act. The annual average of receivals into prison for alcohol related offences under the Road Traffic Act for the same period was 890 persons of whom more than half were fine defaulters. The number of fine defaulters on work and development orders was very much higher.
>
> Drawing on the experience of other States, it is intended to examine the feasibility of a system whereby unpaid driving related fines - not restricted to fines for drink driving, but not including parking offences - would result in the automatic suspension of the offender's drivers licence until the fine has been paid, or until reasonable arrangements have been made for the fine to be paid. Work and development orders would continue to be available to meet the cases of genuine inability to pay. Work is now under way to identify the

legislative and administrative arrangements which would be required if such a scheme proceeded. (*Hansard* Wednesday 23 September 1992.)

PROJECTS - ENVIRONMENTAL PROTECTION AUTHORITY ASSESSMENTS
Additional Ministerial Conditions

811. Hon GEORGE CASH to the Leader of the House representing the Premier:

(1) Is it correct that the Premier or an officer of her department attaches ministerial conditions on projects after assessment by the Environmental Protection Authority?

(2) If yes, for which projects did the Premier's Department add ministerial conditions?

(3) Under the Environmental Protection Act (1986), which Ministers, other than the Minister for the Environment, are permitted to add ministerial conditions to a project after assessment by the EPA?

Hon J.M. BERINSON replied:

The Premier has provided the following reply -

(1)-(3)

Under section 45 of the Environmental Protection Act, the Minister for the Environment sets environmental conditions in consensus with other decision making Ministers. Where agreement cannot be reached the Act provides for the Governor to determine.

RAILWAY HOTEL, BARRACK STREET, PERTH - RESTORATION PROPOSALS

826. Hon P.G. PENDAL to the Minister for Education representing the Minister for Heritage:

(1) What are the restoration proposals for the Railway Hotel, in Barrack Street, Perth?

(2) What is the current status regarding the work/situation?

(3) Is it envisaged that any Government agencies will be involved in the building's restoration?

Hon KAY HALLAHAN replied:

The Minister for Heritage has provided the following reply -

(1) Restoration of the facade and balconies of the Railway Hotel, Barrack Street, Perth is subject to the outcome of court action scheduled for 22 to 26 February 1993. The Heritage Council of Western Australia has resolved -

> That our solicitors be instructed that the Heritage Council was of the view that the facade and balconies should be reconstructed as per the original and the documentation and supervision of the project should be by an Architect approved by the Heritage Council. Furthermore, that any costs borne by the Heritage Council in administering the reconstruction should be recoupable from the offenders and that a finite time limit should be set for completion of the work.

(2) Legal action is currently proceeding. There is an injunction in force, restraining work on the site until 15 October 1993.

(3) The Heritage Council of Western Australia will be involved in the building's reconstruction, in its role as the Government agency responsible for administering the Heritage of Western Australia Act 1990. No other Government agencies are currently involved with its restoration. The Crown Solicitor's office and the Department of Public Prosecutions are involved in the current legal proceedings.

TOWING INDUSTRY - ACCIDENT ALLOCATION CENTRE PROPOSAL

869. Hon GEORGE CASH to the Minister for Police:

(1) Have representatives of the Professional Towers Club briefed either the Minister or his staff on the concept of creating an accident allocation centre to be run in conjunction with the Towing Council and to be funded by rostered panel shops?

(2) Does the Government support such a concept?

(3) What is the current status of the proposal?

(4) Has the Advisory Towing Council, set up by the Minister to consider the towing industry, considered the proposal, and if so, what was the response of the advisory committee?

Hon GRAHAM EDWARDS replied:

(1) Yes.

(2) The Government will consider all recommendations when the final report is received from the Advisory Towing Council.

(3) This concept was considered by the members and it was agreed that this matter should be discussed again approximately 12 months after proclamation of the new Act and regulations.

(4) The reason for the decision by council was to allow for the study of the effectiveness of the new Act which would allow the council to properly address the matter of accident allocation centre.

EMERGENCY SERVICES - KULIN COMBINED EMERGENCY CENTRE PROPOSAL

877. Hon GEORGE CASH to the Minister for Emergency Services:

(1) What is the current status of the proposal to establish a combined emergency centre to house, ambulance, Fire Brigade and State Emergency Service at Kulin?

(2) Is the Minister aware that the Shire of Kulin has already outlaid in excess of $30 000 representing the purchase of land, site preparation, building plans and preliminary costings for this important facility?

(3) What action can the Government take to expedite this matter?

Hon GRAHAM EDWARDS replied:

(1) I advised the Kulin Shire on 10 February 1992 that I support the principle of shared facilities for emergency services groups. I understand that to date Kulin Shire has been unable to gain support for this project from the organisations concerned.

(2) Yes.

(3) The responsibility for the successful progress of this proposal rests with the Kulin Shire. The main task for the shire at this time is to gain support from the relevant groups. It is important for the shire to gain agreement, particularly at the local level, to ensure the success of the project.

FIRE BRIGADE - FIRE TRUCKS WITH RESCUE EQUIPMENT
Traffic Accidents Responsibility

878. Hon GEORGE CASH to the Minister for Emergency Services:

(1) Are all metropolitan fire trucks equipped with rescue equipment?

(2) In the case of traffic accidents is the Fire Brigade considered to be the rescue unit?

(3) Is it the practice of the police or ambulance officers to summon the Fire Brigade in the case of a traffic accident which requires a rescue unit?

Hon GRAHAM EDWARDS replied:

(1) Every permanently staffed metropolitan fire station has at least one fire appliance fitted with rescue equipment designed for extrication of persons trapped in vehicles as the result of traffic accidents. In addition, located at Osborne Park is a heavy rescue salvage tender, a specialised vehicle for rescue purposes.

(2) The brigade, by the authority of a Cabinet Minute of 11 May 1987, has the responsibility to provide a rescue function both within the metropolitan area and the majority of the country towns. Where the Western Australian Fire Brigade does not have a brigade and/or provide the rescue function, then the responsibility is given to the State Emergency Service.

(3) Yes.

POLICE DEPARTMENT - RECRUITING BRANCH
Applications - Over 25 Year Olds; Former Members of Interstate or Overseas Police

879. Hon GEORGE CASH to the Minister for Police:

(1) How many applications have been received from applicants over the age of 25 years for entry to the Western Australian Police Force this year?

(2) How many have been accepted?

(3) How many applications have been received from applicants with previous Police Force experience, either interstate or overseas this year?

(4) How many have been accepted?

Hon GRAHAM EDWARDS replied:

(1) 315.

(2) 171 accepted into recruiting system.
144 rejected or currently being evaluated.

(3) 36.

(4) Five engaged; 30 accepted into recruiting system or currently undergoing evaluation.

POLICE DEPARTMENT - RECRUITING BRANCH
Applications - Former Members of Interstate or Overseas Police, Less Training Requirement

880. Hon GEORGE CASH to the Minister for Police:

(1) Is it correct that a person who was a member of an interstate or overseas Police Force requires less training than a person who has never been a law officer?

(2) If yes, is consideration given to taking a percentage of these applicants?

Hon GRAHAM EDWARDS replied:

(1) Current policy is that former officers from interstate and overseas Police Forces are required to undertake the complete recruit training course.

(2) Not applicable.

RADAR SPEED GUNS - STATIONARY AND MOBILE MODES
Accurate Readings; Driver's Right to View Reading

896. Hon GEORGE CASH to the Minister for Police:

(1) Will the Minister advise if radar guns are only utilised in a stationary position, as with the Multanova camera?

(2) Is it normal procedure for radar guns to be utilised in a moving police vehicle "clocking" vehicles travelling in the opposite direction?

(3) Would this method produce an accurate reading?

(4) When a person is booked for speeding which was clocked on a radar gun, does the person who was booked have the right to view the gun's reading?

(5) If not, why not?

Hon GRAHAM EDWARDS replied:

(1) No. Stationary hand held radars are used in the stationary mode only. Mobile radar units can be used both in the stationary and mobile modes.

(2) Yes - only pertaining to those units that are designed for use in the mobile mode.

(3) Yes.

(4) There is no right by law; however, if practicable, the apprehended person may view the reading.

(5) Not applicable.

POLICE OFFICERS - SOUTH WEST, MANPOWER

907. Hon BARRY HOUSE to the Minister for Police:

What are the total number of police officers in the south west in the following towns and offices -

(a) Bunbury Regional Office;
(b) Bunbury Traffic Office;
(c) Bunbury CIB;
(d) Bunbury;
(e) Augusta;
(f) Boyup Brook;
(g) Bridgetown;
(h) Brunswick;
(i) Busselton;
(j) Collie;
(k) Donnybrook;
(l) Dunsborough;
(m) Harvey;
(n) Manjimup;
(o) Margaret River;
(p) Nannup;
(q) Pemberton;
(r) Waroona;
(s) Yarloop;
(t) Liquor and Gaming;
(u) Police Aides; and
(v) Forensic?

Hon GRAHAM EDWARDS replied:

(a)	Bunbury Regional Office	4
(b)	Bunbury Traffic Office	14
(c)	Bunbury CIB	7
(d)	Bunbury	49
(e)	Augusta	2
(f)	Boyup Brook	3
(g)	Bridgetown	4
(h)	Brunswick	2
(i)	Busselton	14
(j)	Collie	13
(k)	Donnybrook	3
(l)	Dunsborough	2
(m)	Harvey	7
(n)	Manjimup	11
(o)	Margaret River	6

(p)	Nannup	1
(q)	Pemberton	2
(r)	Waroona	3
(s)	Yarloop	2
(t)	Liquor and Gaming	2
(u)	Police Aides	2
(v)	Forensic	1

In summary, police officers stationed in the Bunbury region are as follows -

General Operations Portfolio -	
Police officers	105
Police aides	2
Traffic Operations Portfolio	35
Crime Operations Portfolio	11
Operations Support Portfolio	1
Total	154

POLICE - BREAK AND ENTER OFFENCES, FALCON AREA INCREASE
Mandurah Police Station, Manpower Increase

926. Hon GEORGE CASH to the Minister for Police:

(1) Has there been an increase in the number of break and enter crimes in the Falcon area in the past two weeks?

(2) Will the Minister consider increasing the number of police officers stationed at the Mandurah Police Station in order to provide an increased police presence in the area?

Hon GRAHAM EDWARDS replied:

(1) Yes.

(2) No. The placement of police officers is determined on a Statewide basis on priorities established by the Commissioner of Police who advises that the policing presence at Mandurah is considered adequate at the present time. Two persons are believed to have been responsible for the increase in the number of break and enter crimes in the Falcon area in the period specified. Those persons have been apprehended and charged with a total of 61 offences and police inquiries are continuing.

POLICE - KALGOORLIE STATION
Officers Rostered for Night Patrol

938. Hon GEORGE CASH to the Minister for Police:

How many police officers are regularly rostered for the night patrol from Kalgoorlie Police Station?

Hon GRAHAM EDWARDS replied:

Four of the eight officers rostered for night shift perform 2 x 2 man mobile patrols.

AUSTRALIA DAY COUNCIL - ABORIGINAL FLAG REQUEST REFUSAL

959. Hon P.G. PENDAL to the Attorney General representing the Premier:

(1) Is the Premier aware that the Australia Day Council have refused a request from the organisers of the Aboriginal Arts Festival, scheduled for February 4 to 7 1993, to fly the Aboriginal flag from the flagpole near the Narrows Bridge during the festival?

(2) What are the reasons for the Australia Day Council's refusal?

(3) Given the festival organisers view the Aboriginal flag as a significant contribution to the event, and that 1993 is the "Year of Indigenous People", will the Premier intervene to have their request granted?

Hon J.M. BERINSON replied:

The Premier has provided the following reply -

(1) No.

(2) Not known.

(3) The Australia Day Council (WA) is an autonomous body which is not subject to direction by the State Government. With regard to the flying of flags, however, I understand that it is accepted practice that second flags should not take the place of the national flag where there is only one flag pole available.

POLICE - BUNBURY REGION

600 Hours Overtime Allocation; Additional Funding Source to Maintain Minimum Police Presence

963. Hon BARRY HOUSE to the Minister for Police:

(1) Is it correct that police in the Bunbury region were allocated 600 hours overtime in the last Budget?

(2) Is it correct that the number of recalls since July has doubled this figure?

(3) Can the Minister explain where the additional funding will come from to maintain the minimum police presence?

Hon GRAHAM EDWARDS replied:

(1) 1992-93 budget overtime allocation for Bunbury police region was 4 250 hours.

(2) No.

(3) It is not appropriate to consider questions of finance on isolated issues. A whole of department approach must be adopted. In the case in question, the Commissioner of Police will initially attempt to absorb the additional overtime costs from the 1992-93 CRF appropriation for police. If this course of action proves untenable later in the year, then the commissioner will submit a requisition for supplementary funds for consideration by the Treasurer.

POLICE - REGIONALISATION STRATEGY

South West Region to Bunbury, Collie, Busselton

964. Hon BARRY HOUSE to the Minister for Police:

(1) Is the regionalisation of all traffic police in the south west region to Bunbury, Collie and Busselton to proceed or has there been a re-think on this policy?

(2) Will more traffic police be located in Harvey?

(3) When will the regionalisation strategy be officially announced and implemented?

(4) Have traffic police been issued with a directive to cut down on car costs?

(5) If so, how will this affect traffic patrols?

(6) Is it correct that Bunbury police are sending one officer only to accompany juvenile prisoner escorts from Perth for remand appearances in court?

(7) Does this meet the minimum safety requirement?

(8) If not, what will the Minister do to provide more resources to resolve the problem?

Hon GRAHAM EDWARDS replied:

(1) Regionalisation in the south west region to Bunbury, Collie and Busselton will proceed.

(2) Yes.

(3) Regionalisation strategy has been officially announced and full implementation will be within three to four years.

(4) No.

(5) Not applicable.

(6) Yes, in appropriate circumstances.

(7) Yes.

(8) Not applicable.

SCHOOL BUSES - INSPECTIONS
Responsibility Transferred to Police Department

967. Hon GEORGE CASH to the Minister for Police:

I refer to an article in *The West Australian* on Monday, November 2 1992 concerning safety checks for buses and ask -

(1) Can the Minister advise whether the responsibility for the inspection of school buses contracted to the Ministry of Education is to be transferred to the Police?

(2) If so, will contract school buses continue to be inspected on a random, biannual basis as is now achieved by the ministry's mobile inspection team and if not what changes are proposed?

(3) Does the Police Department intend to grant the Ministry of Education's mobile inspection team the same status as an authorised inspection station?

Hon GRAHAM EDWARDS replied:

(1) The implementation of the initiatives referred to in the above article will not affect the present inspection arrangements for vehicles contracted to the Ministry of Education.

(2) Not applicable.

(3) Yes.

ESPERANCE PLAN 25404 - NERIDUP LOCATIONS 124, 139, 150, 157
Aboriginal Funding Payment

1003. Hon MURIEL PATTERSON to the Minister for Education representing the Minister for Aboriginal Affairs:

With respect to Esperance plan 25404 and more particularly Neridup locations 124, 139, 150 and 157 -

(1) Is Aboriginal funding being paid to this property?

(2) If so, who receives the funds?

(3) How much is the lessee paying per annum?

(4) Who receives the payment?

Hon KAY HALLAHAN replied:

The Minister for Aboriginal Affairs has provided the following response -

(1) No Aboriginal Affairs Planning Authority funds are provided to the properties.

(2), (4) Not applicable.

(3) A peppercorn rental is paid by the lessees.

SCHOOLS - BROOME DISTRICT HIGH
Years 11 and 12 Enrolments 1993

1021. Hon P.H. LOCKYER to the Minister for Education:

(1) Is the Government aware that there will be approximately 100 students in years 11 and 12 at the Broome District High School for the 1993 school year?

(2) If so, what steps are being taken to upgrade the school to Senior High School status?

Hon KAY HALLAHAN replied:

(1) Yes.

(2) The classification of all schools is reviewed regularly. The reclassification of Broome High School to a senior high school will be considered for 1994.

EDUCATION, MINISTRY OF - ADULT LITERACY
South West Region Budget Allocation

1027. Hon MURIEL PATTERSON to the Minister for Education:

(1) What is the Budget allocation for adult literacy in the South West region?

(2) What proportion of this allocation is for the Mt Barker adult literacy project?

(3) What is the name of the person who is the official supervisory contact for adult literacy in Western Australia?

(4) From what offices does this person work?

(5) Is there any insurance cover for adult literacy teachers?

(6) Are grants for adult literacy advertised in country papers?

(7) What is the maximum amount of grants of this type?

Hon KAY HALLAHAN replied:

(1) South West region $100 178
Great Southern region $77 507

(2) $1 500, as requested.

(3) Ms Linda McLain.

(4) DEVET Adult Literacy Services Bureau, 445 Murray Street, Perth WA 6000.

(5)-(6) Yes.

(7) $4 500.

SUPERANNUATION - "ANALYTICAL INFORMATION IN SUPPORT OF TREASURER'S ANNUAL STATEMENTS"
Schedule 19, Employers' Unfunded Liabilities

1031. Hon MAX EVANS to the Leader of the House representing the Minister assisting the Treasurer:

With respect to the publication titled "Analytical Information in support of Treasurer's Annual Statements 1991-92" at page 21, will the Minister provide in schedule 19 on superannuation the split up in the employers' unfunded liabilities between the -

(a) Government Employees Superannuation Act; and

(b) Superannuation and Family Benefits Act,

for all public trading enterprises, General Government and the State Public Sector for 1991 and 1992?

Hon J.M. BERINSON replied:

The Minister assisting the Treasurer has provided the following reply -

The employers' unfunded liabilities for superannuation for non-financial State public sector agencies, in respect of the Government Employees Superannuation Act and the Superannuation and Family Benefits Act, to be met when payments are made to beneficiaries are -

	Public Trading Enterprises		General Government		State Public Sector	
	1992	1991	1992	1991	1992	1991
Government Employees Superannuation Act	$m 242	$m 234	$m 1 116	$m 885	$m 1 358	$m 1 119
Superannuation and Family Benefits Act	773	833	1 977	2 064	2 750	2 897
	1 015	1 067	3 093	2 949	4 108	4 016

These superannuation liabilities are valued on the basis of actuarial estimates of the present value of the future proportion of obligations, relating to employees' past service, not concurrently funded by employers. The liability for public trading enterprises under the Government Employees Superannuation Act represents the amounts accrued at the time of transfer, to employees who transferred from the Superannuation and Family Benefits Act scheme.

SUPERANNUATION - "ANALYTICAL INFORMATION IN SUPPORT OF TREASURER'S ANNUAL STATEMENTS"
Schedule 19, "Full Financial Liability"

1032. Hon MAX EVANS to the Leader of the House representing the Minister assisting the Treasurer:

With respect to the publication titled "Analytical Information in support of Treasurer's Annual Statements 1991-92" at page 21, can the Minister advise in schedule 19 superannuation the "full financial liability" for each authority for the Public Trading Enterprises and "actuarial estimates of the present value" that the total $1.105 billion and noting that the "full financial liability" for Westrail is $1.383 billion and Transperth is $411 million?

Hon J.M. BERINSON replied:

The Minister assisting the Treasurer has provided the following reply -

Superannuation liabilities are reported in "Analytical Information in Support of the Treasurer's Annual Statements" at the actuarial estimate of the present value of the future proportion of obligations, relating to employees' past service not concurrently funded by employers. As such they represent the present value of the payments to be made in the future. The valuations were obtained at an aggregate level for publication in the "Analytical information in support of the Treasurer's Annual Statements" rather than on an individual agency basis. Some agencies may have obtained valuations individually which would be reported in their individual annual reports.

The present value approach is recommended by exposure draft ED53 "Accounting for employee entitlements" issued by the Public Sector Accounting Standards Board and the Australian Accounting Standards Board and has been used on actuarial advice. The present value approach was also utilised in the "Analytical Information in Support of the Treasurer's Annual Statements" for 1989-90 and 1990-91.

It is presumed that the term "full financial liability" refers to the undiscounted valuation basis understood to be used by a limited number of agencies. Undiscounted superannuation liability values were not sought from the actuary for the "Analytical information" but would be available in the annual reports of the limited number of agencies which have utilised that basis of valuation.

SUPERANNUATION - "ANALYTICAL INFORMATION IN SUPPORT OF TREASURER'S ANNUAL STATEMENTS"
Schedule 19, "Full Financial Liability"

1033. Hon MAX EVANS to the Leader of the House representing the Minister assisting the Treasurer:

With respect to the publication titled "Analytical Information in Support of Treasurer's Annual Statements 1991-92" at page 21, can the Minister advise schedule 19 superannuation the "full financial liability" for "General Government" and the split between the -

(a) Government Employees Superannuation Act for 1991 and 1992; and

(b) Superannuation and Family Benefits Act for 1991 and 1992?

Hon J.M. BERINSON replied:

The Minister assisting the Treasurer has provided the following reply -

As explained in the response to question 1032, valuations of the "full financial liability" are not available for general Government.

QUESTIONS WITHOUT NOTICE

SMITH, SERGEANT DESMOND - DETHRIDGE, JOSEPH
Tabling Copies of All Media Statements

688. Hon GEORGE CASH to the Minister for Police:

I refer to question without notice 682 asked on Thursday, 26 November 1992 in which I asked the Minister if he would table "a copy of all media statements and media comment that he has made relating to Sergeant Des Smith and Joseph Dethridge and related matters prior to his confirmation of a section 8 dismissal of Sergeant Des Smith". Has the Minister tabled the documents? If not, when does he intend tabling them?

Hon GRAHAM EDWARDS replied:

I have already made a number of documents available to the media, as I indicated to the Leader of the Opposition last week. However, the Leader of the Opposition has asked for all comments to be tabled and so all comments that I have made along with another statement which the Leader of the Opposition will probably not want tabled will be tabled.

Hon George Cash: When?

Hon GRAHAM EDWARDS: It will be happening this week. Mr Cash should not panic or worry. I am only too keen for that to happen.

POLICE - OFFICERS AT LOCKUPS REPLACED BY PRISON OFFICERS

689. Hon GEORGE CASH to the Minister for Corrective Services:

I refer the Minister to question without notice 687 asked on Thursday, 26 November 1992 in which I asked the Minister whether "police officers at lockups will be replaced by prison officers". In his response, the Minister said in part -

> There is no such proposal current from the Government's point of view.

In view of the fact that the Premier had earlier that day announced such a proposal, was the Minister's answer given in sheer ignorance or was he attempting to mislead the Parliament?

Hon J.M. BERINSON replied:

I am sorry because, at what must have been a crucial part of Mr Cash's question, my attention was drawn to a comment by Minister Edwards and I must have missed it. There is certainly no question of either ignorance or

misleading conduct on my part. Will Mr Cash please repeat the part of his question which gives rise to that sort of conclusion? Maybe then I will be in a better position to respond.

Hon George Cash: The question I asked on Thursday was whether it was correct "that police officers at lockups will be replaced by prison officers". The Minister said, "There is no such proposal current from the Government's point of view." As the Premier had earlier that day announced the proposal, my question was: Was your answer based on sheer ignorance or was it an attempt to mislead the Parliament?

Hon J.M. BERINSON: I suspect that Mr Cash may be in the business of misleading. I am not aware of the statement referred to. If Mr Cash will refer the Premier's statement to me, I will be happy to elaborate further. To which statement by the Premier is he referring?

Hon George Cash: It was broadcast on most of the television channels on Thursday night.

Hon Graham Edwards: A statement by the Premier?

Hon George Cash: Attributed to the Premier.

Hon J.M. BERINSON: I think there was a statement by reporters, not by the Premier.

Hon George Cash: You can duck and dive as much as you like.

The PRESIDENT: Order!

Hon J.M. BERINSON: Hang on! I am not ducking and diving; I am asking the Leader of the Opposition for the source of his question and he is not providing it.

Hon George Cash: You are ducking and diving.

The PRESIDENT: Order!

Hon J.M. BERINSON: I am not ducking and diving.

The PRESIDENT: Order! Some people will need to do some ducking and diving in a minute because they will be ducking and diving out the door.

WOOD, MIKE - PUBLIC SECTOR STANDARDS COMMISSION, INTERIM COMMISSIONER

Public Service Commission Changes

690. Hon GEORGE CASH to the Leader of the House representing the Premier:

Some notice of the question has been given to the Leader of the House.

(1) Is it intended that Mike Wood be the interim commissioner for the Public Sector Standards Commission?

(2) Has the Premier met with the Civil Service Association regarding the proposed changes from the Public Service Commission to the Public Sector Standards Commission?

(3) Has the Premier advised the Civil Service Association that no action will be taken until full consultation has taken place with the CSA and that such consultation will include a written submission from the CSA which will not be acted upon before it has been fully considered?

(4) To which central agencies will the various functions of the existing Public Service Commission be transferred?

(5) When and how will the existing structure of the Public Service Commission change?

(6) When will Dr Wood commence in his new capacity?.

Hon J.M. BERINSON replied:

The Premier has provided the following reply -

The information sought is not readily available. I ask the member to place the question on notice.

TRADING HOURS - SOUTH PERTH DELICATESSEN AND SERVICE STATION
Sunday Trading Restrictions

691. Hon P.G. PENDAL to the Parliamentary Secretary representing the Minister for Consumer Affairs:

I have given some notice of the question to the Parliamentary Secretary.

(1) Will the Minister intervene in what might be described as "regulatory madness" which has forced an end to Sunday trading in a delicatessen in South Perth on a site which has enjoyed Sunday trading for 70 years?

(2) Will she investigate why, when the shop has traded legally, the lessee who now holds both the service station and shop lease is impeded from doing so on a Sunday?

(3) Given the Government's decision to deregulate the service station industry, will she act now to remove unnecessary restrictions from the South Perth shop occupied by Mr Sheridan?

Hon JOHN HALDEN replied:

I thank Hon Phillip Pendal for some notice of this question. The Minister has provided the following reply -

(1) The proprietor of this site approached me on this subject in April of this year and was advised that, under provisions of the Retail Trading Hours Act, it was not possible for him to trade outside filling station hours.

(2) I have been advised that until recently two physically separate and independently owned businesses were operated from this site. The whole operation is classified as a filling station and is therefore subject to the trading hours prescribed for this category. Sunday trading from this site is therefore in accordance with roster allocation only. Section 10(5) of the Retail Trading Hours Act states -

> A retail shop shall be regarded as a filling station if the whole or part of the business of the retail shop constitutes the sale of fuel and for the purposes of this Part any pump or contrivance in a filling station for supplying fuel is deemed to be included in the filling station.

Recent structural modifications have seen the removal of the wall separating the delicatessen and the filling station, thus making one shop.

(3) This redeveloped site is not unique in the context of modern filling station design or trading circumstances. The additional trading hours sought by Mr Sheridan would if approved constitute selective deregulation for the convenience shop component of the business.

PAY TELEVISION - PROTECTION OF CHILDREN FROM ADULT RATED PROGRAMS

692. Hon B.L. JONES to the Minister for Services:

What action does the Minister propose to take to protect children in households that will subscribe to pay TV from adult rated television in the late afternoon or early evening?

Hon TOM STEPHENS replied:

One of my portfolio areas allows me to take up with the Federal Government issues related to communications into Western Australia. The question of pay television presents significant problems to Western Australia quite clearly

because of the time lag between the west coast and the east coast from where much of this material will emanate. In that context a mechanism is clearly needed for delaying the broadcasting of material into this State so that adults only material which is screened for Eastern States viewers at 8.30 pm does not appear on the screens of Western Australian viewers at 5.30 pm when young children might reasonably be expected to be watching television. There is an opportunity for a fairly simple mechanism to be utilised by the owners of these licences who will operate pay television in the future to delay the broadcasting of such material in Western Australia. It is, therefore, essential that I pursue the process initiated by my predecessor Mr Jim McGinty, the former Minister for Services, who raised this matter with the Federal Government. I intend to speak to the Federal Minister for Communications, Senator Bob Collins, to express my strong views on this matter and to make sure that he is under no illusion as to the strength of opinion among the ordinary men and women of Western Australia who would argue for a delay in the broadcasting of this material in Western Australia until such time as children could reliably be anticipated to be away from their television sets - no earlier than 8.00 pm or 8.30 pm.

Hon P.H. Lockyer: Could the parents have some responsibility?

Hon TOM STEPHENS: I accept that they do, but I am sure Hon Phil Lockyer will join with me in saying that it is inappropriate for adult television programs to be broadcast at 5.30 in the afternoon, which will be the case unless an arrangement is made to delay the broadcast of such material in line with the suggestion I have made.

If we are successful - and I hope we shall be - the same question will arise with the Special Broadcasting Service television programs in regional Western Australia to make sure that a time delay mechanism operates so that the programs shown are appropriate for the viewers' needs.

QUARANUP CAMP - WATER SUPPLY NEGOTIATIONS WITH SHIRE OF ALBANY

693. Hon MURRAY MONTGOMERY to the Minister for Sport and Recreation:

(1) What negotiations have taken place with the Shire of Albany to ensure that the new management of the Quaranup camp has access to a water supply outside the leased area on shire land?

(2) Have any negotiations been conducted with the Shire of Albany to determine the rateable value of the Quaranup camp?

(3) If that information is not available now, can it be supplied to the Parliament?

Hon GRAHAM EDWARDS replied:

(1)-(3)

I do not have the information with me and, rather than endeavouring to deal with it as a question without notice, I suggest the member give me a copy and I will try to provide him with the information before the end of the parliamentary session.

POLICE - WHITE MAGNA CAR, DECOY FOR CARS TO INCREASE SPEED LEADING TO MULTANOVA

694. Hon MAX EVANS to the Minister for Police:

Does the Minister have any knowledge of the police using a white Magna car, after changing the number plates to either "corporate" or "corporation", as a decoy car to lure other cars to increase their speed leading to a Multanova or radar speed trap?

Hon GRAHAM EDWARDS replied:

Of course, I have no knowledge of such activity and if I were aware of it, I would have it stopped. I would certainly draw it to the attention of the

Commissioner of Police. I am sceptical about such an occurrence taking place.

Hon Max Evans: Will you take that question on notice?

The PRESIDENT: Order! The member has asked the question which has been answered. He cannot ask the same question twice.

Hon GRAHAM EDWARDS: I am happy to expand on my answer.

The PRESIDENT: There is no point in it.

MULTANOVA - STATISTICS

695. Hon FRED McKENZIE to the Minister for Police:

(1) How many Multanovas are currently being utilised?

(2) How many will be in operation prior to 30 June 1993?

(3) In addition to those currently in use, how many additional units are on order for purchase prior to 30 June 1993?

Hon GRAHAM EDWARDS replied:

(1)-(2)
Five.

(3) Nil.

POLICE - 3 HOLLINGSWORTH AVENUE, KOONDOOLA VISIT

696. Hon GEORGE CASH to the Minister for Police:

(1) Did police officers call at 3 Hollingsworth Avenue, Koondoola at approximately 2.00 pm and again at 6.00 pm on Wednesday, 25 November 1992?

(2) How many police officers visited the premises, and what was the purpose of the visit?

(3) Did the police officers turn the electricity power supply on and off on a number of occasions and then leave the power off when they left the premises?

(4) Did the police officers also kick at the doors of the premises and, if so, for what reason?

Hon GRAHAM EDWARDS replied:

(1) Yes.

(2) Two officers attended on an operational matter.

(3)-(4)
No.

TAFE - EXTERNAL CORRESPONDENCE COURSES FOR PRIVATE AND COMMERCIAL PILOTS' LICENCES

697. Hon GEORGE CASH to the Minister for Education:

(1) Is it intended to terminate the Department of Technical and Further Education external correspondence course for private and commercial pilot licences?

(2) If so, for what reasons?

(3) How are persons residing in the country expected to participate in such courses without the opportunity to utilise TAFE external correspondence courses?

Hon KAY HALLAHAN replied:

(1) New enrolments in the TAFE external studies course which prepares students for private and commercial pilots' licences have been suspended since the middle of this year.

(2) This action was taken since the study programs no longer provide adequate preparation for the restructured examination requirement of the Civil Aviation Authority.

(3) Student enrolments are, however, still being accepted in two aeronautical subjects as the industry recognises these as providing a high level of skill for participants. At present country students who cannot arrange to attend courses offered through the Midland Regional College of TAFE or the Edith Cowan University should inquire at the flying school where they propose to undertake their practical training. Flying schools will usually recommend a commercial resource package and provide some assistance with theory studies for students who book flying time.

SCHOOLS - CHILD SEXUAL ASSAULT CASES
Teacher Training and Guidelines

698. Hon GEORGE CASH to the Minister for Education:

(1) What protocol or guidelines has the Ministry of Education laid down for teachers dealing with cases or reports of child sexual assault?

(2) What training do teachers receive in the handling of these cases?

(3) What training do teachers receive in recognising possible victims in their classrooms?

Hon KAY HALLAHAN replied:

(1)-(3)

I would be happier to take details of the question on notice. Certainly it is an area about which there has been a much greater consciousness in recent years. The education system is an important place in which cases of child abuse can be, and often are, detected. Given that preamble, if the member would like to put his question on notice, I am prepared to obtain a response for him.

SCHOOLS - YANCHEP DISTRICT HIGH
Sexual Harrassment Letter of Concern

699. Hon GEORGE CASH to the Minister for Education:

Did the Minister receive a letter dated 8 October 1992 from various concerned parents, whose names were on an attached list, indicating problems in respect of sexual harassment at Yanchep District High School?

Hon KAY HALLAHAN replied:

That question again would need to go on notice.

POLICE - WHITE MAGNA CAR, DECOY FOR CARS TO INCREASE SPEED LEADING TO MULTANOVA

700. Hon MAX EVANS to the Minister for Police:

Could the Minister make further inquiries about the question which I asked earlier this evening?

Hon GRAHAM EDWARDS replied:

I will be happy to do so. However, it would be helpful if the member could give me some information that might assist with those inquiries.

Hon Max Evans: I will do that.

CORRECTIVE SERVICES, DEPARTMENT OF - BUILDING SERVICES DIVISION
Report Status

701. Hon GEORGE CASH to the Minister for Corrective Services:

Will the Minister indicate the status of the report into the building services division of the Department of Corrective Services?

Hon J.M. BERINSON replied:

I cannot add to my last reply to a similar question, except to advise that I have not received the report but still expect to do so.

SCHOOLS - PINJARRA SENIOR HIGH
Funding Request in Addition to Federal Grant

702. Hon BARRY HOUSE to the Minister for Education:

(1) Is the Minister aware of a request from Pinjarra Senior High School for $100 000 in additional funding to supplement a recent Federal grant of $220 000 which will be used for a canteen area?

(2) Are any funds available for such a purpose?

(3) If yes, what priority would the school have for the allocation of such funds?

Hon KAY HALLAHAN replied:

(1)-(3)

At this stage of the financial year, my usual response to schools which come forward with requests for fairly significant capital works funding, as the member is indicating in his question, is that the matter will be fully assessed and taken into account in the drawing up of the 1993-94 Budget. It may well be that a request has arrived in my office, and I will have that checked for the member, but I cannot be more specific than that today. Certainly the schools which did benefit from the additional funding made available by the Federal Government to refurbish older secondary high schools have in the main accepted that funding with a happy spirit. I was not aware that schools were coming back and requesting funds in addition to the funding which was quite unexpected and was made possible -

Hon Barry House: They are very grateful. They just want to complete what they had in mind.

Hon KAY HALLAHAN: Barring the Federal Government's coming good with another unexpected amount of funding, at this stage I would not expect to have the flexibility to respond in the way which the member is suggesting. However, I will have the matter checked.

BLACK, GREG - STOP WORK RALLY, DOCKING TEACHERS' PAY DECISION

703. Hon P.G. PENDAL to the Minister for Education:

(1) Has it been decided whether Mr Greg Black's view about docking teachers' pay or the view of the Minister will prevail?

(2) Does the Minister intend to write to all teachers to advise them of whose view prevails and whether their pay will be docked?

Hon KAY HALLAHAN replied:

(1)-(2)

I should say at the outset that there is no difference between the Chief Executive Officer of the Ministry of Education, Mr Greg Black, and me. We are of one accord that the stop work rally which took place yesterday should be treated in the same way that other rallies have been treated. If people were absent without leave, then they were on unauthorised leave, and they will face the usual processes of the ministry. Therefore, there is no difference in that regard.

Hon P.G. Pendal interjected.

Hon KAY HALLAHAN: I object to the member's question. Channel Nine was the station that put forward a misleading leader to its report, and I understand also that about three weeks ago Channel Nine ran stories about Mr MacKinnon being resurrected as Leader of the Liberal Party. Was it accurate on that occasion?

Hon P.G. Pendal: You are trying hard.

Hon George Cash: Did you muck it up on Friday night?

Hon KAY HALLAHAN: Not at all. There has been no denial that the Liberal-National Party coalition will engage in mass sackings in the unlikely event that it is elected. There has been no denial that it will reduce teachers' -

Hon P.G. Pendal interjected.

The PRESIDENT: Order! Hon Phil Pendal should come to order and remember that if he wants to ask questions, he should keep quiet while they are answered. The Minister when answering questions should do what I said to her brand new colleague the other day; that is, that it would not be a bad idea if Ministers stick to answering the question and do not offer additional information about matters which have nothing to do with it.

Hon KAY HALLAHAN: May I continue?

The PRESIDENT: No. I took it that you had finished because you were on to some other subject. You were entering into a conversation with Mr Pendal, and I assumed you had finished answering his question.

TEACHERS - DOCKING PAY
Stop Work Rally, Minister's Statement

704. Hon P.G. PENDAL to the Minister for Education:

Does the Minister specifically deny saying that some arrangement could be found to avoid docking teachers' pay were they to take part in yesterday's demonstration?

Hon KAY HALLAHAN replied:

I indicated that there might be a process whereby teachers could make arrangements with their principals to take authorised leave. If teachers take authorised leave, like any other human being, then I presume their pay would not be docked. However, if teachers take unauthorised leave, then I likewise presume they would be eligible to have their pay docked. Where does the Opposition stand on an award for teachers?

The PRESIDENT: Order! Minister, you are asking a question. You are on the side which answers questions.

CORRECTIVE SERVICES, DEPARTMENT OF - BUILDING SERVICES DIVISION
Interim Report

705. Hon GEORGE CASH to the Minister for Services:

Will the Minister get a copy of the interim report on the operations of the building services division and the relevant attachments, dated 10 September 1992, and acquaint himself with the concerns of the Department of State Services that are contained in that document, with a view to advising the House if any breaches of Acts under his control have occurred?

Hon TOM STEPHENS replied:

I look forward to obtaining a copy of the report when it is available.

CORRECTIVE SERVICES, DEPARTMENT OF - BUILDING SERVICES DIVISION
Interim Report

706. Hon GEORGE CASH to the Minister for Corrective Services:

Has the Minister been furnished with a copy, or is he aware of the content, of the interim report on the operations of the building services division, produced by the internal audit service and dated 10 September 1992; and when I refer to the report, I refer also to its attachments?

Hon J.M. BERINSON replied:

I do not believe so. As far as I can recall, the only document that I have received is the draft report to which I referred earlier, and that was by the

Executive Director of the Department of Corrective Services. I am aware that he drew on other reports from two sections within the department, but I do not believe that his own draft report had that preliminary advice to him attached. I am as good as sure about that, but I am prepared to check if the Leader of the Opposition is interested in taking the matter further.

Hon George Cash: I am interested.

Hon J.M. BERINSON: The member should place his question on notice.