

Legislative Assembly

Wednesday, 8 May 1991

THE SPEAKER (Mr Michael Barnett) took the Chair at 10.00 am, and read prayers.

PETITION - RAILWAYS

Leederville Railway Station Opening Time

DR LAWRENCE (Glendalough - Premier) [10.04 am]: I have a petition couched in the following terms -

To: The Honourable the Speaker and members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.

We, the undersigned citizens of Western Australia, ask

That the railway station proposed for Leederville as part of the Northern Suburbs train line be opened at the same time as the train line:

The station will be an important part of the Government's strategy to promote public transport.

The Leederville commercial area is growing quickly. The station will benefit these businesses and their employees, including the Water Authority of Western Australia.

Entertainment attractions already in the area (including Leederville Oval and the New Oxford Cinemas) will be more accessible to outlying suburbs.

Students of Leederville Technical College, Leederville Primary and Aranmore College will benefit.

Existing residents will find it easier to use public transport, either to the city or to destinations north.

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

The petition bears 1 089 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

The SPEAKER: I direct that the petition be brought to the Table of the House.

[See petition No 36.]

PETITION - RAILWAYS

South West Suburban Passenger Rail Service Extension Support

MR THOMAS (Cockburn) [10.05 am]: I have a petition expressed in the following terms -

To: The Honourable the Speaker and members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.

We the undersigned support the extension of the suburban passenger rail service to the suburbs of the south west corridor.

This part of the metropolitan area is growing and is widely recognised as one of the most desirable options for the long term expansion of the City of Perth.

Moreover, as recent international events have shown, it is prudent to minimise dependence on oil and environmental considerations support the extension and enhancement of our public transport system.

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

The petition bears 51 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

The SPEAKER: I direct that the petition be brought to the Table of the House.
[See petition No 37.]

PETITION - CRIME

Breaking and Entering, Property Damage Penalties

MR NICHOLLS (Mandurah) [10.06 am]: I present the following petition -

To: The Honourable the Speaker and members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.

We, the undersigned

Believe the penalties for breaking and entering and malicious damage to property should be heavier as a deterrent to repeating the crime.

We also believe parents should be responsible for under 18's debts or the offenders should be charged as an adult.

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

The petition bears 277 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

The SPEAKER: I direct that the petition be brought to the Table of the House.
[See petition No 38.]

BILLS (4) - INTRODUCTION AND FIRST READING

1. Loan (Financial Agreement) Bill

Bill introduced, on motion by Dr Lawrence (Treasurer), and read a first time.

2. Foot and Mouth Disease Eradication Fund Repeal Bill

Bill introduced, on motion by Mr Bridge (Minister for Agriculture), and read a first time.

3. Royal Commissions Amendment Bill (No 2)

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

4. Criminal Code Amendment Bill

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

LEGAL CONTRIBUTION TRUST AMENDMENT BILL

Second Reading

Debate resumed from 20 March.

MRS EDWARDES (Kingsley) [10.10 am]: This Bill seeks to do two things: The first deals with the balances of solicitors' trust accounts, and follows a request by the Law Society of Western Australia. The Bill seeks to amend section 11 of the principal Act by referring to the balance of a practitioner's trust account as meaning the unreconciled balance of that trust account. Concern in respect of the reconciled or unreconciled balance of solicitors' trust accounts resulted in this request by the Law Society, which holds some concerns about the wording of the Bill but is prepared to accept it in its present form. The other amendment seeks to do two things. In the second reading speech these matters are purported to be included in the Bill because of the requirements of the Burt Commission report on accountability. Clause 4 of the Bill seeks to insert new sections 9A and 9B. New section 9A states -

(1) The Minister may give directions in writing to the Trust with respect to the performance of its functions, either generally or in relation to a particular matter, and the Trust shall give effect to any such direction.

New section 9B gives the Minister for Justice power to access information in the possession

of the trust and to have and retain copies of documents. The Minister has said that this power will be required on occasion in order for him to answer questions on notice or questions asked in the Parliament.

I will point out to members what the legal contribution trust is all about because we will not accept new sections 9A and 9B. I have discussed this matter with the Minister and understand that as of yesterday he is agreeable to not go to the Committee stage until such time as he has gone through those two sections again with Treasury officials. The Act sets up the legal contribution trust fund which receives money from solicitors in respect of the balance of the solicitors' trust accounts. Any solicitor who has a balance of less than \$2 000 does not contribute to the trust fund. Some of the trust funds have extensive amounts in them; therefore a considerable sum of money goes into the legal contribution trust fund. When one refers to the Act one finds that the body was established as the legal contribution trust and is actually a body corporate set up as a trust with succession, a common seal and everything that legally goes with the powers and responsibilities of a trust.

The trust has three trustees. Under section 6 the trustees are appointed by the Governor. It consists of one practitioner nominated by the Law Society, presently Rory Argyle, who is also chairman; one practitioner nominated by the Barristers Board, in this instance Ian Viner, QC, a barrister; and one person nominated in writing by the Minister, the present incumbent being Diana Newman, a chartered accountant. Therefore, the trust has three well qualified people to deal with its functions as set out in section 9 of the Act. New sections 9A and 9B as they appear in the Bill would add to section 9 of the Act. The functions of the trust are to receive and invest moneys paid to it pursuant to this or other Acts. I will refer to where the trust gets its money from later. The trust is also to apply money resulting from investments in the manner and for the purposes provided by the Act. It has also to administer and control the guarantee fund. That is an area where some funds are separated pursuant to the Act relating to some of the functions of the trust. It is also to exercise and discharge the powers, authorities, duties and obligations conferred or imposed on it by this or any other Act.

The legal contribution trust fund obtains its money from practitioners. Under section 11 of the Act, practitioners are to deposit certain money with the trust. Every practitioner deposits to the credit of the trust an amount not less than the prescribed percentage of the lowest balance of his or her trust account. The Act outlines the details and percentages that practitioners must comply with in relation to those deposits. The actual deposits to the legal contribution trust fund come from the solicitors themselves and have nothing to do with the Consolidated Revenue Fund, either in relation to income or expenditure. Legal practitioners are required to deposit 65 per cent of the lowest balance of their trust account at the present time. A practitioner with a lowest balance of less than \$2 000 is not required to do so. The annual report for the year ended 30 June 1990 shows the amount deposited as \$7 472 236. This compares with the balance of \$7 125 420 in the previous year. That is a considerable amount. Until 30 June 1990, 192 firms were contributing to the fund as compared with 191 firms contributing in the previous year. The trust is administered by the Law Society of Western Australia. An administration fee is paid to the society. However, it is the trustees appointed to office who control the fund and are responsible for carrying out its functions, powers and responsibilities under the Act. The trustees meet approximately every two months at present to review the financial operations of the trust and of the solicitors' guarantee fund.

What is the trust set up to do? One thing is to provide funds to the Legal Aid Commission. There was a requirement, long before the formation of the Legal Aid Commission as a statutory authority, by the legal profession in Western Australia to provide legal aid services and funds for those services actually came from the legal contribution trust fund. The surplus of the trust fund for the year ended 30 June 1990 was \$1 188 470. During that year it distributed \$571 079 to the Legal Aid Commission. The other aspect relates to money that goes to the solicitors' guarantee fund, which is established pursuant to section 16 of the Legal Contribution Trust Act, and is operated under the legal contribution trust. The purpose of the solicitors' guarantee fund is to compensate clients of solicitors who suffer pecuniary loss by reason of professional defalcation. It is interesting to note that from 1944, when the Act first came into operation, to 1968 no losses had to be covered by the guarantee fund. That was just as well because at that time the relevant sections of the Act had not been proclaimed, and some amendments to the Act were made in 1967. As at 30 June 1990 a sum

of \$608 451 was in the solicitors' guarantee fund. This money came from the legal contribution trust, and was from the solicitors' trust accounts.

Mr D.L. Smith: Strictly speaking it is clients' money in solicitors' trust accounts, which generates interest.

Mrs EDWARDES: Absolutely. However, interest has never been paid on solicitors' trust accounts, and members may at some time like to look at the House of Lords case of Brown versus the Inland Revenue Commissioners, 1965 Appeal Cases page 244, to examine the historical reason that is so.

Another function of the legal contribution trust is the furtherance of law reform, legal research and legal education. Last year an amount of \$9 340 was given to the Law Society of Western Australia for those purposes. It is important to recognise not only where the money in the legal contribution trust comes from but also on what it is spent. We must also be aware that there is no obligation for the Consolidated Revenue Fund to either fund or to expend moneys to further the objectives of the legal contribution trust. The Opposition does not agree to proposed new sections 9A and 9B. The report of the Burt Commission on Accountability states on page three in respect of the concept of accountability when applied to Government departments and instrumentalities which invest public moneys or have the capacity to create liabilities which may be charged upon Consolidated Revenue that -

The obligation of every government agency to account "in respect of government investments" should be, and should be seen to be, a legal obligation. It is an obligation to account to Parliament for all moneys which it has received and for all moneys which it has invested and for all liabilities which in the exercise of its authority to invest it has created and which may become a charge on Consolidated Revenue.

The legal contribution trust cannot be regarded as a Government liability; therefore, it is not caught by the recommendations of the Burt Commission on Accountability. We have no argument with the Burt report, nor with the concept of accountability, but the legal contribution trust cannot be regarded as a Government agency because the funds in the trust are derived from the contributions of legal practitioners, and the purpose of those funds is to provide a financial guarantee to clients, to contribute to legal aid, and to finance activities which advance the legal profession and enhance access to the law. The legal contribution trust does not invest public moneys and cannot incur charges against the Consolidated Revenue Fund. Proposed new section 9B provides that the Minister will be entitled to access to information in the possession of the trust. The accountability requirements of the trust are covered adequately by the Financial Administration and Audit Act, which binds the trustees to thoroughly account for and audit their activities. Not only do the trustees have to provide an annual report, but they have also to comply with performance indicators; although I am not sure how the trustees would indicate their performance in respect of their anticipating maybe three or four defalcations in one year. It is very difficult for the legal contribution trust to deal with the performance indicators in the way that other Government agencies do. As I have stated, we do not believe that the legal contribution trust falls within the recommendations of the Burt commission in respect of Government agencies; therefore, there is no need to include proposed new sections 9A and 9B.

I turn now to directions given by Ministers. Far be it from me to raise some of the allegations which have come out of the Royal Commission, but it would appear that some inappropriate directions have been given by Ministers to Government agencies and instrumentalities. Therefore, the Opposition shares the concern about Ministers giving directions in respect of funds which receive moneys, not from the Consolidated Revenue Fund or from the Government but from the trust funds of legal practitioners. The Opposition believes it is inappropriate for the Minister to give directions to the trust of the type envisaged under proposed new section 9A, and we will move to vote against or to amend - whichever is felt more appropriate - proposed new sections 9A and 9B.

MR WIESE (Wagin) [10.28 am]: The National Party supports the comments made by the previous speaker. We believe the legal contribution trust is an independent entity into which legal practitioners are required to deposit 65 per cent of the lowest balance of their trust accounts. We have great difficulty in understanding why there is a need to introduce the amendments in relation to accountability which are contained in the Bill before the House.

We believe there is no way in which this trust will create a charge on Consolidated Revenue. For that reason we question the reasoning behind the introduction of the proposed new sections in respect of accountability. I look forward to the Minister's explanation and comments in relation to this clause of the Bill, either today or at a later stage of the debate.

MR D.L. SMITH (Mitchell - Minister for Justice) [10.30 am]: I thank members opposite for their support of the principal purpose of this Bill, which is to amend the definition of the minimum trust balance to make it very clear that it is the unreconciled balance appearing on the bank statements. That is the balance solicitors must use to determine how much they should pay to the fund. The only area with which members opposite seem to have some difficulty is the proposed new sections 9A and 9B. Strangely enough these are no more and no less than what are known as the Burt accountability provisions. The Burt Commission on Accountability determined that the Minister ought to be responsible for the disposal of all moneys held for public purposes, and he should have an opportunity to inform himself about the day to day operations of those funds. More importantly, cast upon the trustees, directors or executors of the organisation to which those contributions were being made was the responsibility to report the fact that the Minister had made directions to the Parliament in the annual report, and to identify clearly whether that direction had been obeyed.

In view of the current frenzy with WA Inc, I am intrigued that the Opposition is seeking to exempt this fund from those accountability provisions. The basis upon which it seeks to do that is to suggest that somehow or other these funds can be distinguished from other funds which are the subject of such ministerial directions. These proposed amendments appear at the insistence of State Treasury. They were not initiated by me but were insisted upon by State Treasury on the basis that the Burt accountability provisions require that when any legislation is brought before this House to amend any Statute where a trust fund or the like is created, the amendments must include a capacity for the Minister to give directions and to seek information, and for the trustees to report in their annual report that those directions have been given.

The Opposition is really playing the game of saying that the Treasury does not know best, the Opposition knows best, and somehow or other these trust funds should be exempt from the Burt accountability provisions. As a lawyer I have considerable sympathy with the proposition that lawyers should be exempt from these accountability provisions, but I know only too well that some members, certainly on this side of the House, share an entirely different view; that funds of this sort should be subject to this sort of direction. In any event I believe the correct arbiter of whether the funds should be subject to the accountability provisions is State Treasury. State Treasury has an obligation to look after State funds held for public purposes, and it is improper for the Opposition to second guess Treasury and to suggest that these funds should be exempt.

Let us look at what these funds are and from where they come. Although in her initial remarks the member for Kingsley indicated that somehow or other these are solicitors' funds, that is simply not true. We are talking about the trust accounts of solicitors. As we well know, solicitors' trust accounts do not contain the funds of the solicitors but the funds of clients. For reasons which the member for Kingsley was going to outline, traditionally they are held in the solicitor's trust account on behalf of the client, and the moneys in those accounts do not earn interest for the clients. Some time ago it was decided that rather than have no-one earning interest on those funds, solicitors should be required to invest a proportion of those funds - what is known as a proportion of the minimum trust balance - in a separate account where interest would be earned and applied to public purposes. The member for Kingsley well knows that the public purposes trust is one of the beneficiaries of the interest earned. She also well knows that under the legislation -

The **SPEAKER**: Order! I wonder to whom the Minister is actually addressing his remarks.

Mr D.L. SMITH: Obviously to you.

Mr Clarko: He is cross-eyed.

Mr D.L. SMITH: It is true that I am cross-eyed, but it is a little unkind of the member for Marmion to mention it in public. I am actually totally blind in one eye.

The member for Kingsley seeks to differentiate those funds from the ordinary Consolidated Revenue Fund type of funds or off-CRF funds by saying that somehow or other this fund is

quite independent and private. The fact is that the fund, the requirements to invest those funds, and the appointment of the trustees, are all governed by legislation. There is no suggestion that this fund is created by a private trust deed or by the legal profession privately going off and making these arrangements. It is a statutory fund, and the way in which that fund can be expended is covered by Statute. In that context it is clearly in line with the Burt accountability requirements that those funds and those trustees should be accountable to the Minister, because that is the means by which these moneys are accounted for to the Parliament.

The member for Kingsley seeks to infer, because the Financial Administration and Audit Act applies and the funds are subject to audit by the Auditor General in the ordinary way, that somehow or other they should be exempt from the Burt accountability provisions. The truth is that the only opportunity this Parliament has for supervising in a real way the work of the fund is through this Parliament. The annual report is tabled in this Parliament, indicating what the fund has been doing and where the money has gone, and there is an opportunity for members to raise issues arising out of the tabling of that report.

Obviously when members seek to ask questions about the fund and when they seek to imply to the Minister that the funds are being inappropriately used, if that were ever the case, the person to whom those questions would be directed would be the Minister for Justice, in this case me. Opposition members are seeking to deprive me of the opportunity to ask the trustees for information about the operations of the fund, and they are also seeking to deprive me of the opportunity in appropriate cases of issuing directions, remembering that those directions, whatever they are, would be required to be reported to the Parliament as part of the annual reporting provisions.

As I began to say, these funds are generated by the interest that is obtained from money which in its origins is clients' money. The application of those moneys must be in accord with the provisions of the Statute and a large proportion of the money impacts directly on the Consolidated Revenue Fund Budget, because a great deal of the money earned on this fund is used to fund the CRF contribution to the Legal Aid Commission. If we did not have the capacity to ask for information about the fund, for instance, and did not have that information, we would not know whether the amount being paid to CRF and to the Legal Aid Commission was the correct amount. We need to be able to ask the appropriate questions so that we know exactly how much is there, how much interest is being earned, and how much of that is being paid to the CRF or the Legal Aid Commission as required. In addition, we need to know whether the remainder of the money has been applied to the public purposes in an appropriate way in accordance with the provisions of the Act.

I find it passing strange that the National Party in particular, without seeking any advice or information from my office as far as I am aware, seeks to support the Liberal Party in its stance; because if this group is to be exempt, a whole range of other bodies will be exempt from the requirements of the Burt Commission on Accountability. I have no problem with that. In some respects the requirements of the Burt Commission on Accountability are a bit of a burden for Ministers because they deprive Ministers of ever having the opportunity to resist questions by saying, "I cannot obtain that information. You had better ask the trustees themselves." It also encourages Ministers to resist the temptation, on occasion, to say, "I think the public purposes trust fund could be used for this purpose", because if any such advice is given the trustees will report that to the Parliament, if not as a direction then at least as a request for information or a strong plea.

The truth is that the lesson of the last few years is that those constraints on Ministers are very important constraints which are necessary in the interests of public accountability and public administration, and we should not shift away from them just because the member for Kingsley is a lawyer and is sensitive, as am I, to the needs of the Law Society of Western Australia and the legal profession. We should not distinguish the application of the requirements of the Burt Commission on Accountability on the basis of whether we believe a particular group, because of the relationship we have with it or because of its special needs, should be exempt from them. The rule should be an absolute one; that is, that if Treasury says the requirements of the Burt Commission on Accountability apply to these funds, they should apply to these funds. It does not behove the Minister or the Opposition spokesperson, or indeed members of this Parliament, to be second guessing Treasury in respect of those matters.

Mrs Edwardes: Is any contingent liability provided for in the Budget for the legal contribution trust fund?

Mr D.L. SMITH: The State contribution to the Legal Aid Commission is not directly funded in total from the Consolidated Revenue Fund. It is in part funded from the moneys that come from the legal contribution trust, and the arrangements have always been that the money from that trust goes in and the State tops up the balance with its CRF contribution. That has been the case since this fund was established.

Mrs Edwardes: There is no contingent liability. One of the purposes of the trustees is to provide those moneys to the Legal Aid Commission.

Mr D.L. SMITH: No, the purpose of the trustees is to receive and invest those moneys and to obtain interest, and to apply the interest earned in a particular way. It has nothing to do with the capital. The Act simply provides a mechanism by which the clients' money becomes the capital which earns the interest. Once the interest is earned it must be applied strictly in accord with the legislation. One of the things it must do strictly in accord with the legislation is to pay money to the Legal Aid Commission and, when it does, it can either reduce or increase the expectation of what is required from the CRF; because, as part of the Treasury papers, we attempt to estimate how much will come from this fund and how much will be required from Treasury by way of the CRF allocation.

In the past, if there has been a substantial defalcation by a solicitor which impacted upon the fund, the amount of money going to the Legal Aid Commission has been reduced and the amount from the CRF has been increased. If the Legal Aid Commission does not receive the full amount required or originally estimated, the CRF must make it up in order to balance the Legal Aid Commission's budget. To that extent there clearly has been a contingent liability on the Consolidated Revenue Fund.

Mrs Edwardes: So you are saying that under proposed section 9A you will be giving directions to the fund, not to cover defalcation but to increase the level of support to the Legal Aid Commission, which is a responsibility of the Government.

Mr D.L. SMITH: No, but there are other factors. For instance, the amendments we passed last year contained a rearrangement of the amount of money required to be paid to the Legal Aid Commission. The fund is currently holding \$400 000 under that arrangement which, technically speaking, should have gone to the Legal Aid Commission. When I met with the Law Society yesterday I was told, in effect, that it was waiting for me to issue some direction to it about compliance in relation to that \$400 000.

Mrs Edwardes: So it already operates without the need for this new provision.

Mr D.L. SMITH: If I told it not to pay that \$400 000 to the Legal Aid Commission but to invest it with the State Government Insurance Commission or some fringe financial institution, this Parliament would have a very critical view about my doing that.

Mrs Edwardes: So it is still covered in the Act.

Mr D.L. SMITH: If I give any direction that is improper, illegal or imprudent, it is very proper that the trustee of the fund should have the opportunity of reporting that fact to the Parliament.

Mr Wiese: I understand that you do not give a direction under the present Act, but rather approve those proposals put by the Law Society.

Mr D.L. SMITH: That is correct in respect of the application of what is called the public purposes trust money, but even that indicates the nature of the fund. It really is a public purposes trust which must be applied to certain specified objectives and, in effect, I must approve that it comes within that context. Naturally, if I do not approve I might well have to issue a direction saying that I do not think it comes within the specified confines.

Mr Wiese: I don't think you would be able to. The wording of the Act presently is that the Minister "may approve".

Mr D.L. SMITH: Approve or not approve - the capacity to approve implies the capacity not to approve. If the trustees, notwithstanding my refusal, had already applied that money or subsequently did so, I might need to give some direction. However, it comes back to the issue of what the requirements of the Burt Commission on Accountability are about; namely,

that if any money is raised by Statute and constitutes a public trust fund, a Minister in this Parliament should accept responsibility for what happens to that money.

Mrs Edwardes: That is not what it says at all.

Mr D.L. SMITH: Clearly that is the intent of the requirements of the Burt Commission on Accountability. Certainly members of this Parliament who seek to ask questions about the operation of the fund and the purposes to which the money is being put want the Minister to be informed about it, and this is precisely what proposed section 9B of the Bill is about. It is merely about obtaining information about what the trustees are up to, and I simply cannot understand how that could be said to be negative in any way. Under proposed section 9A there is power to give a direction -

The SPEAKER: Order! The specifics of the Bill are more correctly addressed during the Committee stage.

Mr D.L. SMITH: I accept that direction, Mr Speaker, and on that basis I thank members for their support of the basic thrust of the Bill and will continue my remarks during the Committee stage. I commend the Bill to the House.

Question put and passed.

Bill read a second time.

Committee

The Chairman of Committees (Dr Alexander) in the Chair; Mr D.L. Smith (Minister for Justice) in charge of the Bill.

Clauses 1 to 3 put and passed.

Clause 4: Sections 9A and 9B inserted -

Mrs EDWARDES: Despite the Minister's statement, the report of the Burt Commission on Accountability, at page 4, recommends that -

... the Minister to have unrestricted access to the agency's financial records ...

and -

... authority to control the agency's investment decisions and oversee its procedures ...

and to answer proper parliamentary questions relating to that agency.

The report refers to the accountability of Government agencies and to the fact that the agencies may impact on the Consolidated Revenue Fund in several ways. That is, they could receive funds from the CRF in carrying out functions under the Act. As to income, the trust could never receive CRF funds under the present wording of the Act. The funds put into the trust have no relevance to the CRF; that is the first indication that the trust is not a Government agency to which the report of the Burt Commission on Accountability would apply. I recognise that the Minister has stated that the CRF could have liability in respect of the Legal Aid Commission.

Three aspects of the Act impact on the operations of the trustees; first, the solicitors' guarantee fund has no impact on the CRF, or on research and easier access to the law. Amendments were made last year to the public purposes trust, and the Minister must approve the public purpose as outlined by the trustees. The Minister may approve or not approve as he sees fit in respect of public purposes put forward. The Minister has implied that if he does not approve of the public purpose recommended by the trustees regarding where money should be spent, it may impinge on the CRF. If the Minister has a pet project on which he wants to spend public purpose money, and the trustees do not agree to funds being spent in that way, is it the case that he would not approve that spending and therefore the funds would come from the CRF? That has nothing to do with the Act, as presently prescribed. If the Minister has a pet project on which he wants to spend money for a public purpose, those funds should come from the CRF - that is, from the allocation to the Minister's portfolio. New section 9A would empower the Minister to give directions; and my proposition is that the Minister may want money spent on a pet project.

I refer now to the legal aid aspect. Long before the establishment of the Legal Aid

Commission, legal aid was offered by the legal profession in this State. The profession abided by that process long before the Government put money into legal aid. The Government then decided to set up the Legal Aid Commission, to which the Law Society and the trustees decided to incorporate funds. The Minister said that any shortfall in the funds of the Legal Aid Commission would be met by the Government. The Government set up the Legal Aid Commission and the funds for that come from the CRF. Under the trust fund, the trustees allocate a sum to the Legal Aid Commission because it had already participated in providing legal aid services to the community. I emphasise that the legal profession made such a commitment long before the Government's commitment to legal aid. Accordingly, the Act determines that funds will go to the Legal Aid Commission. The Government will then determine - apart from the moneys coming from the legal contribution trust fund - how much money will be spent on legal aid. That is a separate decision and has nothing to do with the trust fund. If the Government determines how much money is spent on the Legal Aid Commission, the trustees will determine how much money will be contributed to the commission. The decision about expenditure on legal aid is the Minister's decision and has nothing to do with the trust fund.

Proposed sections 9A and 9B have no relevance. The trust is not a Government agency and has no relevance to the Burt Commission on Accountability report. Therefore, we will move to delete proposed sections 9A and 9B from the Bill.

The CHAIRMAN: The member should vote against the clause. That is not a formal amendment. The way to achieve her objective is to vote against the clause.

Mr D.L. SMITH: I will run back through the effects of the report of the Burt Commission on Accountability. I do not agree with the remarks of the member for Kingsley. The provision is not related solely to matters which have a contingent impact on the CRF. Were that so, all Government agencies and statutory corporations which act off the CRF would not be subject to the Burt accountability requirements. Clearly, all Government departments and directly-CRF agencies are already subject to ministerial direction and requests for information because of their very nature. The Burt report primarily concerned itself with the off-CRF agencies which in effect earn or obtain public moneys and are responsible for fulfilling public purposes.

The Bill amends an Act of Parliament which takes clients' money from solicitors' trust accounts and requires that money to be invested in a central fund. It is income earned from that central fund which is the subject of the investment or disposal into public purposes for the purpose outlined in the legislation. It would be open at any time for the Parliament to move amendments to the Act to change the direction in which the funds could be moved. The trustees have no capacity to direct moneys for their own purposes, or to those which they may favour. At all times they must comply with the legislation which emanates from this Parliament. The Parliament has a direct interest and control in the operations of the funds. However, the problem is that members of Parliament, as distinct from the Parliament itself, want a mechanism whereby they can ensure that the funds are conforming with the Statute. If the money is applied in a way which does not conform with the Statute, or in a way with which the Parliament or members of Parliament disagree, Parliament has the opportunity to seek information from the Minister. Also, it can resolve to require the Minister to do certain things or to amend the legislation as deemed appropriate. The Burt accountability requirements make sure that an identified Minister is responsible to the Parliament, and that this Minister has powers and responsibilities which make him or her truly accountable to the Parliament and to the people of Western Australia. If the Minister does not have the capacity to seek information from the trustees, a breakdown in the true accountability of that fund would occur.

The Burt accountability requirements go further: They require not only that the funds be accountable through the Minister, but also that the Minister is accountable to the public of Western Australia because he is an agent of the people and the Parliament. That is achieved through the annual report as the trustees must report to the Parliament any directions which the Minister may have given in the course of their duties. It is a nonsense to suggest that because somehow or other something does not directly impinge on the Consolidated Revenue Fund, it should be exempt. If that were the case bodies such as the Industrial Lands Development Authority, the Joondalup Development Corporation and others would be exempt from the legislation because they do not directly impinge on CRF - even though on

occasions these bodies would pay dividends and other moneys to CRF. The Burt accountability requirements are directed at instrumentalities such as the State Government Insurance Commission, the R & I Bank Ltd and the former Western Australian Development Corporation structure, and trust funds established under this legislation are no different.

Regarding the validity of the member for Kingsley's argument, legal aid is partly funded in this State through the CRF. Each year Treasury projects what the contribution will be from the funds derived under this Act and the balance of the funding is provided from CRF. Therefore, if the extent of the yield on the investment means that less funding is available, CRF makes up the shortfall in the funding to the Legal Aid Commission.

The decision about whether a particular agency or a trust fund is subject to the Burt accountability requirements is one which a Minister should not make; it is certainly not a decision which individual members of Parliament should make. The proper authorities for determining such matters are the State Treasury and the Auditor General. Treasury has insisted on these clauses being contained in the Bill. These provisions were not included in the instructions to Parliamentary Counsel, which were provided by me as the Minister. Clause 5, which amends section 11 of the principal Act, was provided to me in that form, and this involved the calculation of the minimum balance of the solicitors' trust account. However, the insertion of the provisions under discussion has been done at the insistence of Treasury on the basis that this trust fund comes within the definition of the application of the Burt accountability requirements. It would be opening the floodgates if members of the Opposition were to second-guess Treasury in this regard; if that were the case, in the future Ministers would be able to make decisions which flaunt the advice of the Auditor General or Treasury regarding these matters. The development of such a pattern would create the opportunity for problems to arise such as occurred with what has been loosely described as WA Inc.

The only reason that the member for Kingsley argued as she did is that she is a member of the Law Society. We are both lawyers and we are both members of the Law Society. We are both sympathetic to the view of the Law Society that somehow or other it should be exempt from the provisions of the legislation because it represents an honourable profession. The Law Society made that submission to me, and I heard it sympathetically as a member of the Law Society, as I should do, but my greater obligations lie with State Treasury and the Burt accountability requirements; these are more important than the opinion of the Law Society about the profession it represents. If the Law Society, through the trust in this case, were exempt from the provisions of the Burt accountability requirements, it would open the opportunity for similar off-CRF organisations and trust funds to seek exemption and for Ministers to ignore advice from Treasury when it recommends that the Burt accountability rules apply.

The argument put forward by the Opposition is as inconsistent as that advanced regarding the Hepburn Heights development. On one hand the member for Kingsley argued for the protection of Hepburn Heights, yet on the other, part of the Opposition's planning strategy is to establish a planning authority which is able to overrule the Environmental Protection Authority. That inconsistency is on a par with that displayed regarding the provisions of this Bill relating to the Burt accountability requirements. I strongly suggest that clause 4 be passed, so that we can move on to the substantial part of the Bill contained in clause 5.

Mr WIESE: I found some of the Minister's remarks in reply to the member for Kingsley to be fairly hard to understand. He seems to be casting aspersions on the trust, the trustees and the Law Society, and these cannot be justified in any way. If aspersions are to be cast, it is possible to cast them the other way. The legislation states that "any money lent to the Treasurer and the State pursuant to this legislation shall be repayable on demand." Therefore, it is possible that people in the Law Society may be wondering about the ability of Treasury to meet the requirements of this legislation - many people are wondering about the ability of Treasury to meet requirements in many ways!

Mr D.L. Smith: I need to emphasise the complete confidence of the Government in the Treasury and the Treasury officers.

Mr WIESE: Actions speak louder than words. The public of Western Australia make their judgments on the actions of the Government rather than the words of the Minister.

Mr D.L. Smith: We do not act contrary to Treasury advice.

Mr WIESE: It is a pity you did not take Treasury's advice because you would not be in the mess you are in now.

The basis of this Act is shared responsibility between the Minister and the Law Society of Western Australia, and in two or three areas the Minister is required to act after consultation with the society. Section 17 of the Act states that the trust can act "with the approval of the Minister" - so there is consultation and shared responsibility - but currently the Minister cannot direct the trust. Section 18(2) of the Act also states that the trust may act "with the approval of the Minister," and that is a consultation process which exists in the Act. Proposed new section 9A gives the Minister power to direct the trust and that is the key difference we are debating. This is the point that the Opposition and the Law Society is making. It is a very substantial change to the Act. I support the point made by the Law Society. The Minister should not be concerned about accountability because the Act already has in place substantial accountability requirements. Section 15(2) of the Act requires that the trust "shall cause receipts and disbursements accounts and balance sheets to be prepared and audited" twice every year, and that the Minister present them to Parliament.

Mr D.L. Smith: The Financial Administration and Audit Act requirements are not accountability requirements but provide an opportunity for Parliament to see the accounts and to get an auditor's certificate and not to seek information about those accounts. We all know that occasionally one has to go behind the auditor's certificate.

Mr WIESE: Section 32(2) has the same audit requirement, so there is already very substantial requirements for the Minister to ensure that the trust is operating correctly. Those sections of the Act give the Minister all the powers he could possibly need. Section 47(3) of the Act gives the Minister, regardless of whether they have previously been examined and audited, the power to have the accounts audited by the Auditor General or his appointee and a copy of that report has to be delivered to the Law Society. The Act already gives the Minister all the access he needs to information on the financial affairs of the Legal Contribution Trust Fund.

Proposed section 9A would give the Minister power to give directions to the trust; that is the key to this debate. The Minister has strong powers within at least three sections of the Act, but he is proposing to give himself power to give directions in writing to the trust. That is a new and undesirable power. This Act is different from the examples that the Minister has given, where there is a substantial contribution or contingent liability out of the Consolidated Revenue Fund. In this instance there is no contribution out of the Consolidated Revenue Fund, only a topping up within CRF in respect of the legal aid fund. That does not impinge on this clause. This clause should not be included in the Bill. I support what has been put forward by the member for Kingsley and the Law Society.

Mr D.L. SMITH: I do not want to delay the House by needless repetition, but I will reiterate that this clause is proposed at the insistence of Treasury. It is Treasury's view that the Burt accountability requirements should apply to this fund. The member for Wagin seeks to exempt the trust from those requirements on the basis that provisions in the current legislation give the Minister certain powers and in addition also require the fund to prepare financial accounts and to have them audited, not just once but twice a year. The member mistakes fiscal accountability with true accountability as the Parliament should understand it. Fiscal statements are simply one line items which show, for example, investments, secured and unsecured liabilities -

Mr Wiese: The auditor has a requirement under the Financial Administration and Audit Act to look at all aspects of the balance sheet, expenditures, disbursements, etc.

Mr D.L. SMITH: He has the requirements of an auditor; he does not inform the Parliament about the security of investments, about where the investments are, or about the rate of return that is being earned from investment funds.

Mr Wiese: They are only made with your approval.

Mr D.L. SMITH: They are not only made with my approval; the member had better reread the Act.

The rate of return is critical in relation to the total amount of money which becomes

available. To whom the money is being lent is also important. That information is not given in an audited balance sheet; all that provides is a report that proper accounts have been kept and that the audited statements properly reflect those accounts. It does not go into the detail of performance auditing, for instance; it does not go into the detail of the return on investment and it does not go into the detail of the general operations of the trust which the Burt Commission on Accountability seeks to include. The Government and I have no real, substantial interest in passing these clauses; they exist only because Treasury says they should because the Burt Commission on Accountability said this was an example of where they should apply. I do not want to second guess Treasury and I do not want Parliament or members opposite to second guess Treasury on whether the clauses should apply. I recommend the clause in its current form be passed.

Mrs EDWARDES: I also have no wish to delay the Chamber on this matter. However, when I spoke with the Minister yesterday about the Opposition's concerns and the concerns of the Western Australian Law Society on the inclusion of proposed sections 9A and 9B, he indicated he would ask for Treasury's views about them. Would he advise whether he did that? I am aware that it was the House's intention to deal with the second reading stage of the debate last night and not go into Committee. How many other Bills have come before the Parliament which have not included the provisions to which he refers since the Burt commission report was tabled in Parliament? I am sure many Bills which have come before the Parliament since the report was handed down have not included those provisions because of some of the difficulties the Minister has with members on his side of the Chamber. It may well be that he has difficulties with those members concerning legal issues. That is his concern and their concern.

I am not second guessing Treasury because Parliament has an absolute right to pursue, debate and argue each Bill which comes before it. The Burt Commission on Accountability report clearly states that the commission understands the concept of accountability in relation to Government instrumentalities, departments and agencies. They are referred to collectively as Government agencies; that is, those which invested public moneys or which would create a liability which may be a charge on Consolidated Revenue. Quite clearly the trust incurs no liability on Consolidated Revenue and no moneys go from CRF into the trust fund. If the Legal Aid Commission required a top up, the Government must decide on the amount of money it would like to spend; that would relate to only a top up. In fact, the Government determines how much it would like to spend on legal aid and the trustees determine how much money they are able to give for that purpose. Under the Act, prior to the Legal Aid Commission being established in this State the legal profession already had a commitment to legal aid as such.

The Act confers certain responsibilities on the trust; it charges the trustees with performance of certain duties. The trustees' actions are governed by the law of trust and, as the Minister knows, the law of trust in this State is governed by the Trustees Act - it is quite extensive - and by common law. There is, therefore, very little likelihood that the trustees would be able to do anything outside the law with those investments. The trustees are not involved in spending public moneys; therefore the Commission on Accountability report does not apply to this trust. It is not an instrumentality for the advancement of Government policy; it is not a trading concern as such. In fact it has a passive role especially with some of its other requirements under the Financial Administration and Audit Act. For example, it must provide its performance indicators for forward financial planning. Some of the matters it must report on under the FAAA are quite inappropriate for this type of trust as it is currently set up under the Act. How on earth can the trustees try to determine how defalcation occurs? The trust has a passive role; it is already governed by the law of trust and neither the Government nor the Minister needs to give directions to it. In fact, what directions would be likely to be given to the trust? Although I have no concern about the present Minister, he will not always be in that position. We must be continually wary of that especially in light of some of the information presented to the Royal Commission about directions given by Ministers to certain instrumentalities.

Mr Ripper: You might have the Leader of the National Party giving those directions.

Mrs EDWARDES: Members on this side of the House and the Law Society are concerned that the Minister may give direction to the trust which is already governed by the law of trust. A considerable amount of money is in that trust fund and the Government must not be

allowed to give directions which may be inappropriate and which may be outside the Act. The Minister says that if he gave directions which were outside the Act, such as to the public purposes fund, the Legal Aid Commission, or the solicitors' guarantee fund, Parliament would have a right to be able to question that. However, sometimes those directions are not put in writing, let alone put before Parliament; even when they are, that can be way down the track. We are concerned that directions from Ministers have been given in the past and we are concerned that in this instance the instrumentality referred to is not a Government agency; it does not deal with Government policy; and it has no impact on CRF either through a contingent liability or through any moneys which could possibly go into that trust. Accordingly, the clause enabling the Minister to give directions to the trustees who already have those responsibilities and who are governed by the law of trust is inappropriate.

Mr D.L. SMITH: I have already said I do not wish to unnecessarily delay the House. First, the short answer to the question of whether I have been to Treasury to argue the case that the funds should be exempt, is that I have not because of time constraints and because I did not think there was any substance to the argument I could put which would convince Treasury it should withdraw its instruction.

Mr Wiese interjected.

Mr D.L. SMITH: No I do not. I do not think any arguments have been raised. The more I think about the matter the more I think it is appropriate these provisions apply. With respect to Bills being introduced into the Parliament in which these provisions have not been included, of the Bills for which I am responsible I can remember only one which slipped through. That concerned the last group of amendments to the South West Development Authority Act. However, members will find that the amendments to the South West Development Authority Act now before the Parliament do include Burt accountability provisions. These have been insisted on by Treasury on this occasion.

Mr Wiese: That is a very different body from that to which the Minister is referring. It involves only \$6 million or \$7 million from CRF. This trust fund received nothing from CRF.

Mr D.L. SMITH: I will deal with whether the funds referred to are public funds. The capital of the fund is solicitors' money held on behalf of the clients in a generalised account without nominating who the clients are. However, the Act provides that the interest owed on those moneys shall be applied in accordance with the Statute. That is nothing more than the State taking the interest and saying that interest should be applied in particular cases as prescribed by an Act of Parliament. Clearly, in that context, they are public funds. The money would not exist in a fund except for the Act of the Parliament. The organisation which determines how those funds shall be used is detailed in the wording of the legislation. The trustees actually implement the requirements of the legislation. In that context, the moneys are considered to be public funds.

The provisions of this Bill ensure that the Minister cannot give directions which are not disclosed to the Parliament. Also, to the extent that is required, the Minister can question the trustees about the performance of the fund and the other matters included in proposed section 9B. If any member of this Chamber wants to know what is happening in the fund he or she can ask me and I will be capable of seeking that information from the trustees who are required to supply that information. For me to say anything more than that would be repetition. I urge members to support the clause.

Clause put and a division taken with the following result -

Ayes (27)

Mr Michael Barnett
Mrs Beggs
Mr Bridge
Mr Catania
Mr Cunningham
Mr Donovan
Dr Edwards

Dr Gallop
Mr Graham
Mr Grill
Mrs Henderson
Mr Gordon Hill
Mr Kobelke
Dr Lawrence

Mr Leahy
Mr Marlborough
Mr McGinty
Mr Pearce
Mr Read
Mr Ripper
Mr D.L. Smith

Mr P.J. Smith
Mr Taylor
Mr Thomas
Dr Watson
Mr Wilson
Mrs Watkins (*Teller*)

Noes (25)

Mr Ainsworth	Mrs Edwardes	Mr Minson	Dr Turnbull
Mr C.J. Barnett	Mr Grayden	Mr Nicholls	Mr Watt
Mr Bloffwich	Mr House	Mr Omodei	Mr Wiese
Mr Bradshaw	Mr Kierath	Mr Shave	Mr Blaikie (<i>Teller</i>)
Mr Clarko	Mr Lewis	Mr Strickland	
Mr Court	Mr McNee	Mr Trenorden	
Mr Cowan	Mr Mensaros	Mr Fred Tubby	

Pair

Mr Troy

Mr MacKinnon

Clause thus passed.**Clause 5 put and passed.****Title put and passed.***Report*

Bill reported, without amendment, and the report adopted.

Third Reading

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr D.L. Smith (Minister for Justice), and transmitted to the Council.

STATE SUPPLY COMMISSION BILL 1989*Message - Appropriations*

Message from the Governor received and read recommending appropriations for the purposes of the Bill.

STATE ENERGY COMMISSION AMENDMENT BILL*Second Reading*

Debate resumed from 20 March.

MR COURT (Nedlands) [11.40 am]: This legislation is designed to enable the State Energy Commission to charge interest on overdue accounts totalling over \$1 000. The Government's timing in introducing this legislation is appalling. It could not have chosen a worse time to tell people, particularly the business community because the business community will be affected by this legislation, that if they are late paying their accounts, they will be charged interest. There are two major reasons for the bad timing of this Bill. The first is that it is now generally accepted that electricity in Western Australia costs approximately 40 per cent more than the Australian average. Electricity is a vital ingredient for most businesses in this State. Some manufacturing businesses or businesses, for example, that have large refrigeration requirements pay very high electricity bills and already, to meet those bills, have to try to compete with their counterparts in other States by paying 40 per cent more for electricity. It would be some improvement if the price of electricity were reduced to a comparable level.

The second reason for the Government's timing being bad is that the economy is going through a very severe recession and the majority of businesses in this State are doing their best to survive, not expand. Many of them are faced with declining sales. As a result of those declining sales and increasing costs, they are experiencing great difficulty not only in paying their bills, but also in surviving. The Minister will ask why the Government should not charge interest on overdue accounts. In the end, it might be an acceptable tool for the Government to have at its disposal. However, we were informed in the second reading speech that, by introducing the changes, SECWA will save \$1 million a year that it foregoes currently because accounts are not being paid on time. Because all businesses are being asked to cut back at this time, a large corporation like SECWA should find other means of saving in excess of \$1 million.

Mr Marlborough: In other words, it should carry the debt! Is that what you are saying? Only last week your party asked the Minister in charge of the Building Management Authority whether he had issued instructions for it to pay bills after 60 days. Are you suggesting that, while it is not good enough for the Government to play that ball game, businesses should be allowed to play the game that way?

Mr COURT: I am not saying that at all.

Mr Marlborough: That is exactly what you are saying.

Mr COURT: I am not condoning people paying their electricity accounts late. I happen to have a little practical experience, as have many members on both sides. When things are tough it is damned hard to pay accounts exactly on time. People do not have a choice of authorities from which to buy their electricity and the Government says that it will cost people more than 40 per cent more than the Australian average for electricity in this State.

Mr Marlborough: Come on! The world knows that electricity in this State costs 40 per cent more. Businesses have known that when they have set up their businesses in this State. It is not as though they have just been hit with it.

Mr COURT: Is that not interesting? Businesses have to accept the fact that our electricity costs 40 per cent more. When it is a monopoly, people do not have a choice. One lever that SECWA has to make customers pay their bills on time that most businesses do not have is that it can cut off their electricity.

Mr Marlborough: The reality is that you want the Government to carry the indebtedness. That is what you are asking it to do. It does not matter how you flower it, that is what you are asking it to do.

Mr COURT: The member for Peel will have a chance to make his own speech on this subject. Things are tough in the community. If the member had listened to me he would have heard me say that the Government's timing in introducing this legislation could not be worse. I am not condoning the late payment of accounts. A number of Government departments, both State and Federal, particularly those dealing with people in the rural industry who are experiencing a great deal of hardship, have been told to be more lenient in accepting payment of accounts. They understand the difficulties that people face. If the member for Peel wishes to get academic about this exercise, he is right. It is Labor Government policy to whack on the interest and cut off the power.

Mr Strickland: The Government nearly did cut the power to Hon Barry House's electorate office.

Mr COURT: Did he not pay his account on time? One of my colleagues will explain to the House what happens now if a business is a couple of weeks overdue, as is often the case, with the payment of its electricity account. What does the Government do?

Mr Marlborough: You tell me.

Mr COURT: It sends the business a letter saying that it will reassess its security deposit and the level of that deposit will be raised.

Dr Gallop: There are different options for people to take.

Mr COURT: There is no option. The Minister lives in a fool's paradise.

Dr Gallop: Do you want this State managed efficiently?

Mr COURT: Does the Minister think it proper that businesses which have been connected to SECWA for years and which have paid their accounts sometimes one or two weeks late, should be treated so badly?

Dr Gallop: You are beating up the issue. Very few customers are in that position and they are consistent late payers. They have your ear and you are silly enough to listen to a few.

Mr COURT: I thought it was a few.

Dr Gallop: We are here to represent the interests of the public, not the interests of a few individuals.

Several members interjected.

Mr Shave: What about the people who work in the businesses you are sending broke? You are putting them out on the street.

Dr Gallop: That is a separate issue. Get on with the interest issue.

Mr COURT: The issues are tied in with each other. It is exactly what I said: If a business is a few weeks late in paying its electricity account, that is the excuse which is used.

Mr Marlborough: We know your record in respect of accounting procedures.

Mr COURT: The member for Peel is making a major contribution to this debate. Last year the Government formulated a policy to reassess everyone's security deposit levels and there was an outcry from business. Many of them had been customers of the State Energy Commission of Western Australia for many years and had paid their accounts on time, but suddenly they started receiving outrageous requests. The Opposition raised some of the examples publicly, and the Government backed down because it knew it would have the small business community on its back. It came out with a statement along the lines that if a business had been a good payer SECWA would not reassess its security deposit level. That statement has been interpreted very liberally, and the minute a business is a few weeks late in paying its electricity account SECWA uses that as an excuse and sends a letter. When I write to the Minister or to SECWA about these cases I am told that these businesses have been late in making their payments. If the same rules were applied to the Government when it pays its accounts it would be an interesting story, and one of my colleagues will raise that matter later. Like any business, SECWA has difficulties in collecting money, but it is in a better position than other businesses because it can cut off the power. The consumer does not have the option of using power from elsewhere.

I have made some inquiries about the payment of accounts. As the Minister outlined in his second reading speech, some larger customers of SECWA obtain power under a special contract agreement and written into that contract is a clause that they must pay interest on overdue accounts. The bottom end of the scale does not present a huge problem because if householders do not pay their electricity bill a process is started and eventually the power is cut off. I am told that a problem arises when some medium-sized businesses use the stick in reverse. If they fail to pay their account they are told by SECWA that their power will be cut off. I certainly do not support this practice, but apparently some businesses threaten SECWA by saying, "Cut it off, and we will put 200 people out of work." In a situation like that SECWA is powerless to act without causing a controversy of some kind. Increasing SECWA's powers to allow it to charge interest on overdue accounts may, at the end of the day, be the right way to go. However, the timing of this legislation could not be worse especially when it involves only \$1 million. In view of the tough times in the community it would be appropriate for this measure to be delayed. The Government certainly should not take any action on the question of security deposits because if anything will send businesses to the wall quickly, it will be receiving a bill for a large amount of money which they may not be able to find. It is not good enough for the Government to say that there are different ways to find the money and that it does not have to be a cash deposit, but could be a bank guarantee. There is no difference because if a business seeks a bank guarantee the bank will want security.

If the name of the game is to save money for SECWA, it is important to look at the many ways in which SECWA could save large amounts of money and do something about the difference between the electricity tariffs in Western Australia and those paid in the Eastern State. It was interesting during the recent public debate on the Government's decision to proceed with a new coal fired power station to learn that certain conditions had to be met by the coal companies. They wanted cuts in the prices and tonnages outlined in existing contracts. On the other side of the equation the employees of SECWA had to deliver certain productivity improvements to enable the Government to bring about some of these reductions. In this legislation the Government is having a go at small business by making sure that they pay their accounts on time. I would be interested to know how successful the Government has been in having those productivity improvements implemented in the running of its power stations. Instead of talking about saving \$1 million by implementing this legislation, the Government would have been talking about saving tens of millions of dollars if it were able to bring about major changes to ensure that our power stations were competitive, which would result in reduced power costs. The Minister said that over the next

10 years real power costs will be reduced by 25 per cent. Western Australia's electricity tariffs are already 40 per cent higher than the Australian average. Over a 10 year period - a long time - this Government will not be able to bring its power prices down to a level which is competitive with tariffs in other States.

Mr C.J. Barnett: Other Governments will be bringing theirs down too. They will also be making efficiency gains. We have to do better than the other States.

Mr COURT: That is correct. We could face the situation mentioned by the member for Cottesloe; that is, our efficiency gains are aimed at making us competitive on the current rules of the game. If the other States are able to implement further efficiencies, it will mean that Western Australia will remain uncompetitive. The Government is concentrating on a relatively small means by which to save money for SECWA, but its approach could cause considerable pain to a large number of medium-sized businesses which are already suffering from the recession and 40 per cent higher electricity charges compared with other States; now they are to be hit with major increases in security deposits.

[Leave granted for speech to be continued.]

Debate thus adjourned.

BILLS (6)

Messages - Appropriations

Messages from the Governor received and read recommending appropriations for the purposes of the following Bills -

1. Human Reproductive Technology Bill 1990
2. Education Service Providers (Full Fee Overseas Students) Registration Bill 1990
3. Water Bill 1990
4. East Perth Redevelopment Bill 1990
5. Loan (Financial Agreement) Bill
6. Home Building Contracts Bill

PROMPT PAYMENT OF GOVERNMENT ACCOUNTS BILL

Second Reading

MR FRED TUBBY (Roleystone) [12.03 pm]: I move -

That the Bill be now read a second time.

This is the third occasion on which the Opposition has presented this legislation to the House. It is a genuine attempt to overcome a persistent problem for the business sector; that is, the lengthy delays before many Government instrumentalities pay their commercial accounts. In the debate on the previous Bill we heard that the State Energy Commission is having similar problems with late payment of accounts.

This Bill provides for the Government and all its agencies to pay their commercial accounts on time, otherwise they will pay 20 per cent per annum interest on amounts outstanding for more than 30 days. Interest will accrue 30 days after the due date, or 25 days from the first day of the month following the month in which the account is received - whichever is the lesser period. Costs incurred by late payment must be paid from the appropriation of the particular department or agency. Provided Government agencies are efficient in the processing of accounts, there will be no cost to Government. Therefore, this legislation does not require a message.

The legislation is not about increasing the cost of Government, it is about increasing its efficiency. All members should applaud this objective, and I am quite certain that Ministers will deal severely with anyone in their department who is responsible for incurring unnecessary increased costs due to bureaucratic inefficiency. During previous debate on this question Government members have hidden behind the public relations hot line established to handle complaints from the private sector about unpaid Government accounts. Unfortunately, many commercial suppliers of goods and services to Government agencies

are reluctant to complain through this service for fear of losing contracts or having their tenders overlooked in the future. Whether this fear is justified is not open for debate, because the fear exists and it is preventing businesses from making complaints. Why should the onus be on businesses to complain? Surely, there is a simple commercial solution to this problem, such as that which the Minister for Fuel and Energy has introduced in his Bill; that is, if an account is not paid by the due date, interest is charged on the unpaid amount. I do not disagree with that principle, although I agree with the member for Nedlands' statement that the Government could not have picked a worse time for business at which to introduce such legislation into this House. If that principle is applied to Government departments and allows them to charge private enterprise interest on overdue accounts, it should also apply to private enterprise, allowing it to charge Government instrumentalities interest on overdue accounts. Many Government instrumentalities already enjoy this privilege when invoicing businesses and the general public for taxes and services. For example, if a person is late in paying land tax on his property, the State Taxation Office very quickly imposes a surcharge on the land tax bill. The Water Authority also charges interest on overdue accounts.

The State Energy Commission has a particularly privileged position, in that it requires an up-front bond equivalent to the cost of two months' power usage prior to making a connection to business premises. It is squirreling away that amount from every business in this State. It is a crippling impost for any new business starting up. In addition to this bond, the State Energy Commission now wants to charge interest on overdue accounts. It should also be remembered that it is a monopoly institution, unlike the private enterprises which deal with Government departments. If the Government pursues the State Energy Commission Amendment Bill, but avoids cleaning up its own backyard by supporting this Bill, it will be engaging in a very cynical exercise. In the current recession the State Energy Commission is apparently feeling the pinch from businesses which are allowing their accounts to become overdue; therefore, it wants to charge interest. How much more will small businesses be feeling the pinch in this economic climate? Businesses are currently being pursued by their bank managers and I am sure you, Mr Speaker, have been told of these problems by people in your electorate. The banks are requiring businesses to reduce or get rid of their overdraft facilities. These businesses not only have accounts outstanding to Government departments, but also they have private creditors who are suffering in exactly the same economic circumstances. As a result, they are also delaying the payment of their accounts.

In his second reading speech on the previous Bill debated, the Minister made a particularly pertinent comment; he said that in effect customers who did not pay their bills on time were "taking undue advantage of free credit". The Minister is perfectly right; anyone who delays paying an account is gaining free credit. This legislation will require the Government not to ride on the back of private enterprise by expecting it to provide free credit to the Government. It represents one small way in which the Government can assist businesses in this State at no cost to itself. All it requires is improved efficiency. If it is good enough for the Government to impose interest payments on businesses, then it is good enough for business to have reciprocal rights. I therefore commend the Bill to the House and urge all members to give it their full support.

Speaker's Ruling

The SPEAKER: I have taken the opportunity during the member's address to have a closer look at this piece of legislation. I am of the view that this Bill will require a message.

Mr Fred Tubby: Only if they are inefficient, Mr Speaker.

The SPEAKER: That is the member's view. I do not have advice at the moment that a message is to hand and as a consequence it is my ruling that this matter now go to the bottom of the Notice Paper until such time as a message is received.

Mr Fred Tubby: Can I ask the Leader of the House when that is likely to occur?

Mr Pearce: I am not able to predict that at the moment.

Mr LEWIS: Mr Speaker, I draw your attention to a previous ruling made by you that suggested that you were not aware of what Bills did or did not require messages and, on that basis, you would allow progress of those Bills to the third reading or otherwise until a message was brought to hand. I therefore ask you to reconsider this ruling on that basis.

The SPEAKER: First, I indicate it is not my normal practice to allow members of the House

to canvass my rulings, as is being done at the moment. However, I will put the member right in one small aspect: I am not prepared, and I state again as I did previously, to rule at the introduction of a Bill, as was the previous practice in this House, that it requires a message and therefore must go to the bottom of the Notice Paper prior to its second reading. It is not appropriate to assume on the first reading when only the title is before us that a Bill will require a message. It is necessary to go to the second reading stage and have the Bill and the speech before us to be able to make a determination as to whether a message is required. That is actually what I said. This Bill in my view clearly requires a message and this is the stage where it goes to the bottom of the Notice Paper. That is not to say that later today a message will not be forthcoming, but that is not for me to decide.

SHIRES OF HARVEY AND WAROONA (TRANSFER OF FUNDS) BILL

Second Reading

MR BRADSHAW (Wellington) [12.14 pm]: I move -

That the Bill be now read a second time.

Currently money is being held at the Harvey and Waroona shires from meat inspection fees collected by the Harvey Shire Council from 1979 to 1983 and the Waroona Shire Council from 1973 to 1987. The amounts held are about \$270 000 and \$490 000 respectively. The money was collected under the State Health Act at export abattoirs where Department of Primary Industries meat inspectors carried out inspections and stamped carcasses with the shire's approval stamp, as required by law.

Western Australian legislation did not until 1987 accept Commonwealth meat brands alone on meat for intrastate consumption, and local shire meat brands had to be applied at the point of slaughter. The Health Act of Western Australia meat branding regulations stipulated that branding fees be imposed and those fees have accumulated. The Health Act states that money collected for branding fees can be used only for meat inspection. The Waroona and Harvey Shire Councils are in the dilemma of having the money but being unable to spend it because the Act says it can be used only for meat inspection. The two shires have for years been attempting to legally use this money for community facilities. Unfortunately, since 1983 Governments have refused to cooperate and to introduce legislation to overcome this anomaly. Some controversy has arisen about to whom the money belongs, ranging from the producers and abattoirs operators to the shires concerned. The Waroona and Harvey shires believe they are the rightful owners and are prepared to fight to be allowed to use the money.

On a visit to the Harvey and Waroona Shire Councils the former Premier, Peter Dowding, advised the councils to "just spend the money". As members can appreciate, that attitude has prevailed in Western Australia for some years with diabolical consequences. The two shires refused to "just spend the money" as they were rightly concerned about the legal implications of doing so. The time prescribed in the Limitation Act has expired so no person or company can instigate a legal challenge for the money. The shires find themselves in the untenable position of having the money and being unable to use it while the Health Act prescribes that the money can be used only for meat inspections. Neither shire requires money for meat inspections and the Government is sitting on its hands and not allowing the money to be used.

At one stage a former Minister for The South-West, the member for Eyre, planned to use some of the Waroona money to renovate the old Waroona primary school and relocate the Department of Agriculture from Harvey to Waroona. The plan never eventuated, but I am sure if the former Minister had remained in that position long enough legislation would have been brought before this House to allow the money to be used. If the shires are allowed to use the money the 15 000 population of these two shires will benefit from new community facilities such as a cultural and recreation centre in Harvey, a new library in Waroona and other facilities. It is past time that something was done to overcome this stalemate so that this money is not locked up in accounts, unable to be used. As members would realise, this is an illogical, unsatisfactory situation and the problem must be overcome. I commend the Bill to the House.

Debate adjourned, on motion by Mr Pearce (Leader of the House).

VEGETABLE PROCESSING INDUSTRY GUARANTEE BILL*Second Reading*

MR HOUSE (Stirling) [12.18 pm]: I move -

The the Bill be now read a second time.

This Bill proposes to provide a guarantee for contracts made between vegetable growers and vegetable processors in Western Australia. All members are cognisant of the urgent need for Western Australia to develop value adding industries based upon our agriculture and mining for both domestic and export markets. The long term picture for the value added vegetable industry is indeed healthy but, like other industries in the agricultural sector, there are market cash flow peaks and troughs, particularly when demand for the product has been undermined by the dumping of subsidised processed vegetables upon the domestic market.

The underwriting proposal in this Bill is a principle already in operation for the grain and wheat growers in Western Australia, whereby they are guaranteed payment of part of their contract upon delivery of their produce within a given period so that they can repay their creditors the money spent putting in their crops. I must emphasise that this Bill is aimed at giving vegetable growers of our State some security in the course of pursuing their livelihood. The scenario facing vegetable growers during cash flow troughs is the continued deferment of payment of their contract. This is clearly unacceptable as they will have to carry the debt of providing for fuel, fertiliser, cartage, and interest rates from the time their land is prepared until payment for their produce is forthcoming. As in the case of grain growers participating in the Grain Pool of Western Australia, this Bill intends that the growers be paid in part within a short time of delivery of their produce in order that they will not be completely vulnerable to the short term fluctuations of the market.

With regard to the costs of this guarantee to the State I ask members to weigh up the potential cost of implementing this legislation, which I estimate to be in the order of \$2 million, with the real costs to the rural community of not supporting the Bill. The key element of the proposed guarantee is that it will give confidence to all the people involved in the vegetable processing industry through a flow on effect. The guarantee will give the growers the confidence to proceed with planting their crops and paying their creditors. It will give the vegetable processors the confidence to make plans for the future development of processed vegetable markets, and their employees will be provided with a greater degree of employment security. It will maintain for those people who are involved in providing services to the vegetable processors the stimulus that an enterprise of this type offers the great southern region.

An example of the value that a vegetable processing industry adds to a local vegetable growing industry is Southern Processors, based in Albany, which is the largest Western Australian owned vegetable processing operation. It directly employs between 70 to 100 people annually in the Albany area, and achieves sales of approximately \$7.5 million per annum. Southern Processors has calculated that since its inception it has generated in excess of \$25 million in cash flow to the local community. The company contracts to between 100 and 150 growers between Albany and Manjimup for produce ranging from peas and beans to broccoli, cauliflowers and potatoes. These products are processed, with Southern Processors supplying over 50 per cent of Western Australia's frozen pea and bean market, and providing the State's only frozen french fries operation.

In addition to the domestic market, Southern Processors has achieved some success in exporting vegetables to overseas markets where other Australian companies have failed; for example, the supply to Japan of frozen peas. In places like the great southern, where the rural recession is biting ferociously, these value added agricultural industries need to be supported in the face of the predatory trade practices of countries like Canada and New Zealand, and the European Economic Community.

The purpose of this Bill is to provide for the underwriting of contracts of sale of vegetables bought from the growers by those companies. The proposed guarantee will amount to 75 per cent of the agreed amount being paid within 30 days of the delivery of the produce, with the remainder due on or before the end of the current financial year. The State will provide the guarantee, which will be payable out of Consolidated Revenue. The Bill will apply only to vegetables grown in Western Australia that are already contracted and

delivered to the processor concerned. The policy of the Federal Government to allow the dumping on our domestic agricultural markets of imported foods is a disgrace. It is the direct consequence of the ivory tower approach to trade and economics that is so much in fashion in Canberra today, and which is responsible for the economic devastation of some of our country towns. We in the Western Australian Parliament should do what we can to ensure that our competitive and efficient value added rural industries are supported in the manner proposed by this Bill. I commend the Bill to the House.

Speaker's Ruling

The SPEAKER: This Bill falls into the same category as the previous Bill in clause 5(2)(b), and as a consequence requires a message. I rule that this Bill wait at the bottom of the Notice Paper until such message arrives. Something has been drawn to my attention in the meantime which needs to be clarified here. What I wanted to achieve in respect of changing the practice to one of stopping these Bills here after the second reading rather than the first reading, and just assuming that the Bill would not get a message, is a fair situation where all Bills, no matter by whom they were introduced, would reach this stage; and if there were no message, no matter whether they were private members' Bills or Government Bills, this is the stage at which those Bills would end. I believe that is a much fairer way of dealing with this rule in our Standing Orders than the way it was applied previously.

Points of Order

Mr HOUSE: Mr Speaker, I do not intend to canvass your ruling, but I want to know the difference between the ruling you gave about the wheat marketing legislation, which I introduced into this Parliament a few weeks ago, and the ruling you are now giving on what seems to me to be a Bill of identical nature.

The SPEAKER: In my view there is no difference in my ruling. Let me be sure I have the right Bill.

Mr HOUSE: It is No 23 on today's Notice Paper.

Mr Pearce: There is no doubt that it requires a message. We did not take a point of order about the message, and a ruling was not made.

The SPEAKER: Order! I now have a copy of the Votes and Proceedings of that day, and it does not appear to me that this situation is any different, other than that Bill had been adjourned, so one other person had stood in this place and adjourned the Bill before I could get to my feet and say, "Hang on; I have had a look at this." The handling of the Standing Orders in this place does not reside only with me.

Members would be aware that it is a rather difficult task for one person in this place to look at all the pieces of legislation which come before this House, and to determine whether a message is required. If there are occasions when from now on I do not rise at the appropriate time and say that a Bill needs a message, and if another member in this House is of that view, that member should raise the matter with me. I simply want to achieve a situation in this House where every member is treated fairly. In my view it is not possible to work out whether a message is required for a Bill, no matter who presents it, until such time as the second reading has taken place; if the Bill is complex, it may be a bit later. This is in my view the fair and appropriate time at which to rule that this Bill clearly needs a message, so it cannot continue to be debated until such time as it receives a message.

Mr LEWIS: Mr Speaker, can I ask a question?

The SPEAKER: You should write me a letter.

Mr LEWIS: We will have a substantive motion.

The SPEAKER: Order! That sort of behaviour is not acceptable. That is why I have said in the past that Speaker's rulings should not be canvassed. If the member wants me to take that point of view or that attitude from now on, I will. I am simply trying to do what is fair and just for all members of this place, and I do not appreciate his comments after I have sat down.

**MOTION - STATE GOVERNMENT INSURANCE COMMISSION/STATE
GOVERNMENT INSURANCE OFFICE***Corporatisation Legislation Opposition - Independent Assets and Liabilities Report***MR TRENORDEN** (Avon) [12.28 pm]: I move -

That this House will not support legislation to corporatise either the State Government Insurance Commission or the State Government Insurance Corporation until the Minister for Microeconomic Reform has tabled a genuinely independent and full valuation of the assets and liabilities, including any moneys taken out of reserves, of the two institutions.

This debate about the State Government Insurance Commission has been raging for some years. In fact, in September 1989 I rose on an Address-in-Reply debate to first raise in this House the issue about the standing of the SGIO and SGIC. I put that information before the House in a matter of fact way and tried not to be emotional about it at the time. I believe I put that debate in a concise manner. However, I was pilloried by portions of the Press and certainly by the Government. The predictions and allegations I made in that debate have come true over a period of time. In 1989 I stated that the \$184 million of asset surplus, as stated in the 1988 annual report, was looking pretty sick. I was pilloried for that statement. The Treasurer at that time, David Parker, said that I was an agent of private industry. Other people, such as the chairman at that time, Mr Rees, totally denied the situation when, in May 1991, Mr Frank Mitchell, speaking for the SGIC, stated that there would be a very fine balance of assets over liabilities. Since 1988 the assets published in the annual report have been whittled away to virtually nothing. It is important to understand the position clearly. I do not intend in this debate to go back and discuss those assets, to whom they belong and what happened to them because I hope that all members will have followed what has happened over that period. The National Party is particularly concerned because the corporatisation of the SGIO is like taking a second-hand car to the panel beater, having it repainted, polished up and driven out as a brand new car. No one will believe it. Nor should they. What has changed? We are to have a new board, a new organisation; we have not seen its substance but we are told we will see it in due course. However, the administration will be the same, the staff will be the same, the assets will be the same and the liabilities will be the same. In fact the whole commercial base will be the same; it will be the same animal.

How will the commercial world view this new corporation? Look at where it stands now. The 1991 annual report shows an asset surplus of \$60 million. The latest Auditor General's report lists some \$117.5 million held in the assets of those two institutions which are at risk. I remind members of the current situation. The Auditor General separates the commission and the corporation in the text, but initially he takes the two together and says that the commission is holding \$21.1 million. The commission has a claim from BCHL under the indemnity agreement of \$210.8 million, and it has made provision for non-recovery thereof of \$189.7 million, leaving a net carrying value in the consolidated balance sheet of \$21.1 million. He says that the financial statements of BCHL for the period ending 5 October 1990 showed a deficit of shareholders' funds, and he gave his opinion that there was a significant uncertainty that BCHL and the BCHL group would be able to continue as a going concern. The Auditor General shows an obvious concern over \$21 million of assets listed in the annual report. The Auditor General goes on to talk about the Bell Group, and that is now history. He says that \$57 million is held in the accounts. We know that that \$57 million has departed. Mr Mitchell's comments I quoted earlier were in response to the loss of the \$57 million.

Turning to Rothwells the Auditor General states -

As stated in Note 8(5) to the financial statements the Commission has deposits with Rothwells Limited (In Liquidation) with a carrying value of \$37.2 million . . .

He says that the recovery of the above carrying value is dependent on a realisation of the assets of Rothwells, but the liquidator says that is dependent upon the realisation of the secured assets at their full value. He is saying that the assets have been put in this report in their best possible light. The Auditor General says there is a doubt over a further \$37.2 million. Dealing with Spedleys, he talks about a further \$2.2 million. Those who have been following these arguments know that there is a considerable doubt about what will be

returned to creditors from Spedleys. This is another figure under risk. There has been further litigation between the SGIC and the GIO which cost the SGIC \$2.5 million. That is a further expense to the system.

Our problem in this House is, if we allow the corporatisation of the SGIO or the SGIC, how do we know that this luggage of yesterday will not be carried into the future? We know it will, and that is why I am on my feet. Very few members would be in any doubt that the luggage which the SGIC and the SGIO now carry will be carried forward into the new entity. That is not a position which we in the Opposition condone or accept. Do we corporatise the SGIO with these problems still on its books? The commercial attitude to this would have to be that one does not do that to any entity. In 1989 I was concerned about the responsibilities of running an insurance office. The board has never admitted any problem. Mr Rees, who has recently departed, consistently denied that a problem existed. I have never seen any statement from any board member saying that certain events did or did not occur, or what would happen in the future. There has been absolute silence from all board members, and some of them remain. Mr Rees has recently departed. Until his dying day he will deny the allegations constantly raised in this House, yet he was proved wrong on every single count. History clearly records what has happened in the 18 months since I made my first speech. The Treasurer of the day, David Parker, stonewalled the debate at that time, and we know what has happened to him in recent times. I suggest that he does not have a great deal of credibility in the community and he should not have a lot of credibility in this House. He treated the allegations which I and other members made with disdain. Since that time three Premiers have refused to act on the situation. The problem is that we have not had a direction from any of the Premiers to the SGIC or the SGIO to finish the debacle which has been going on for so many years. That is what is necessary. If there is to be confidence in the operation of the SGIO as a corporate body we must give them a clear bill of health before they head off in their new direction. There is now no question that the SGIO is in trouble.

Dr Gallop: The SGIO or the SGIC?

Mr TRENORDEN: The SGIO. I will tell the Minister why in a moment. Some time ago the Premier of the day, Mr Dowding, invited the GIO to compete with the SGIC, and that invitation was taken up. If members have been reading the Press recently, they will know how successful that competition has been. I am told by people in the industry who know just who is getting what percentage of the market share that the Government Insurance Office of New South Wales has attained a remarkable position in this State in a very short time, and mostly that will have been at the expense of the State Government Insurance Office, which is the major holder of workers' compensation insurance in this State. There is all the commercial business as well, and right now it is under threat by a very aggressive new competitor on the Western Australian scene. The weekend Press clearly stated that the Premier of New South Wales intends to privatise GIO Australia very shortly, so if he has his way it will soon be just another insurance company.

Mr Catania: Just before he takes out \$500 million.

Mr TRENORDEN: I presume he will do that, but that is not the point for us. The point is, what shall we do with the SGIO and the SGIC? They are experiencing extremely tough competition and are being asked to face that competition with both hands tied behind their backs - tied by this Government.

Dr Gallop: Rubbish!

Mr TRENORDEN: The Government has taken away from the SGIO and the SGIC the fat that would have enabled them to withstand that challenge. I am told the GIO is coming into this marketplace on very lean rates and with a very aggressive attitude, and to meet that competition the SGIC must take certain measures. About the only measure it can take is to reduce its premiums. If it does so there will be an obvious domino effect in its accounts; that is, its profits must go down. Members must realise that very few general insurance companies make an underwriting profit.

Mr Shave: Some people I have talked to tell me they have been increasing their premiums to cover their losses - that is part of their problem.

Dr Gallop: They are in a free marketplace.

Mr Shave: People are suddenly finding that premiums are going up substantially.

Mr Catania: Can you prove that?

Mr TRENORDEN: Recently I made a four day tour of the north west and while there I was told that the SGIO's premium rates had risen dramatically, but I do not intend to debate that because I believe it is true. The SGIO is in a very competitive marketplace. It has been disabled substantially by having its cushion against competition removed; it is now having to compete with a very aggressive company and is losing market share. Market share must be lost to the GIO by somebody, because the GIO has come into the marketplace aggressively. From my inquiries I believe that a substantial portion of the business being written by the GIO is coming from the SGIO.

Mr Catania: How do you determine that? That statement is very hard to prove.

Mr TRENORDEN: No, it is not. The member for Balcatta should ring the market managers of a few insurance companies around this town and ask them what is happening.

Mr Catania: And will they say the GIO is taking market share from SGIO?

Mr TRENORDEN: Substantially, yes.

Mr Catania: Can they actually distinguish that that business is coming from the SGIO rather than from other companies?

Mr TRENORDEN: The insurance market is no different from any other. Whether they be selling cars, refrigerators or anything else, people involved in the marketplace know what is happening. If they did not, they would not be there. It is a fundamental issue. I thought the member would understand that, as he has a business background.

Mr Catania: I question whether they can distinguish that market share has not been taken from other, private insurers but only from the SGIO.

Mr TRENORDEN: We will know that in just a few months, at the end of the financial year.

Mr Catania: That is a better statement, rather than to say that you know for sure that it is happening now. You should state correctly what is the case.

Mr TRENORDEN: I do know it is happening now. The 1989 gross premium of the commission and the corporation was \$304 million, by my reckoning from their reports, and in 1990 it was \$309 million; so the SGIO and the SGIC collectively have not been doing so very well with their gross premiums. There might be other reasons why that is happening in some sectors of business, but that is their gross position. I am sure that when the end of year figures are released in the next report we will find the premium base has been affected. It must have been affected, with the attitude that has prevailed in the marketplace for two years. That is why this debate is taking place. I believe there is a great urgency to put the SGIO and the SGIC in a position where they can sail into the competition with confidence.

Mr Catania: Aren't we doing that by corporatising them?

Mr TRENORDEN: No, because corporatisation would take into the SGIO the problems of the past. Those things need to be identified and cleared up.

Dr Gallop: You cannot turn back a block of history. It is impossible. Time is the one thing in this world that cannot be altered.

Mr TRENORDEN: That is right, but we could bring in the one person in this nation who is capable of knowing the assets and liabilities under the provisions of the Federal Insurance Act. It is important to keep that in mind, because in the past the argument has been that the Auditor General can value assets and liabilities, but if we want to look at the text of the Public Accounts and Expenditure Review Committee - and the Minister for Fuel and Energy may have been on that committee at the time -

Dr Gallop: You have changed your position every 24 hours on this issue.

Mr Shave: You are saying that you are concerned that people who may want to take out insurance with the SGIO are given the correct figure when it is corporatised.

Mr Catania: How would you give an increment -

Mr Court: I will tell you how - the Government said it had \$57 million of value in those bonds when it knew they were worth nothing.

Mr TRENORDEN: That is the fundamental point. It is very important that everyone understand that a prudent insurance operation will value its liabilities up and its assets down on a conservative basis so that it has a margin; that is what the SGIO and the SGIC have not done.

Dr Gallop: The SGIO has done that.

Mr TRENORDEN: The Auditor General basically is saying they have not done that.

Dr Gallop: How can they calculate the insolvency ratio, then? You know the facts.

Mr TRENORDEN: On page 46 of the Auditor General's latest report he says -

... and the realisation of secured assets at their full value.

Mr Court: At their historic value.

Dr Gallop: The SGIO solvency ratio does not include those investments, and you know it.

Mr TRENORDEN: Let us not get hung up on the solvency ratio now. This debate is about valuing the assets and liabilities of the SGIO and the SGIC.

Mr Catania: It is an important factor in the solvency situation, and you know that. If the solvency situation is at a level of 32 per cent, why are you questioning it? Those investments which you say are taken into account in fact are not taken into account. You are making a mistake.

Mr TRENORDEN: We are arguing about two different things. There is no doubt that the SGIO and the SGIC have these assets on their books; there is no doubt either that for two years they have been valuing those assets at the highest possible valuation because we have experienced two years of the SGIO and the SGIC saying, "These valuations will stand up," when in fact a few days later they have fallen over. The latest one fell over only a few days ago - \$57 million went off the books of the SGIC because of the Bell convertible notes. That is not a fabrication on my part, it is a statement of fact. It is also a statement of fact that the Auditor General indicated - he did not actually say - that they are consistently putting their assets in the best possible light. It is very likely that the same situation applies to the reserves. In 1988, \$61.5 million was taken from their reserves and called profit - it was cash out of the system. The justification given for that was a new accounting standard which has yet to be adopted by anybody, but it is still being talked about in the industry.

Mr Catania: You know very well that the insurance industry has no standard accounting practice.

Mr TRENORDEN: Exactly. I thank the member for saying that, because that is my point.

Mr Court: So if you shift the guideline a bit you can make an extra profit!

Mr TRENORDEN: It is important to note that that standard is the minimum standard under which to operate an insurance business. The State Government Insurance Commission and the State Government Insurance Office have accepted the minimum standard. The leeway has been disregarded and they have stated that if this is the minimum acceptable to the industry they will accept that. Do we want the SGIC and the SGIO to accept a minimum standard? Since 1926 the organisation has been operating and collecting assets. Since 1926 it has been procuring reserves on a historical and experienced basis; that is, it has been counting money in and money out for 50-odd years. That system was retained until 1988 because it was known that it worked; certain money came in and certain money went out. The SGIC does not operate like a general insurance office. No general insurance office deals with Motor Vehicle Insurance Trust funds; that is a Government activity. However, the standard adopted is a general insurance standard even though most organisations do not deal with Motor Vehicle Insurance Trust funds. For a minimum standard to be accepted, and to not include the Motor Vehicle Insurance Trust business, is accepting the fact that it is too low.

I challenge anyone to debate in the commercial world that that position is not correct. If we consider collectively the business of the corporation and the commission, it involves the Motor Vehicle Insurance Trust, special industrial diseases, and workers' compensation. If one asked the industry what is the dangerous business that it writes the answer would be any of those businesses with a tail. One failure last year related to workers' compensation. My

understanding is that the SGIO writes something like 40 per cent of workers' compensation business in Western Australia. Therefore, a risk is involved. It has a mix of assets.

Mr Catania: What is the risk?

Mr TRENORDEN: The risk is in writing workers' compensation business, because for general insurance a premium is paid today and in 12 months if the insured event does not occur the money goes into the coffers. With workers' compensation, Motor Vehicle Insurance Trust and so on, the claims come in somewhere between five and 10 years in the future. It is important that the funds are in reserve to meet the claims because such claims cannot be met from the current day premiums. If reserves have a deficiency of \$61 million, today's premiums cannot be raised by \$61 million, or even \$10 million or \$20 million. The shortfall must be built up over time. I do not want to go into a dissertation about how the insurance industry works. Members should understand that today's premiums cannot be increased to meet a deficiency because the deficiency has grown over a number of years and would be substantially more than the premium could meet.

Regarding the removal of \$61.5 million out of reserves, a former Auditor General said to the Public Accounts and Expenditure Review Committee, "Don't ask me to do it, because I don't have the expertise. Don't ask me to go to private enterprise to find the expertise, because it is not there." The Insurance Commissioner in Canberra is the only person who possesses such experience. It is that experience that values such matters, not academic ability.

Dr Gallop: He is consulted about how to go about it. We did that on the advice of the Public Accounts and Expenditure Review Committee.

Mr TRENORDEN: It was on the advice of Max Trenorden.

Dr Gallop: If that is so, then so be it. What is the problem?

Mr TRENORDEN: That is the way it is. If we do not value, and put before the public of Western Australia exactly where the SGIO stands, then a number of people will not be happy. The SGIO will have a new board and a new chairman, but nothing else will have changed. It will be basically the same staff and the same management.

Mr Catania: The methods will change.

Mr TRENORDEN: In the public's eye, what has changed?

Mr Catania: The public's attitude should change. The member's attitude of putting down the SGIO makes people believe that something is wrong.

Several members interjected.

The SPEAKER: Order! I was trying to have a quiet conversation, but I could not hear myself speak - never mind the Deputy Clerk with whom I was talking.

Mr TRENORDEN: When I first spoke about this matter in this place in 1989 the first allegation from the other side of the House was exactly the same; that has not changed in 18 months. No way will the Government say, "Let's finish the debacle, let in the sunlight, and get a valuation," or, "Let us get on with the preservation of the SGIO."

Several members interjected.

The SPEAKER: Order!

Mr TRENORDEN: We stand in this position today not because the Opposition invited the GIO to come to Western Australia, and not because the Opposition raped the values or the assets of the SGIC or the SGIO; that was done by the members opposite. It is no good pointing the finger at the Opposition and saying that it is the destroyer of the SGIO. That will not wash. If members had been listening, they would have heard at the beginning that I wanted to keep the debate to the fundamentals, to place the SGIO in a position where we could forget about the past and carry on into the future. That is what we need to do. I support that objective totally. However, we cannot allow the SGIO to go into the future with severe doubts hanging over it. Putting aside the question of public confidence, which has been severely eroded -

Mr Catania: Only by you and your colleagues.

Mr TRENORDEN: The member should go to the public and ask them who has eroded the

public confidence in SGIO; that is, is it Max Trenorden or the Government? I would be happy to debate in the public arena who is responsible for the current position of the SGIO and the SGIC.

A more important question is that of the competition; it knows that the SGIO is vulnerable. The competition is getting into the SGIO. I was told by the State manager of a very prominent insurance company in this State - that is, the GIO - that five years ago a valuation on the SGIO would have been about \$600 million. He stated recently that the current valuation is nothing. Why would anyone bother to buy something that could be stolen? I think that he is wrong. I have telephoned a number of people in the industry who say that the SGIO does have a value. The value is realistically what people would be prepared to pay for it on the open market. We do not know what that is. We know that it is not \$600 million; it is probably not \$100 million. So, between the 1986 formation of the two entities and 1991 a huge decline in the value of public assets has occurred. We cannot allow this debate to grind on until the day when we must shut the doors of the SGIO. That is not the objective of anyone in this place. The argument should be focused in the proper area. The competition should know that the SGIO has a sound and aggressive base.

[Leave granted for speech to be continued.]

Debate thus adjourned.

[Continued below.]

STATEMENT - BY THE SPEAKER

Rulings Error - Orders of the Day Nos 20, 22

THE SPEAKER (Mr Michael Barnett): Before the luncheon suspension I wish to correct a flaw in two of my earlier rulings. I refer to Orders of the Day Nos 20 and 22. It was an inappropriate time to rule that they go to the bottom of the Notice Paper and, having had my attention drawn to the fact, I want to resurrect the Bills to their appropriate place on the Notice Paper. Order of the Day No 20 was moved by the member for Roleystone. By way of explanation, these Bills will take their place on the Notice Paper and, if at the time they are brought on for debate they have not received a message, that is when a decision will be made regarding the issue on which I ruled earlier today.

PROMPT PAYMENT OF GOVERNMENT ACCOUNTS BILL

Second Reading

Order of the Day read for the resumption of debate from an earlier stage of the sitting.

The SPEAKER: The question is that the Bill be read a second time.

Debate adjourned, on motion by Mr Pearce (Leader of the House).

VEGETABLE PROCESSING INDUSTRY GUARANTEE BILL

Second Reading

Order of the Day read for the resumption of debate from an earlier stage of the sitting.

The SPEAKER: The question is that the Bill be read a second time.

Debate adjourned, on motion by Mr Pearce (Leader of the House).

Sitting suspended from 1.02 to 2.00 pm

MOTION - STATE GOVERNMENT INSURANCE COMMISSION/STATE GOVERNMENT INSURANCE OFFICE

Corporatisation Legislation Opposition - Independent Assets and Liabilities Report

Debate resumed from an earlier stage of the sitting.

MR TRENORDEN (Avon) [2.05 pm]: It is very important that we understand why this issue is now before the House. As members of Parliament who have control over the State Government Insurance Commission and the State Government Insurance Office for the benefit of the public of Western Australia, the investors of the State Government Insurance

Commission, the consumers who purchase their product, and the competitors who are fighting within that market, we must clear up the debacle of those entities that has been running for several years. The issues include the question of checking the assets and liabilities of insurance companies. I am sure that members opposite will say that the Auditor General does that, and I have heard this for two years. However, if members were to go back and check the credentials of immediate past auditors general they would discover that they did not have the expertise to value assets of the SGIC and the SGIO as operating insurance companies. The operations of a general insurance company are different from the operations of any other company. When I first spoke on this matter the then Treasurer compared a life assurance company and the way it held its assets with a general insurance company; they are chalk and cheese. A life assurance premium is paid for a settlement many years down the track - except if one is unfortunate to die within the short term - and it is actuarially assessed to the conclusion of that transaction. General insurance is usually a one year contract, and a premium is paid for a risk within a 12 month parameter. At the end of that 12 month period the liability is over - except for business which has what is called a tail; that is, an event which happens within that 12 month period but which has ramifications at some later stage; for example, the Motor Vehicle Insurance Trust with third party insurance, and the SGIC with special industrial problems such as workers' compensation. In those instances a person may have had an accident within the 12 month period of the contract, but due to litigation processes claims do not occur for many months, or even years down the track. On average a claim can take about seven years although the premium paid for that claim happened within a 12 month period. That must be clearly understood.

Who regulates how assets are manipulated to fit in with those criteria? The Insurance Commissioner of Australia is a Commonwealth appointee who, as a result of restructuring some years ago, controls general insurance, life assurance and superannuation. The Insurance Commissioner handles the returns which are sent in by general insurance companies on a quarterly or annual basis and assesses those returns as he deems fit pursuant to his legislation. He has the power to alter liability projections and to change valuations on assets. In fact, if one objected to a valuation one could appeal against it, but the appeal would be heard some 18 months down the track and by that time it would be too late for a commercial organisation because the water would have flowed under the bridge. So he has a tremendous amount of power. Since 1986 when the SGIC and SGIO were formed, Caesar has been judging Caesar in this State. If that had not been the case we would not be in the position we are now. There has been no-one competent to look at what has been happening in the SGIC and the SGIO, so this disastrous history has unfolded before us. I have figures indicating what has happened to these institutions: In 1987 their capital reserves were \$60 million; in 1988, \$184 million; in 1989, \$184 million; in 1990 they were back to \$60 million; and in 1991 they will be in the red. There is nothing surer than the sun coming up tomorrow morning, than that they will be in the red. What has happened to claims' premium reserves? In 1987 they were \$788 million; in 1988, \$805 million; in 1989, \$788 million; in 1990, they were \$787 million, so they have been static. The premium base of the SGIC and the SGIO has been going up so why are the reserves not going up? It is because they have been pruning them to the bone. By using the Government standard they have reduced their claims reserve to a minimum. I cannot prove that standard here, and we can have a debate, and members opposite cannot prove the opposite -

Mr Pearce: Why is Nick Greiner proposing to take \$500 million out of the GIO?

Mr Court: There is a big difference.

Mr TRENORDEN: The Government has taken \$300 million out of the SGIC and the SGIO and Mr Pearce is asking me why Nick Greiner is doing that!

Mr Pearce: Okay, why is he?

Mr TRENORDEN: Because he is privatising the GIO and before he does that he wants to put the public's earnings back into the public purse. That is what he has said. I will not stand up and fight for Nick Greiner.

Mr Catania interjected.

Mr Court: His GIO has value, yours hasn't.

Mr Catania: So he is right in taking \$500 million to put into his terrible Budget position, but we are wrong!

Mr TRENORDEN: The situation is that more than \$300 million has been withdrawn from the SGIC and the SGIO. Mr Greiner wants to take out a similar amount of money - \$500 million - and pay it into the coffers of the New South Wales Government; there is a dramatic difference. Mr Holmes a Court, nobody else, was provided with the money from the State Government Insurance Commission. Why did that happen?

Mr Court: Silence.

Mr TRENORDEN: Absolute silence.

Mr Court: You don't have to wait for the Royal Commission to know what has happened to it.

Mr TRENORDEN: I refer to the pertinent question of the net worth of the general insurance office. Over the 12 month period when claims are made assets must be liquid; claims must be met as they arise. The net liquidity investment level of the combined organisations of State Government Insurance Commission and State Government Insurance Office in 1987 was \$29 million. In 1988 it decreased by 367 per cent to minus \$338 million. In 1989 it was minus \$391 million. Members may remember that in 1988 the SGIC borrowed \$400 million to fund the exit of money from the two organisations to the Holmes a Court group. Those organisations' liquidity vanished. An organisation is in dire trouble and it is patently obvious that the Government is stonewalling.

Dr Gallop: We have not said anything yet.

Mr TRENORDEN: The Minister has been interjecting.

Dr Gallop: For good reason.

Mr TRENORDEN: It is important those financial reserves are available to meet future claims. I cannot say whether they are there; nobody on the Government side can tell me whether they are there; the Auditor General cannot say whether they are there; no auditing company in Western Australia is qualified to say whether they are there; no-one else in Australia is capable of doing that except the Insurance Commission. In the agreement made in May last year between the Treasurer of the time, the Leader of the Government in the upper House, two of my colleagues and me, a position was struck which has been very slow to be honoured. However, in that position the Insurance Commissioner was to have an overview of the SGIO. I have changed my stance since that date because both sides of the House have been tardy in taking action. Before any further action is taken the same rule must apply concerning the SGIC. When the SGIO is corporatised, assets will be taken from the SGIC and piled into the corporation based on a valuation by its own people; that amounts to Caesar judging Caesar. A solvency ratio will exist above the deemed rate to make people happy; but the State will have a raped commission.

Dr Gallop: What a silly thing to say.

Mr TRENORDEN: The Minister is trying to keep the matter under the carpet and that has been the attitude for 18 months. A company will remain which has been raped of its assets. How do people who have had motor vehicle accidents know their claims will be met in seven years? Who will be in Government in seven years?

Mr Pearce: We will be.

Mr TRENORDEN: That is a good answer. It is not likely to be the present Government if it goes to the people of Western Australia saying there is a shortfall in funds. Members should think about the funds the SGIC controls; they are social funds; they are not commercial funds.

Dr Gallop: The SGIO?

Mr TRENORDEN: The SGIC's funds are social funds put in by Governments of the past; in most cases by Labor Party Governments. However, it is the present Government that has affected them over the past two years. The fundamental issue is that an organisation combined from two bodies has a central business district property listed as an asset at a figure - we all know what has happened to the commercial property market - which is in no way justifiable at the moment. If we wait some years the market may catch up to it but right now, without question, that property is over valued. The SGIC also faces litigation by Bond Corporation Holdings Ltd.

Mr Court: What is that litigation about?

Mr TRENORDEN: It is on the indemnity -

Mr Court: Is that not history now?

Mr TRENORDEN: No, the Bond group has a very strong case against the SGIC.

Dr Gallop: Do you support Bond Corporation's case?

Mr TRENORDEN: No, does the Minister?

Mr Gordon Hill: You said you supported it.

Mr TRENORDEN: I said the Bond group had a strong case. The SGIC took Bond Corporation to court, and the only conclusion one can make after reading the judgment is that the Bond group had a strong case. The Bond group is keen to take the SGIC to court and it is very sure of its chances. That is not a good signal to the Western Australian public.

Mr Court interjected.

Mr TRENORDEN: Lawyers are certainly in the right industry now.

Mr Pearce: If Bond Corporation discontinues its action, that will have to take the value off its books and you know what that will do to the company - Bond Corporation will take all sorts of legal action concerning its claimed assets to keep those assets on its books.

Mr TRENORDEN: I know that.

Mr Pearce: That does not mean Bond Corporation has a good case; it means the minute it takes that claim out of the courts, no matter how poor it might be, that claimed asset disappears.

Mr TRENORDEN: Its bankers are also putting some value on that claim. However, I do not want to argue about that. I am simply listing the problems faced by the commission at the moment. I do not want to discuss the litigation aspects now because no-one in the Chamber should be debating the pros and cons of it.

Mr Pearce: You started it by saying Bond Corporation had a strong case.

Mr TRENORDEN: I agree with the Leader of the House. Why create a new entity without having checked the situation out commercially for all to see?

Dr Gallop: You have changed your position.

Mr TRENORDEN: The Minister keeps on interjecting and I would point out to him that, of the Ministers handling the SGIC since I have been involved, he has zip knowledge of the SGIC. At least the Ministers before him were able to answer questions and appear intelligent.

Dr Gallop: I did answer questions.

Mr TRENORDEN: The Minister's understanding of the SGIC at this stage is very poor. If he wants to keep his ministry I suggest he gets up to speed.

Dr Gallop interjected.

Mr TRENORDEN: Why am I asking for this matter to be taken up at the moment? If a second-hand vehicle is sent to a panel beater and comes out glossy and shiny it cannot be sold as a new vehicle.

Dr Gallop: We are not selling it.

Mr TRENORDEN: That will occur very shortly. It is important that all people viewing the SGIO and the SGIC can have confidence about them in the future. To do that we need a third party; a person who can be objective about the two organisations and who is apolitical. The only person who can wear that jumper is the Insurance Commissioner. That person should be brought into the argument through the Auditor General. When I spoke to the Insurance Commissioner 12 months ago he assured me that he would have no objection if the Auditor General of Western Australia wanted to contract his people. The Insurance Commissioner has no jurisdiction over the SGIO or the SGIC - we have argued that issue in past debates - the Auditor General has that jurisdiction. Therefore, if the Auditor General wishes to contract that expertise from the Insurance Commissioner, and if the Insurance

Commissioner is prepared to supply those people, we can reach an understanding of precisely how the SGIO is situated before it is corporatised. We can also reach an understanding of the SGIC's position after its assets have been removed to be placed with the SGIO. I anticipate that some of the arguments to come from the other side will deal with the Auditor General's being given the proper responsibility and that all the Government is trying to do is sing the praises of the State Government Insurance Office. I have been hearing those comments for two years now. In fact, nothing is further from the truth. The SGIO has a very sound base. If it is given the commercial opportunities it requires it can become free from all its inhibitions and will be able to carry on effectively. I am certain that the staff of the SGIO and the long time loyal clients of the SGIO want that to happen. I am sure the insurance industry also agrees with that.

Mr Catania: You are scaring them off.

Mr TRENORDEN: The Government is scaring them off. It is the Government which has interfered with these organisations, not I. If the Government puts it right I will be quiet for all time on this matter.

Mr Catania: We are not trying to do that.

Mr TRENORDEN: Yes, the Government is not trying at all. It has had a consistent approach for two years. It has swept the matter under the carpet at all times and the commercial sector is convinced the corporatisation of the SGIO is a further exercise to sweep the matter under the carpet.

Dr Gallop: You have been advocating that for two years.

Mr TRENORDEN: I have not. I am happy for anyone to read my previous contributions to debates on this matter to see that I have not done that. In fact, my first contribution to this debate in 1987 was criticised by a radio journalist who said that my performance was inept because I did not abuse the Minister of the day and get into a dog fight. I stand by what I said in 1989. Events since then have proved that I am 100 per cent right.

MR STRICKLAND (Scarborough) [2.21 pm]: I formally second the motion and place on record my appreciation of the contribution of the member for Avon and the way in which he has persistently taken up this matter. He has provided information and sincerity of viewpoint in trying to make people face up to these problems. The member for Avon with his expertise in these matters is well qualified to do that and he may be the only member with any vast experience of the industry. I appreciate not only his comments but also the way in which he tried to make sure that the matter was thoroughly investigated by the Public Accounts and Expenditure Review Committee in an attempt to begin the recovery of the SGIO. I can understand the concern of the member for Avon about this matter because when the committee reported to the House on 18 October 1990 the report stated that agreement had been reached between the Government - represented by the Deputy Premier and the Leader of the Government in the other House - and the members of the Opposition. That agreement was signed but there seems to have been much inaction on the matter.

The member for Avon is saying that there is a problem and the Minister is admitting that we cannot undo the past, but when a problem exists the only way to solve it is to front up to it. I am getting the impression that the Government has a brand new type of paint called corporatisation paint and it thinks that it need only paint it all over the SGIC to produce a nice new body. The Government seems to think that we do not have to worry about the problem because the SGIC has a new glossy appearance. The member for Avon is telling us not to fall for that and that we should get back to basics. He wants us to front up to the problems. He believes the SGIO is soundly based as far as personnel and expertise is concerned and is able to get on with the job and do the right thing. As a matter of interest I have insurance policies with the SGIO and I certainly hope that it has a bright future because my and other people's policies are at stake.

Last year the Public Accounts and Expenditure Review Committee was debating this matter and as deputy chairman of the committee I wrote a letter on 21 May to the Auditor General requesting some information. Part of that letter stated -

Dear Mr Smith

Further to your appearance before the Committee on Wednesday, 16 May 1990, the following questions are now presented in writing as requested:

I will not repeat the questions dealing with the assets but question No 2 stated -

What action was taken to verify the SGIO's balance sheet valuation for the Provision for Outstanding Claims liability at 30 June 1988 and 1989? Did this involve checking any assumptions used in the calculation, such as inflation rate, discounting rate etc? Were these rates changed from one year to the next and, if so, was the full impact of changing rates appropriately disclosed in the financial statements?

The response from the Auditor General on 18 June stated -

... I refer you to section 91 of the Financial Administration and Audit Act (FAAA) which sets out the obligation of the Auditor General with respect to confidentiality of information gained during the course of employment or duties under the Act.

The letter further stated -

... I can only advise that the accounts of the State Government Insurance Office (SGIO) were audited in accordance with the provisions of the FAAA, that due professional care and diligence was observed and that the results of the audit have been reported accordingly. I am of the view the evidence already given by me goes as far as I am able under the provision of the Act and any further disclosure with respect to the particulars you have sought breaches the Act.

I suggest it is proper for you to refer the questions to the Honourable Minister responsible or alternatively to the Chief Executive of the SGIO both of whom are able to provide primary evidence.

The Auditor General would not answer the question on the grounds of confidentiality. On 20 June the Chairman of the Public Accounts and Expenditure Review Committee wrote to Mr Michell, who was the Chief Executive Officer of the SGIO, asking the same questions. The response to question No 2 on 29 June stated -

The SGIO would not be aware of what action the Auditor General has taken. It is recommended the question be referred to the Auditor General for response. However, the SGIO is aware that the Auditor General requests copies of the independent actuarial reports on the outstanding claims provisions.

This means that the committee did not receive any answers to the questions concerning liabilities. The committee did not receive the information that it sought; it was run around in circles. On 7 June the Public Accounts and Expenditure Review Committee reported to Parliament and in report No 14 on the competitive neutrality of the SGIO indicated that changes had been foreshadowed by the Government and that the immediate future and structure of the operations of the SGIO and the SGIC were affected. The report indicated that legislative amendments were proposed and that Government policies were to be implemented which would impact on the accountability mechanisms between the two boards and, of course, on the competitive neutrality. It also stated that the committee would be addressing the matter of competitive neutrality in the spring session of Parliament in 1990. At that time the committee was going to evaluate the progress being made to implement the foreshadowed changes to the structure, operations and accountability of the SGIO and their impact, of course, on competitive neutrality. This was on 7 June 1990 and as far as I am aware none of that has occurred.

We all know that competitive neutrality involves the examination of many things, including the valuation of assets and liabilities. Once again I point out to the House that there does not seem to be a great deal happening. The Opposition is asking the Government to confront the situation by obtaining an independent valuation of the assets and liabilities. Mr John Duncan, the Valuer General, appeared before the Public Accounts and Expenditure Review Committee and was asked by the chairman whether he was in a position to comment on the way in which private valuers operate. His response was -

There is a problem in that they may well be asked to value a property in its future worth; that is, before the property has been completed. I believe there have been business failures in recent times in this area because valuations have been based on the value of the property at its completion and that property may not ever be completed, or economic factors at that time in the future have not allowed the rentals in resale-type situations on which the valuations have been based to be achieved.

That is the danger of having a property that is not as you see it at the date of valuation.

He was saying that as time goes by valuations sometimes rely upon projecting into the future. If there is a downturn in the economy - we all know the country is in a recession - the rental for a commercial property will impinge on its valuation. The Valuer General is charged with assessing values and he told the committee that these things cannot be fixed and we all realise that. It is important to note that during a recession the projections which were made should be subject to some sort of reappraisal. The Public Accounts and Expenditure Review Committee took evidence from Mr Alan Smith who was at the time the Auditor General and he told the committee -

I think Mr Trenorden has previously raised the question of whether these are fair valuations. I am not in a position to know what the policy of the insurance commissioner is with respect to other insurance companies and how he might value them - whether he does use those commercial valuations. I just do not know.

We had an unusual situation in the 1988-89 financial year caused by the uncertainty of the financial wellbeing of the Bond-Bell Group. You will note that in the opinion on the accounts of the SGIC they were heavily qualified in that we said we were unable to determine the adequacy of the carrying values of most of the investments that related to Bond-Bell Group. That put us in a pretty difficult position in looking at the prudential solvency ratios because we could not say that the State Government Insurance Commission's valuations were wrong. My gut feeling is that I would not have put that sort of valuation on them; I felt that they were perhaps too high. But all we could do as auditors was to say that we were unable to determine the carrying value . . .

It indicates that the Auditor General, who is responsible for the auditing, is not sure. The member for Avon indicated earlier that only one person has the necessary expertise to be charged with this responsibility and he is the Commonwealth Insurance Commissioner. The chairman of the committee asked the Auditor General -

So as a professional auditor, you cannot say that the SGIC valuations are wrong, but you do not want to say they are right?

In response the Auditor General said -

I do not know. The opinion said I am unable to determine that.

That is another reason that an independent valuation should be obtained of the assets and liabilities of the State Government Insurance Commission. The message I was picking up throughout the inquiry was, as was pointed out to the House, that there is a requirement under the Commonwealth Insurance Act for the valuation of assets and liabilities to be applied, but there are shades of grey all the way through these valuations. We are not able to obtain any validation of the liabilities of the equation.

Dr Gallop: Are you questioning the actuary?

Mr STRICKLAND: No, I am not. I am indicating to the House that there are shades of grey all through these valuations and that the Opposition is supporting the member for Avon. If we have a problem let us confront it and obtain an independent valuation and then we can get on with the business.

When dealing with valuations of assets it is important to remember that it relates to the market value of a property which is considered to be a price that a willing, but not too anxious, purchaser and a willing, but not too anxious, vendor would negotiate. It does have some flexibility. However, it excludes the case of maximum valuations, as opposed to fire sale valuations. The report indicates that the Commonwealth Insurance Commissioner does give consideration to fire sale valuations in some circumstances given that the problem which may have to be faced may require the sale of assets. The fact that they may have to be sold quickly will determine their valuation. Mr Reg Trigg from the Insurance Council of Australia is a very experienced and well respected person and he indicated to the committee that -

Buildings and property of that nature can readily be revalued by professional people in the marketplace, and quite often those people can come up with the answers you

want... from the beginning of the Insurance Act 1973, and certainly before that, many companies have used the revaluation of material assets to reach their solvency standards. Just how much you pay and what people you get to say the things you want them to say to reach that revaluation to be able to qualify for solvency margins is a real issue as far as the commissioner is concerned.

That is another reason I am indicating to the House that there are shades of grey through this valuation business. It is about time that this matter was fronted, because once it has been and the House is satisfied, the problem will go away.

Dr Gallop: If there are shades of grey, how do you convert the grey into black and white? Won't the shades of grey just stay, according to your own argument?

Mr STRICKLAND: It is terribly important, if there are shades of grey, that members of this House are comforted by the fact that someone has actually gone and physically checked what are the assets and what is their current market valuation and has supplied those valuations along with qualifying statements.

Dr Gallop: You are misleading the Parliament.

Mr STRICKLAND: I am not. The Minister knows as well as everyone else in this place that when a valuation is done it is always qualified by statements as to how that valuation was made.

Dr Gallop: That is an assumption; you cannot change the nature of the world.

Mr Shave: Your track record shows some of your valuations are very bad, like the hole in the ground at Kwinana for which you paid \$400 million.

Dr Gallop: That is a different issue.

Mr STRICKLAND: I believe I have given enough examples to the House to indicate that we are simply saying, "Let us get a valuation of these assets. Let us get an independent person to do that valuation before the Minister brings the corporatisation legislation before the House and tries to create the belief that we have a shiny new thing, there are no problems and everything has gone away." Let us front the problem; that is my challenge to the Minister.

Dr Gallop: Yes, and get the legislation through as soon as we can.

Mr STRICKLAND: In the light of our experiences with members on the other side and the deals that have been done, let us get this one right. Let us front up and put on the table the real value of the assets and liabilities so that we can examine objectively the concerns raised by the member for Avon.

Dr Gallop: No commercial organisation could operate in that way. The member for Scarborough's performance is disgraceful.

Mr C.J. Barnett: We are trying to help the Minister sort out a terrible mess.

Dr Gallop: We are trying to do that.

Mr STRICKLAND: The Minister is very slow in his "trying". He has not brought this matter to the Parliament quickly. Why does he not have an independent investigation of the assets and liabilities?

Dr Gallop: We are having one carried out; it is happening now and is called "the annual report process".

Mr STRICKLAND: What we want is an independent and valid investigation.

Dr Gallop: Of course it is a valid one.

Mr STRICKLAND: We are yet to be convinced of that.

MR COWAN (Merredin - Leader of the National Party) [2.43 pm]: I do not want to canvas the issues related to this matter in the same way in which my colleague, the member for Avon, and the member for Scarborough did. It is appropriate that the first dealt in depth with some of the misgivings held by a person from the insurance industry and, in the case of the member for Scarborough, that he outlined some of the reports already written on matters pertaining to the operation of the State Government Insurance Commission and the State Government Insurance Office. If the Government wants the corporatisation of the SGIC to

proceed, it has to start from the beginning. The SGIC/SGIO has to lay all its cards on the table. The Opposition and members of the public who have been supporters of a State Government insurance organisation for so long need to know precisely what is its position. No-one has any great objection to corporatisation, but we in Opposition do object to the fact that that corporatisation process may very well be used to hide something that will come out at a later stage when it is too late to do anything about it.

Dr Gallop: Explain to me what can be hidden. We have to allocate assets to the two organisations and that cannot be hidden.

Mr COWAN: At the risk of insulting other members of the House who understand perfectly what we have been arguing for the past hour and a half, I will repeat for the benefit of the Minister, who has clearly not understood what has been said, that for some time now the SGIC has been listing its assets at a totally unrealistic valuation. When the Minister says that it is proposed to bring forward valuations of the properties and assets held by the SGIC, the question that arises that we want answered is: Who will place the valuation on those assets? Will it be the body that has so inaccurately valued those assets before?

Dr Gallop: The Auditor General.

Mr COWAN: Will it be a person, as the member for Avon suggested, who is qualified and has been appointed to do that job?

Dr Gallop: Why do we have an Auditor General?

Mr COWAN: I do not think that the Auditor General has the experience and expertise to place a valuation on the assets of the SGIC. His task is to examine accounting and reporting procedures of the SGIC.

Dr Gallop: He has to be satisfied that the books are right; that is his role.

Mr COWAN: He was not satisfied. His area of dissatisfaction related to valuations, but he is not an expert valuer.

Dr Gallop: They are all independent valuations.

Mr Trenorden: Then why did the Auditor General in his last report place that qualification on the SGIC?

Mr COWAN: Yes. I repeat for the benefit of the Minister: Corporatisation of the SGIC/SGIO is something supported by all members of this House in principle although we will have to see the legislation before we give carte blanche to proceed. However, we want to start with no hidden secrets that will emerge after the corporatisation process has been completed. In other words, given the past record of valuations that the SGIC has placed on its assets, and given the inaccuracy of those valuations, we want to see before the corporatisation proceeds a valuation of the assets of the SGIC made public. Surely that is not something that is too much to ask, as it is a Government agency. In that respect, it is really the property of the people of Western Australia. Surely those people deserve to be given the valuation of the assets of the SGIC and have an opportunity to examine the accuracy of those valuations, because in the past the figures have been completely erroneous and did not at all represent the true value of the assets that the SGIC was supposed to hold. It appears that we will have to do that if we are to convince the Minister that if he wants corporatisation to proceed he will have to meet the rules and requirements of the Opposition parties.

Mr Trenorden: Not only that, but good corporate practice.

Mr COWAN: Yes.

Mr Shave: He should want the public to know.

Mr COWAN: Yes.

Dr Gallop: This whole debate is a red herring.

Mr COWAN: Is the Minister saying that a request by the Opposition parties for a valuation of the assets of the SGIC is a red herring?

Dr Gallop: I am saying that the intent of the motion will be met by what we do.

Mr COWAN: Is the Minister saying that a valuation of the assets of the State Government Insurance Commission is a red herring?

Dr Gallop: Absolutely.

Mr COWAN: Why?

Dr Gallop: Because we will do it; you are not willing to listen to what we are actually doing.

Mr COWAN: In the past the SGIC has submitted valuations which have been accepted by this Government, and those valuations have proved inaccurate. How many times do we have to tell the Minister that before he will begin to understand that the systems of reporting the assets and liabilities of the SGIC which have been practised in the past and which have been accepted by this Government are, as far as the Opposition parties are concerned, totally inadequate? We are signalling their inadequacy. We are signalling that we want those changes, we want those valuations. If the Minister will give us what we want, he will have a chance of getting what I am sure everyone wants, and that is a corporatised SGIC capable of trading its way out of trouble. I hope I am correct in saying this. There are few things in this Parliament which make me angry, but one of them is when I hear members of the Government telling us that we are trying to sabotage the SGIC or the SGIO. If ever there was a hypocritical statement, that is it. The SGIC has been completely sabotaged by this Government and by nobody else. The reason for that is very simple. The Government saw the SGIC as a vehicle through which it could provide money to its entrepreneurial friends in the hope that they could develop something which could give the Government an opportunity to make some money. In other words the Government got the SGIC involved in risky capital ventures, and those ventures failed, and failed miserably. As a consequence the Government has done as much as it possibly could to destroy the good reputation of the SGIC and the SGIO. Members opposite should not come telling us that we are attempting to blackmail the Government or serve our own political ends, because the one thing we want to do is restore the damage the Government has done to the SGIC and the SGIO.

Several members interjected.

Mr COWAN: The member for Balcatta has been somewhat critical of the member for Avon. If the Government had recognised the validity of the remarks made by the member for Avon some two years ago, and if the Minister concerned had said to the SGIC, "Perhaps the member for Avon is correct; perhaps you need to look closely at your activities and comply more with the requests that he is making rather than continue on blindly", we would not be in this trouble now. But that was not the case. The member for Avon was lampooned and ridiculed by members opposite who said he did not know what he was talking about. Now, with the benefit of hindsight, members opposite are able to acknowledge that he was right.

Dr Gallop: In some respects he was.

Mr COWAN: That is a very unsportsmanlike concession, but it is a concession.

Dr Gallop: Not at all.

Mr COWAN: We will at least acknowledge the concession.

I have said before, but I think it bears repeating, that the Public Service - and that includes Government agencies such as the SGIO and the SGIC - has for a long time had a system whereby, as a result of the appointment of different officers, checks and balances were provided to prevent people from manipulating the assets of those agencies. In the case of the SGIC the attraction was the ready availability of large volumes of cash. For reasons best known to itself, this Government or its predecessors removed those checks and balances and established a system whereby, whenever one of the Government's entrepreneurial mates decided to develop a concept, and that concept was built around an asset owned by the State and it required development at some cost, the entrepreneur was able to go straight to the Government and say, "I have this new, beautiful idea; would you please let me have title to the property? Would you please see to it that one of your agencies provides the money and we will go ahead and develop it?" That is what happened with many of the property deals down on the Terrace. The SGIC now finds that instead of having assets valued at a certain amount, it probably has some liabilities. In a similar fashion, when the Government wanted to get into share deals in order to rescue some of its mates, what was the vehicle used to provide the ready cash? What was the body used to hold the shares which might have been purchased? One does not have to be a Rhodes Scholar to guess the answer: The SGIC. That happened because the Government was intent on having no interference in promoting its new entrepreneurial ideas.

Can members imagine the situation where a person is appointed by the Premier to act as his ministerial adviser? Once he receives that appointment, by some miraculous performance through the public sector he also becomes the Chief Executive Officer of the Department of Premier and Cabinet. Not only that, but he gets himself a guernsey as the vice chairman of the SGIC. Imagine what happens when an entrepreneur says to the Premier's adviser, "I have this idea; let us put it to the Premier." It goes straight to the Premier and the Premier asks for it to be checked out. Who is responsible for checking it out? Who is the chief executive officer of the Department of Premier and Cabinet? It is the same person. When they decide to get some money, whom do they see to get the money? Again, it is the SGIC. Who is the vice chairman of the SGIC? The same person. What sorts of checks and balances are provided in that system? That is the system which the Government allowed to occur.

Mr Catania: Allowed; past tense.

Mr COWAN: The SGIC is down and the Government put it there. Members opposite should not accuse us of kicking the SGIC to death. We are saying to the Government, "Come clean now, give us a proper valuation of all the assets and liabilities of the SGIC. Then come to us and tell us what is left of that organisation so that we can corporatise it and start from the beginning to rebuild the good reputation it once had."

DR GALLOP (Victoria Park - Minister for Microeconomic Reform) [2.58 pm]: The Opposition has made two points today. The first is that somehow the Government is attempting to ignore the problems which exist within the State Government Insurance Commission. The second is that inasmuch as we are proposing changes to address those problems we are merely coming up with cosmetic solutions. One speaker on the other side referred to corporatisation as a coat of paint without any substance. I put it to this Parliament that we very much need to proceed with corporatisation. It is an important and crucial element of any set of proposals which can place our insurance company which is competing in the marketplace and our insurance commission which is providing very important services on behalf of this Parliament in the insurance area on a proper basis so that they can achieve improved outcomes. It is not just some additional extra; it is in fact a crucial element of the program of change. My second point is that the issue of valuation to which the member for Avon, the member for Scarborough and the member for Merredin referred is being dealt with in the proper manner within the existing system. It is also important to note that inasmuch as we are addressing what we see to be a real problem through the corporatisation method and, secondly, through the adjustments we have made to the processes by which the Auditor General deals with these matters, we have taken on board the ideas that have come through the Public Accounts and Expenditure Review Committee and also through the Opposition.

Before I deal with those aspects particularly, I point out it is important - and I am sure everyone in this place agrees - that we have a strong and very competitive insurance company, to provide not just for the Government sector through the statutory system of insurance provision but also for companies and other individuals through its trading arm in the marketplace. Many people in the Western Australian community feel a strong sense of loyalty towards the SGIO and certainly see it as a Western Australian organisation. However, one of the problems in debating the issue - and this has occurred on a number of occasions now - is that the distinction between the two bodies is not properly drawn by the member for Avon. He tends to bring the two organisations together and deal with the assessment of them collectively in the same way as an assessment required by legislation for the SGIO which is competing in the marketplace. The fact is, of course, that we have non-commercial statutory Government insurance funds managed by the State Government Insurance Commission, which is a fully guaranteed part of the Government system. It provides in the third party area for compensation, industrial diseases, and Government insurance; and we have the general fund as well on behalf of the Government. That provides insurance, and that is created by Statute.

On the other hand, the SGIO is in the marketplace in the motor vehicle, house and contents, building insurance, marine and pleasure craft, workers' compensation, small business insurance, and domestic insurance; and more recently, in the life area. The rules and approach we adopt to the competitive arm of the insurance industry are different from those that relate to the SGIC. It is important that we distinguish between the two in assessing performance. There is a tendency on the part of the member for Avon to bring the two

together and then apply the rules that exist for the insurance organisation to the combined set of assets.

Mr Trenorden: In 1986, under the original Bill, the Government put the same board over both bodies. All the assets were placed in the same pool.

Dr GALLOP: One is a subsidiary of the other. The legislation that pertains to each is different; therefore the approach one adopts must be different.

Mr Court: Why did you have a consolidated account last year?

Dr GALLOP: The SGIO is a subsidiary of the SGIC; in other words, it is part of it but the two bodies operate separately under different rules. The way we understand the two is separate. For example, the solvency requirements relate to the SGIO, not to the combined body. The member for Avon has tended in the past to combine the two issues. It is important when we discuss the issues that the distinction is understood.

Although the SGIO is competing in the marketplace it is important that we hold it in Government ownership. It is important that we have a State based insurance company. My support for that is not unconditional. Any Government body trading in the marketplace ought to create a return for the taxpayers of the State. So, it is important that it operates efficiently and provides a proper return. Nevertheless, there is a strong reason for us to have a Government insurance organisation, and I was pleased that the Leader of the National Party acknowledged that in his remarks. If we consider the situation in Western Australia today, the SGIO has a head office in Perth, as do HBF Insurance Pty Ltd, the RAC Insurance Pty Ltd and Westsure Insurance. They are small players alongside the SGIO. If the SGIO were to go private, we would risk losing an important head office in Western Australia for a major insurance company competing in the marketplace, and all Western Australians would regard that as a loss for the State. It is important that that body operate as a Western Australian institution. I do not think that support should be totally unconditional. We should ensure that the body operates efficiently to provide a proper return for the investment that the people of the State have put into the organisation. Of course, that is a major problem we will need to address as a Government. As the member for Avon correctly pointed out, an enormous amount of debate and discussion has taken place on our insurance company. Two issues have been debated more than any other. First, is the organisational structures that were introduced in 1987 and which saw the MVIT and the old State Government Insurance Office amalgamated to form the SGIC, then separated to form the two operating arms of Government insurance in this State. Of course, it was innovative legislation in that it set up a concept of competitive neutrality for the SGIO and provided a Government body to compete in the marketplace. An attempt was made to apply the rules and regulations under the Federal insurance laws to the local State organisation.

Mr Court: We will hear a lot about that in the next few weeks.

Dr GALLOP: We will even hear some echoes of that debate here today. The second issue which has been debated is that of the investment performance of the SGIC/SGIO. Clearly a couple of issues have arisen. One is the heavy investment that has been made in property. Of course, that has meant that the portfolio of the SGIC has been skewed in the direction of property. As the previous Minister said in this place, and indeed the Public Accounts and Expenditure Review Committee reported to Parliament as well, the SGIC has now set its objective to turn around that portfolio towards a more reasonable spread of investments. As at 31 March, the spread was: Equity 8.2 per cent; fixed interest 51.4 per cent; cash 0.3 per cent, and property 40.1 per cent. The criteria set by the SGIC after its review of its investment policies a couple of years ago hopes to bring a better balance in the distribution of the portfolio. That is acknowledged to be a problem by the Government and by the board.

Mr Trenorden: To what level?

Dr GALLOP: The risk-averse strategy. I cannot recall the figures, but the risk-averse strategy clearly indicates the level of property investment as part of the portfolio should go down. That is now a strategy of the board.

Mr Court: Did you say it is currently at 40 per cent? What is the valuation of the property?

Dr GALLOP: It is the valuation that applied when the complete report was done at the last valuation. All the properties are currently being revalued as part of the annual report process. I cannot give the figures beyond 31 March.

The second issue raised is that investments in Bell shares have been written down significantly, linked with the issue of the indemnity; as a result of the collapse of the Bell Group the convertible notes will have to be written down, as will the Rothwells and Spedleys investments. Until 30 June 1990 there had been a \$330 million write down for that organisation. There is a lot of argument about the causes and consequences of that, and we have heard that echoed in the Parliament today. The Government is not trying to sweep those issues under the carpet. The Government has said that that issue will be analysed fully by the Royal Commission in this State, and it believes that is a very appropriate forum to undertake a full examination of those matters.

Mr C.J. Barnett: There is no argument about the cause; it is political interference.

Dr GALLOP: We should let the Royal Commission fully examine that matter - just in the sense of common decency.

Mr Court: We must pay for those matters and people in the State Government Insurance Commission have given false information.

Dr GALLOP: If that is the member for Nedlands' view, he should take that to the Royal Commission.

What has not been referred to by the Opposition - it is worth reminding the Parliament of this - are the sorts of things which have happened in that organisation in recent years in an attempt to make sure it can withstand the pressures of those write downs and the pressures that are now coming from the recession. I am sure that the previous Minister mentioned these matters a couple of years ago. We have seen the introduction of a new organisational structure to reflect a business unit structure and to provide improved accountability in that organisation. That process was fully implemented by April 1991.

Mr Court: On the question of this new organisational structure, whom have you sacked because of the previous dealings?

Dr GALLOP: As I understand it, no-one. But there may be some in the management system of which that I am not aware. As the member for Nedlands knows it is not the Minister's role to run around sacking staff members in the SGIO. The second area is the establishment of four broad committees to cover the special needs of audit, accounts planning, investments and remuneration during the implementation of those changes. The adoption of new information technology strategy has played an important part in the ability of the SGIC to respond to the market. It has reviewed all of its internal information system requirements, and converted and upgraded its systems to the new information technology. New accounting policies and procedures have improved internal controls and delegated authorities. The Auditor General in his last report acknowledged that in respect of its investment procedures, the SGIC had done much to make sure that those procedures were on a proper foundation. Of course, we have seen the establishment of rigorous corporate planning and budget processes including those business unit plans. On top of all that the SGIC has done something that the Opposition, through the Public Accounts and Expenditure Review Committee, has always argued needed to be done; that is, from 1 July last year, the new assets that are taken on board by the organisation are separately allocated to the SGIC and the SGIO.

Mr Trenorden: The Minister should be fair about why that happened.

Dr GALLOP: I said that it came from the Opposition through the Public Accounts and Expenditure Review Committee.

Mr Trenorden: An agreement was struck, and we said it had to happen.

Dr GALLOP: I acknowledge the point that it was agreed in the Parliament to do that.

The investments which existed prior to 1 July 1990 are still allocated on a proportional basis between the two organisations and it comes out at an 80:20 per cent average. All of those things have been done in the past few years, and it is important to say to the Parliament that there have been problems in respect of a legacy of bad investments, but the board is attempting in the operations of the organisation to ensure that those things do not happen again. Later we will see how corporatisation is fitting in with that process. In the past four years - and this point has been made by the Opposition, although from a different point of view - significant returns have been made to the State through dividends of \$56 million;

corporate tax of \$9.3 million; State taxes and charges of \$38.5 million; and sponsorship of \$3.1 million. I will make a point about SGIO sponsorship later in my speech because it has played an important role in this State. It has been a means by which that organisation has contributed to the State. In those years when we look at the impact on the people of this State we can see that our premiums are very reasonable when considered from a national perspective.

Mr Court: Is that a printed speech?

Dr GALLOP: No, just notes. The premiums in the other States are much higher than they are in Western Australia. We have the third lowest; the Australian Capital Territory has the lowest, and Tasmania the second lowest. Western Australia's premium rate for a private sedan is \$153.60. My two points are: First there has been a significant amount of work in the organisation to ensure it is on a proper commercial foundation; and second, in all those difficult years there has been a return to the State of \$100 million and what can only be described as a very reasonable policy in respect of premiums. That side of the equation needs to be balanced alongside the difficulties which have emerged from those bad investments, and what is proving to be a problem with the imbalance in the portfolio. A strategy has been set up to move gradually away from that imbalance. As you know, Mr Speaker, it takes time to do that. It is important that we weigh up both sides of the argument in respect of its performance in recent years. We need to look at the organisational system and the way it operates, and at the investment performance and how that has impacted upon premiums and investment returns for the organisation.

This Government has taken two sets of advice on how it can improve the performance of that organisation. The first is from the Public Accounts and Expenditure Review Committee. As a result of the original legislation of 1987, the committee was placed in a central position in respect of monitoring the performance of the SGIC-SGIO. It was felt that in respect of the issue of competitive neutrality there was no better body than a committee of Parliament to examine whether the SGIO was on a proper competitive foundation in the marketplace. It was also felt that it was a good function for the Public Accounts and Expenditure Review Committee to look at the solvency requirements of the organisation, and the committee does that annually. The Public Accounts and Expenditure Review Committee has reflected upon the structure and organisation which needs to apply in the insurance company. The last report of the committee, report No 16, was presented by Hon Eric Ripper. The recommendations of that report are interesting to note. The first recommendation is that the process of quarterly solvency reporting be formally applied to the SGIO and that quarterly solvency calculations be reported to the Minister. That would require an amendment to the SGIC regulations. The member for Avon asked me a question on that subject the other evening. Unfortunately I was not clear in my own mind that that was the issue he was addressing; but as I explained to him in the written reply I gave on Monday, the Government will carry through that recommendation of the Public Accounts and Expenditure Review Committee. When the legislation which will deal with the corporatisation of the two bodies is laid down those quarterly reports on the subject of solvency will be part of that legislation. That is one set of advice that we are taking.

Mr Trenorden: You are not being quite fair. Your predecessor had an agreement.

Dr GALLOP: I will come back to that.

Mr Trenorden: You keep on saying that you responded to other pressures.

Dr GALLOP: Let me get to the first point. The first advice on this matter to the Parliament was made through the Public Accounts and Expenditure Review Committee. Advice was also received last year when the now Deputy Premier was Minister responsible for the State Government Insurance Commission. In May 1990 he entered into an agreement with the Opposition parties in the Legislative Council on this matter. That related to the requirement that legislation be proposed to set up two separate bodies with separate boards and separate asset and liability structures. The agreement the Government has entered into will, of course, be part and parcel of the legislation that will come to this Parliament soon. The separation of those two boards and of the assets and liabilities of both the SGIO and the SGIC will be clear. The Opposition wanted this legislation to have a high priority. In the course of doing that the Government appointed consultants Ernst & Young, Mallesons Stephen Jaques and Potter Warburg Cash Management Ltd to advise the Government on the ways it could carry

through that commitment. The Government was also advised on other subjects as well. That was part of the reason the Government regarded this legislative program as important. The Government took the advice of the Opposition parties in the Parliament about the way the organisation should be put on a proper foundation. I find it difficult now in proceeding to do that with obstacles being placed in the path. The Opposition parties said that the legislation was crucial for the corporation.

Mr Court: It is difficult because you still have some of the same members in the Cabinet.

Dr GALLOP: The Opposition did not mention that last May.

Mr Court: That is why you are having difficulty with it.

Dr GALLOP: The problem is that the Government is trying to address a moving target. It responded appropriately to the requests made by the Public Accounts and Expenditure Review Committee to what the Opposition parties wanted to do and to the consultants' reports. That has been considered and the Government is proceeding to carry out what it said it would do. The Opposition is playing politics with this matter.

The major recommendations from the consultants are the subject of a report tabled in the Legislative Council. The Government also issued a summary of the recommendations when it announced the process which it was intending to follow through. The basic theme of those recommendations is consistent with what has been coming out of this Parliament in requests to the Government; that is, the Government accepts that the SGIC should have its own board of commissioners to deal with Government insurance business. It will provide that service for the people of Western Australia in the case of compulsory third party insurance, the most important fund in that area. Also, the SGIO will be separated from the SGIC and a new commercial board will be created for those organisations. That will establish a clear and consistent relationship between the management of the board and the Government. A proper performance agreement will be established between the Government and the board. Proper monitoring mechanisms will be set up within the Government system to ensure that that organisation can guarantee funding. The Government will not only be taking advice from the board, but also from Treasury officials. It is important that these changes be in place by 1 July 1991. Part of those changes will involve allocating assets and liabilities to both organisations. The legislation will be coming to the Parliament soon and it deserves the support of both sides.

Some of the previous speakers in this debate have referred to the emergence of new competition in the marketplace. GIO Australia is presently competing in the area of life insurance. I am sure it will soon move into broader areas. Nevertheless, GIO will be a real competitor to the SGIO and we need to acknowledge that. The Premier of New South Wales has made it clear that he wants to change the organisation by putting more of its revenue into the Consolidated Revenue Fund. He is keen on GIO competing not only in the Australian market, but also in the international market. That may mean the potential liability on the New South Wales State Government will become too great to bear. Obviously, the New South Wales Government has to make a decision: Whether to allow that organisation to be run privately or to postpone some of the grand ambitions for GIO because those plans would pose a threat to the finances of the New South Wales Government.

Mr Trenorden: Are you trying to suggest that GIO is shaky?

Dr GALLOP: I am not saying that, but it would not be prudent for the New South Wales State Government to allow one trading enterprise to become so large that the financial basis of that State is endangered.

Mr Trenorden: They are the only people who provide private insurance and who are also moving into markets in Asia.

Dr GALLOP: The Greiner Government in New South Wales will have to make a decision about whether GIO Australia will be a privately run organisation or a Government run organisation.

Mr Trenorden: That is not what he said at all.

Dr GALLOP: Mr Greiner did say that. He said that he felt that perhaps GIO's ambitions in the interstate area would need to be trimmed.

Mr Trenorden: That is because once you start to operate outside your own State the Insurance Commissioner does not have an interest in the business sold outside his jurisdiction. Therefore, they have a problem in that area. I think you are misinterpreting what the Premier said.

Dr GALLOP: I think the New South Wales Premier put it very strongly. He said that they were backing down on some of the ambitions of the organisation. I will not get into an argument on that point. The Government also needs to base its legislative plans on the difficult financial position that the organisation has to cope with, including the bad investments that have been made, and it will have to deal with the current recession, which is not only impacting on the SGIO but also on other organisations in the insurance area. I was interested to read an article in *The Australian Financial Review* which referred to AMP having to make a massive reduction in its reserves. The article stated that AMP had slashed its reserves by \$4 billion due to a fall in share prices and property prices. That is from a March edition of *The West Australian*.

Mr Trenorden: Let us get this right. You are not trying to compare those types of reserves in life insurance -

Dr GALLOP: No, I am making the point that we are in a difficult situation with the recession. I am illustrating that point by referring to the difficulties being faced even by the AMP. The third problem that exists for the SGIO - I will not overplay this point but I do think it needs to be made - is that there are occasions when the Opposition parties, for their own political reasons, cannot resist the temptation to have a go at the SGIO. An example of that is the recent statements made in the other place about the sponsorship arrangements of the SGIO. There is a new sponsorship deal between the SGIO and the West Coast Eagles. A Liberal member of the other place implied kickbacks were involved in the sponsorship arrangement that existed previously.

Mr Shave: Did you not listen yesterday? We had this yesterday.

Dr GALLOP: Yesterday the Minister answered on her own behalf. I am answering on behalf of the organisation. A letter by the Chairman of the Eagles, Mr T.E. O'Connor, QC, which was written to Hon Peter Foss, MLC, refers to the imputation that there was some form of dishonour in the agreement between the Eagles and the SGIO. The letter states that the club resented the implication in his statement that the club and its officials have been guilty of some wrongdoing in what is in reality a very normal commercial relationship. It also strongly objected to the unfair slur he has cast on the SGIO and its executives who have at all times acted in the best commercial interests of their organisation.

If that is not a case study of the Opposition falling for the temptation of allowing politics to determine the way it approaches this commercial organisation operating in the marketplace, I do not know what is. The Opposition cannot resist that temptation and it impacts on the organisation. It creates an impression in the community and makes it difficult for that organisation to defend itself in the marketplace. The Opposition has not been honourable about the SGIO on some issues.

Mr Lewis: Have we ever been right?

Dr GALLOP: The member has not been listening to the debate. In some respects we have listened to the Opposition's point of view.

Mr Lewis: But have we been right most of the time?

Dr GALLOP: The Opposition has been right on some issues.

Mr Court: Will we be proved right when someone goes to gaol?

Dr GALLOP: The Opposition's ranting and raving on this issue will not help us restore the proper foundation on which to base sound commercial practices for that organisation. It wants to reflect on the problems and glory in them rather than try to put it on a proper basis.

The Government will separate the SGIO which is competing in the marketplace from the SGIC to ensure that it proceeds on the basis of competitive neutrality. The SGIC deals with the Government's statutory insurance. That is the equivalent of the old Motor Vehicle Insurance Trust which, from time to time, ran at a deficit. It never called for Consolidated Revenue Funds, nor will the SGIC call for Consolidated Revenue Funds, even though from

time to time it may operate in deficit. However, it is a fully guaranteed Government body and people know that it will deal with their insurance claims as expeditiously as possible. It has been speeding up the process of dealing with claims made to it.

That leads me to the other side of the equation, the SGIO. There has been much misunderstanding about valuations. When we separate the two organisations we will have to say that these assets and liabilities go there and these assets and liabilities go to the other organisation. I will go through the process of valuations and how the reporting of those valuations currently occurs. Currently, an annual review of all of the property organisations is going on. Anybody who has read the Public Accounts and Expenditure Review Committee report knows that those valuations are carried out independently. The member for Balcatta will talk about some of those issues later this afternoon.

Mr Trenorden: That is fine under the idea of commercial activity.

Dr GALLOP: I will come to the point being made by the member, but the value of the property is valued appropriately. That has been acknowledged by the Public Accounts Committee.

Mr Trenorden: No, it has not.

Dr GALLOP: A property can be valued only in one way and that is to get a valuer to do it. The other equities were valued according to their market value on a particular day, which is 30 June. An independent actuary looks at the independent claims and liabilities in the workers' compensation and third party areas. That process was examined by the Public Accounts and Expenditure Review Committee. I have read that in the report and it gave the process a clean bill of health.

Mr Catania: The member for Avon was part of that.

Dr GALLOP: He was part of that process. I will continue with my description of what happens. Those consolidated financial statements must be with the Minister by 31 August, when they are also forwarded to the Auditor General. This is where a very important issue arises. Under our legislation, it is not the responsibility of the Insurance Commissioner to deal with State Government bodies. However, we have built into our legislation the requirement for the State Government Insurance Office to meet the same rules and regulations as the private sector. With the absence of the Insurance Commission having authority in the area, that is difficult to manage. As a result of the committee's report, we have come up with what I believe is a very good solution to the problem. The auditors who deal every year with the accounts of the SGIO have gone to the Insurance Commissioner in Canberra and have been trained in the processes whereby those other two issues are looked at, not the valuations of the properties as such. The two issues include the percentage of outstanding claims and the question of solvency, which is a peculiar problem for the insurance industry. That solvency definition is peculiar to that industry as opposed to other industries. The Insurance Commissioner gave those officers advice on carrying out those functions. We have followed the advice of the Public Accounts and Expenditure Review Committee.

Mr Trenorden: You have not stuck to the agreement.

Dr GALLOP: That is certainly part of the agreement that we will have with the Opposition. I will have a look at it. It states that the Auditor General should be authorised to enter into an agreement with the Commonwealth Insurance Commissioner to provide the same supervisory and auditing services with respect to the SGIO as are imposed on insurance companies under the Insurance Act.

Mr Trenorden: That is not what you said.

Dr GALLOP: It is very clearly implied by what I have said because the Insurance Commissioner cannot do the job. The member understands that. It is not his responsibility.

Mr Trenorden interjected.

Dr GALLOP: That is not my understanding of the situation. It is not the Insurance Commissioner's responsibility; the auditors are responsible for the SGIO. It is not within his competence to do this, and it is quite misleading to suggest otherwise. Under the legislation he is not responsible for dealing with State Government organisations. The Government is

introducing the legislation to set up the organisation on a competitively neutral basis, and in the past 12 months the arrangements were altered so that the SGIO auditors were required to go there to deal with the issue.

Mr Trenorden: That is not acceptable.

Dr GALLOP: When the accounts are finally audited, by 30 November or sooner, they must go to the Minister and within 21 days a report must be made to the Parliament. In addition to that process, which occurs annually and is a proper process set up by both Houses of Parliament, the Government is also adhering to the spirit of that process - the board receives monthly reports on the financial position of the organisation. Of course, those reports are not audited statements; they are management statements developed by the staff of the SGIO about where the organisation is heading. They are not based on a full revaluation of the assets; they use valuations properly carried out the year before. Nevertheless, they give an account of how the organisation is going as it is.

Mr Trenorden: Do you think it is equitable to skirt around the agreement that has been made? You are talking about the Public Accounts and Expenditure Review Committee, and a agreement has been made between members of the Opposition and the Government.

Dr GALLOP: I am not skirting around that agreement. The Insurance Commissioner cannot do the job. The member for Avon is mistaken in his assertion.

Mr Trenorden: That is not true.

Dr GALLOP: In the monthly reports an account is also given of the solvency of the organisation. As at March 1991, the SGIO fully met the solvency requirements under the legislation and, indeed, assets minus liabilities expressed as a percentage of its premium income reached a figure of 32 per cent. That is the position of the SGIC, which is competing in the marketplace. It is a very strong insurance organisation, as has been acknowledged by the member for Avon. We must be able to get the organisation into a position in which it can do better. Last year it met the solvency requirements of the Act with a figure of 29.8 per cent, and that calculation was made on the basis of not including investments that had been qualified by the Auditor General. The State Government Insurance Office is competing in the marketplace; it is meeting its statutory requirements; it is under increasing competitive pressures; and it should have the support of the Parliament. The fears that could be created in the minds of the general public on those matters can be put to rest because the SGIO is a very strong insurance organisation and I believe it will remain so. The quarterly reports of the solvency calculation will be part and parcel of the new legislation, and those reports will be made to the Minister. We can therefore be assured that the organisation is working properly.

This brings me to the real issue of this debate; that is, the Government is not attempting to hide anything with regard to the SGIC/SGIO. A major review has been made of its operation and organisation, which review will become the basis for this legislation. The Government has set up appropriate mechanisms within the management to deal with the property portfolio and the investment procedures in the organisation. The Government has responded to the recommendations of the Public Accounts and Expenditure Review Committee.

Mr C.J. Barnett: Do you accept that political interference by this Government and by previous Governments has caused the problems of the SGIC/SGIO? You must wipe the slate clean before you can start again.

Dr GALLOP: Firstly, it is not appropriate for this Parliament to prejudge any conclusion that may be reached by the Royal Commission. Secondly, my approach to the SGIC, as embodied in the report I have agreed to from the consultants and as expressed by my position on the relationship between a Minister and the board of that organisation, will provide an answer to that question. If the SGIO is subject to any direction, that direction should be written and it should be tabled in the Parliament. The role of the Minister with regard to this organisation is to set up a performance agreement, establish appropriate monitoring mechanisms, and appoint a strong board that can carry out its functions at arm's length from the Government. Does that answer the question asked by the member for Cottesloe?

Mr C.J. Barnett: No.

Dr GALLOP: The member is being unfair, and also improper in his suggestion that we not allow the Royal Commission to do its work.

Mr C.J. Barnett: At some stage you must accept responsibility as a Government.

Dr GALLOP: This Government has accepted responsibility in the sense that it is setting up a system which will place the organisation on a proper foundation. I think the member agrees with that statement, but he will not say so because to do so would acknowledge that the Government is dealing with the problem. That is his Achilles heel. The Government has behaved quite properly in making sure that this organisation is on a proper foundation. When the time comes to separate the SGIO and the SGIC, the assets and liabilities will be properly allocated between the two organisations. Properly audited figures will be used and the public of this State can be very confident that the two organisations will be set up on that financial basis. We are dealing with the future of those two organisations. Taking into consideration the Opposition's position in relation to this motion, and what will happen as part of the annual reporting process of the organisation, and relating that to the report of the Public Accounts and Expenditure Review Committee, we can be very confident that proper valuations will flow from the process. The Government must also deal with the issue of premiums charged in the compulsory third party insurance area. A gap has emerged between the charge and the premium income, and we must deal with that as a responsible Government. We must make sure that the new chairmen and the new boards of these organisations have a clear understanding of the Government's objective; that is, to achieve maximum commercial performance from the two organisations. As a result of the consultants' report, we believe the commercial performance can bring big savings to the organisations and allow them to compete in the tougher marketplace now applying in Western Australia.

The difficulty the Government has with the Opposition motion relates to the intent behind it; that is, that there be a proper valuation when the assets are finally divided between the SGIC and the SGIO. The Government has no problem with that, but the interpretation placed on it by the Opposition, vis-a-vis the Insurance Commissioner in Canberra, makes it very difficult for the legislation to go through the Parliament and the procedure to be put in place for the next financial year. It is incumbent on this Parliament to look at the SGIC/SGIO and its future, to look at the legislation objectively, and to make it possible for the SGIC/SGIO to be established as soon as possible on the new foundation so that it can compete in the marketplace. It is currently meeting all of the requirements which this Parliament has placed upon it. It is incumbent upon us to give it the opportunity of competing in the marketplace and that we not fall for the political temptation of attempting to score a few brief parliamentary political points that will serve only to hold up the process of reform which we have set in train. I believe we have taken the correct approach, and I hope that when this legislation comes into this Parliament - and the Opposition can be assured that it will be fully consulted about that legislation - it will have the Opposition's support, without the strings which it is currently hinting it will attach to that legislation in the Legislative Council.

DR ALEXANDER (Perth) [3.51 pm]: The State Government Insurance Commission has been the subject of a great deal of scrutiny in this Parliament over the last four or five years; and, as the Minister pointed out, the matter is currently before the Royal Commission. I have been concerned about this issue for some time, particularly since the report of the Auditor General came out about 12 months ago, and also because I have previously been involved with studying the fate of some of the central city developments with which the SGIC has become entangled. That in itself is a very sad and sorry story, and the SGIC has suffered greatly as a result of its unwise investment policies. It seems to me that the Government, in its rush to try to keep down taxes and charges in the early 1980s by looking to other institutions such as the SGIC and the Government Employees Superannuation Board, has ended up in a terrible mess. What may have started out as an honourable exercise in using Government instrumentalities for a wider purpose has ended up as a network of very bad business dealings. Indeed, the SGIC was intimately tied up with the failed attempt to rescue Rothwells. The SGIC also got into bed with Bond Corporation in its attempt to take over the Bell Group, which subsequently collapsed. From my reading - and I am certainly no financial expert - what the SGIC did was not just unwise but also possibly unethical; let us leave out altogether questions of illegality. The end result is that the SGIC has a problem with its assets. At the same time, I am not sure about the Opposition's motives in this debate. At the moment the New South Wales Premier is talking about privatising the Government Insurance Office. That may be parallel with - although currently it is a stronger

parallel - the situation we have in this State. I understand that it is also conservative party policy to privatise the SGIC.

Mr Trenorden: Who has said that?

Dr ALEXANDER: I have heard various members on the member's side of the House support that view at various times. If that is not the case, I stand corrected. However, one suspects that there may be some feeling on the conservative side that bodies like the SGIC should not be in Government hands at all, in any guise, and that given the chance to govern, the Opposition would sell them off.

Mr Trenorden interjected.

Dr ALEXANDER: The Opposition is already opening the door.

The ACTING SPEAKER (Mr Donovan): Order! I ask for the cooperation of both the member for Perth, who is on his feet, and the member for Avon, who would like to be on his feet, in keeping their cross-Chamber interchange to a minimum, in the interests of the Hansard reporter, who in fact cannot record either member properly at present.

Dr ALEXANDER: Thank you, Mr Acting Speaker. We will no doubt continue our private debate outside the House.

I believe there is a big gap between my position and the conservative position. Despite the very real problems of the SGIC - and I think the Minister may want to gloss over them - I have no desire to kick the SGIC when it is in a bit of trouble, but certain things need to be said about its investment policy. At the same time, I am and will remain a strong supporter of this insurance body remaining in Government hands. I do not believe the question of the assets of the SGIC should be linked to the question of its future as a corporation. The corporatisation of the SGIC, as far as I can see, will be good for the organisation. Privatisation is not something that I can support, but corporatisation will give the organisation added strength as a competitor in the marketplace, and will ensure that it remains in Government hands. Even though attempts may be made to put that organisation at greater arm's length from the Government - as people on both sides of the House now recognise is necessary - in the final analysis Government accountability or responsibility will still be there, whereas if the organisation were sold off in the marketplace there would be no Government control or benefit from the organisation, and any attempt to steer it in a particular direction would be lost forever. It is not reasonable to link with a call for an independent valuation an attempt to make this organisation more efficient. For that reason, I cannot support the motion in its present form. At a later stage I will propose an amendment which may or may not be found acceptable.

I turn now to the investment policy of the SGIC. People on the Government side are saying that criticism of the SGIC will make its position even weaker. That is probably true, and I do not want to indulge in a game of criticising the SGIC in retrospect about decisions which we now all see as being unwise. However, I want to say a few things about the link between the SGIC and the private four on the floor entrepreneurs who have led this organisation into its current difficult position.

Mr C.J. Barnett: I hope you will not neglect the role of Government in that.

Dr ALEXANDER: That is one of the things on which I want to comment. The SGIC, by taking up its share in Westralia Square, acquired various percentages of that development over the years. That development commenced in 1985. The current valuation of that site - the former Perth Technical College site - is well below what the projected valuation was at the time. At the time this development was going to be a glamorous new addition to Perth's office stock, and there was some talk about residential development being part of that project. The Perth City Council tried to get the developer to guarantee a residential component. I cannot remember whether it was successful, but even if it were I doubt that that would ever be constructed now.

Mr Trenorden: There was to be a first, second and third stage.

Dr ALEXANDER: Yes. I guess only the first stage will be completed, and I understand that even the first stage will have a massive vacancy factor for several years to come. I do not know whether the SGIC was directly involved in the Central Park development across the road, but other Government agencies - for example, the Government Employees

Superannuation Board - were involved. That provides us with two examples of how Government agencies have become involved in projects which have turned out to be very unwise investments and very bad planning. My information is that those developments also breach the Perth City Council planning guidelines. We should not be surprised; it is the old story that big developments with big backers always seem to get favours from Council House, even when the Government is involved. That is a matter of great regret. I believe that in future the City of Perth will regret the decision which it made to provide a massive amount of parking in both those developments, which will do nothing to encourage people to use the new bus station which is right next door. A huge amount of tenant parking is built into both developments, as well as a large amount of public parking. That does not square up with the Government's objectives of keeping cars out of the central city and encouraging people to use public transport. It may not go to waste; it may make somebody some money in the long run, and it may be the only part of that development that does, in the short run. On the other hand, it contradicts Government planning policy, not to mention council planning requirements.

When the Westralia Square development was about to be approved at Council House I was sitting in my electorate office one day when the phone rang, and who should be on the other end - surprise, surprise - but a Mr Kevin Edwards, who has been mentioned in this House on several occasions. He said, "We need your support for this development." I said, "Pardon me? I am not on the Perth City Council any more, in case it has escaped your notice. I am up at Parliament House these days." He said, "Yes, but you have a few friends on the council, don't you?" I said, "I am not sure if your information is correct there, either, but even if I did, what do you want me to do?" He said, "I would appreciate your support in lobbying for this development at Council House." I said, "Why would that be necessary?" He said, "This development is very important for the Government." I said, "Well, you can count me out as a lobbyist." But his words were, "This development is very important for the Government."

Mr Shave: Did he offer you a commission?

Dr ALEXANDER: He did not go that far. I do not like telling tales out of school, but I think that illustrates the way in which the Government was involved in this development, which not only breached planning guidelines but also subsequently proved to be a disastrous financial investment. No doubt those stories will be elaborated on in the Royal Commission, as the Minister has said, and I will not speculate further about the motives of the individuals involved as I do not think that is fair; but it is clear that Kevin Edwards was acting on behalf of others who saw this development as essential for the Government's investment strategy.

Mr Court: Are you giving that information to the Royal Commission?

Dr ALEXANDER: I had not thought of that, but perhaps it is not a bad idea. I have given other information to the Royal Commission, incidentally, which is not connected with those two developments but with other central city developments and other fundraising activities which have been indulged in over the last seven years or so.

In any case, it is clear that the State Government Insurance Commission became involved in a way which was hardly beneficial either to itself or, in the long run, to the State Government. By attempting to buy into a glamorous central city development project, that project has really exploded - not literally, yet, but in a financial sense - and leaves the SGIC with a big problem as far as its assets are concerned. As I said at the outset, I have no desire to badmouth the SGIC. I do, however, have a desire to see the organisation properly accounted for and to have some questions answered about its balance of assets and liabilities. Certainly the annual report of the organisation is of some use in that regard, as is the Auditor General's report, and I take note of the Government when it says that steps are being taken to restructure the SGIC's property portfolio. However, if we still have 40 per cent of the investment in dubious property development - or at least some of it -

Mr Trenorden: That is all in one property.

Dr ALEXANDER: If, as the member for Avon says, it is all in one property then we still have a big problem. I cannot see how that 40 per cent can be easily restructured, to use the Minister's words, in the short term, without disposing of that asset. I am not quite sure who would want to buy that asset at the moment - except at a bargain basement price, which

would have other financial implications. I believe there is a slight problem in this regard, and that the public at large deserve more information about the financial state of the SGIC. However, as I said, I am not prepared to vote for a motion which links the need for an independent valuation of assets with the corporatisation issue.

Amendment to Motion

Dr ALEXANDER: While the two issues have been related by the Opposition I think they ought to remain separate and for that reason I propose an amendment along the following lines -

That this House require the Government to table an independent and full valuation of the assets and liabilities of the two institutions within the next two months.

The two institutions referred to in the amendment are, of course, the SGIC and the SGIO.

Mr Trenorden: Who will do the valuation?

Dr ALEXANDER: It says "an independent and full valuation" - it uses the same words as the original motion.

The ACTING SPEAKER (Mr Donovan): Order! I will deal now with that amendment, which I am sure will be delivered to me in writing and signed.

Dr ALEXANDER: Yes, it is in writing. I hope that that amendment makes clear my intention; that is, to separate the two issues. I do not believe the corporatisation issue should be linked with the valuation of assets; however, I do see some sense in having a full and independent valuation of assets placed before the Parliament and the public of Western Australia.

The ACTING SPEAKER: For the amendment to be put as a question it will require a seconder. If there is not a seconder the amendment will lapse and I will simply return to the question.

Points of Order

Mr COURT: We do not have a copy of the amendment. We are waiting for copies to be distributed.

The ACTING SPEAKER: Then we will wait until copies are distributed, but is that an indication that there will be a seconder?

Mr Lewis: Well, there may be.

The ACTING SPEAKER: I seek the guidance of the member for Perth as to where this amendment is proposed to fit in relation to the original motion; or does he seek to replace certain words?

Dr ALEXANDER: I apologise, Mr Acting Speaker. The amendment was written in a hurry and I have omitted details which I certainly would require of people moving amendments. This amendment is intended to replace all words after "House" in the original motion, so that the word "require" would be the first word of the amendment. It should also have the names of the institutions after the words "two institutions". I apologise, and if my amendment is ruled out of order I will accept that, but I still intend to move it.

The ACTING SPEAKER: The effect of the amendment would be that the words after "House" in the first line of the motion on the Notice Paper would be deleted, and the amended motion would read -

That this House require the Government to table an independent and full valuation of the assets and liabilities of the two institutions -

If the member for Perth intends to replace those words he must specify which are the institutions.

Mr Trenorden: He should have put the names of the SGIC and SGIO in the amendment.

The ACTING SPEAKER: We cannot do amendments on the run. I will need some guidance from the member for Perth. I assume he is referring to the SGIC and the SGIO?

Dr ALEXANDER: With your permission, Mr Acting Speaker, I will withdraw and rewrite the amendment in a form that covers that point.

Opposition members: Hear, hear! We will wait.

Mr Lewis: Perhaps you could leave the Chair for a short time, Mr Acting Speaker.

The ACTING SPEAKER: That might be a constructive suggestion. However, I will remain in the Chair and ask the member for Perth to write the amendment, as he has proposed. While he is doing that I take the opportunity of reminding the House again - for the benefit of the member for Perth certainly, but also for the benefit of other members - that this is not an orderly way in which to conduct the process of amendments in any debates in this House. It is normal practice for amendments to be supplied to the Chair and to all parties in this House who have an interest in the question prior to, or at least immediately upon, that amendment being proposed, so that the House can conduct its business. On behalf of the Chair I ask for the cooperation of members in this regard during future debates.

Amendment to Motion Resumed

Dr ALEXANDER: I move -

To delete all words after "That this House" with a view to substituting the following -
requires the Government to table an independent and full valuation of assets and liabilities of the State Government Insurance Commission and the State Government Insurance Office within the next two months.

MR SHAVE (Melville) [4.14 pm]: I second the amendment. It is ironic that the Government and the Minister continually talk about accountability and valuations. I will discuss the importance of valuations, and I am pleased that the member for Perth has been wise enough to understand the real concerns held by those outside the House regarding the State Government Insurance Commission and the State Government Insurance Office.

Dr Gallop: Tell us what it means.

Mr SHAVE: It is not a matter of cheap political point scoring.

Dr Gallop: Give us a definition of solvency!

Mr SHAVE: We do not have to do anything. This Government is like the rotting carcass of a sheep -

The ACTING SPEAKER: Order! Members to my right and to my left are conducting the debate in a manner in which it should not be conducted in this House.

Mr SHAVE: This Government is like the rotting carcass of a sheep because it has been involved in rotten deals. The Minister responsible for the SGIC is saying, "Trust me; I will look after you. You don't have a problem. We will give you a valuation."

Mr Pearce: You have certainly stabbed the member for Avon in the back by moving to delete the words of his motion. One would have thought that his colleagues would have supported him.

Mr SHAVE: The member for Avon is big enough and ugly enough to look after himself - I do not have to help him. Is that not correct?

Mr Trenorden: That is right.

Mr SHAVE: Our responsibility is not to this Government but to the public. One reason exists that this Government is worried about independent valuations.

Mr Catania: They have been done independently; why do you not read the report?

Mr SHAVE: Is it the same valuer as the one used to value Rothwells just before the Government injected money? If the Government used that valuer, he is not very good. Is it the same valuer who told the Government the value of the Fremantle Gas and Coke Co Ltd; is it the same valuer who told the Government what the hole in the ground at Kwinana was worth? Nobody, except Government members, knows what the Government is talking about. It has a real problem because Government members do not listen to people. A normal, sane and responsible Government would not pay half a billion dollars to a business group in this State or in this country the week after the biggest share market crash in Australia. However, this Government did that. This is the Government which states that it wants to transfer assets because it is convenient to do so, even though it will cause problems. The problem is that members opposite know that if individual valuations were made on the Westralia Square

development as well as current valuations on the assets of the SGIC and the SGIO that would cause problems because it would frighten present and potential policyholders of the SGIO.

Mr Catania interjected.

Mr SHAVE: The member for Balcatta can scream as much as he likes and talk about what should be done and the fact that we are knocking the SGIO. We are knocking the past business dealings of the SGIO and the SGIC. He should not talk to us about tomorrow; we want to know what is happening today.

Mr Pearce: You are much more interested in yesterday.

Mr SHAVE: The Leader of the House should be aware that he is on a three per cent margin and will be out the door after the next election. The best thing that he can do is to be nice to his mate, the member for Fremantle, and maybe he will shift over for him.

Several members interjected.

Mr Pearce: My margin is three times as big as yours and I am not trying for preselection for South Perth.

Mr SHAVE: The situation is past tense for the Government; it thinks it is talking about 1989. The Opposition is talking about today. My margin is a lot larger than that of the Leader of the House. I refer to an editorial in *The West Australian* of 15 March and I quote -

Once again this State Government is treating taxpayers and electors with contempt.

The Minister is an expert on that sort of thing; he has been involved in business all his life. The quote continues -

The document released yesterday by Microeconomic Reform Minister Geoff Gallop on the future of the SGIO and the SGIC makes a mockery of the Government's professed commitment to openness.

Instead of coming clean about the true financial position of the two bodies, Dr Gallop released a sanitised summary of the independent review committee's report. And the document was compiled by a committee which included two of the men who presided over the SGIC's follies which have cost the State hundreds of millions of dollars.

The Government has again fallen back on the tired excuse that commercial confidentiality has prevented disclosure. The use of that defence was how WA Inc gained a toe hold. The Lawrence Government's electoral stocks will continue to sink until it learns the simple lesson that it is no longer acceptable.

That is the truth of the matter. I do not want to canvass the issue much further, but the member for Perth should be commended for being wise enough to realise that a problem exists with corporatisation of the two bodies. The problem concerns valuations. The SGIC and the SGIO deal is no different from the Government Employees Superannuation Board deal. It is no different from its having paid millions of dollars for hotel properties in the north of the State that were half the value of the amount actually paid. To cover those rotten deals, when the GESB sold them back to the original parties it gave them very favourable interest rates and payments over five or six years so the books looked all right and so that when reports came out people thought no loss had occurred. If the money had been placed on the short term market at that time a considerable profit would have been made.

Mr Trenorden: A 50 per cent loss was made.

Mr SHAVE: The 50 per cent loss was disguised by paper shuffling; it is no different from the corporatisation deal.

Mr C.J. Barnett: Many companies lost a lot of assets at the time of the share crash. The SGIO was the only group which bought assets after the crash and still lost money.

Mr SHAVE: If people want to have confidence in their insurance company and have confidence in this Government -

Mr Catania interjected.

Mr SHAVE: If the Opposition were in Government and was responsible for mismanaging the public's money like the present Government has done, it would wear it. The problem with members opposite is they will not wear it. They keep looking for a way to cover up the

Government's deals. The Government did it with the petrochemical plant and it is doing it with this deal. Every deal on which the Government puts its hands gets dirty. Mr McGlue said in *The West Australian* on 20 April -

The State Government Insurance Commission is unable to confirm whether it is operating with an excess of liabilities over assets after Thursday's appointment of a provisional liquidator to Bell Group.

The appointment effectively values at zero the Bell Group convertible notes SGIC is holding at book value of \$57 million.

A \$57 million write-off would almost completely wipe out the SGIC's net assets surplus of \$60.7 million at last June 30.

SGIC managing director Frank Michell said last night the question of the asset-liability balance was a "fairly fine thing". Mr Michell said the commission would not know its true balance sheet position until the end-of-year audit but would not be calling on the Government for finance.

Mr C.J. Barnett: In relation to Westralia Square, the taxpayer through CRF is funding the project through rental way above market value; so it is paying.

Mr SHAVE: Absolutely, and the Minister is trying to say everything is all right.

Dr Gallop: I am not saying that. You mislead this Parliament.

Mr SHAVE: Is the Minister saying the SGIC is perfectly safe and no problem has arisen with the assets?

Dr Gallop interjected

Mr SHAVE: There are plenty of them; we want to know how bad they are and so does the public. I will read from an article of 15 March headed "WA faces rise in 3rd-party insurance" which states -

Western Australians are likely to face increases in third-party insurance premiums because of a cash-flow deficiency in the State government-owned Compulsory Third Party (CPT) Insurance Fund.

The deficiency was revealed yesterday when the Minister for Micro-economic Reform, Dr Gallop, released the key findings of an independent review of the operations of the fund's "parent", the State Government Insurance Commission. Dr Gallop said the review had demonstrated "the current financial difficulties" faced by the SGIC and its commercial trading arm, the State Government Insurance Office (SGIO).

He said this primarily related to an under-performing investment portfolio which did not have an appropriate mix of property, fixed interest securities and liquid investments.

Mr C.J. Barnett: Is that a way of saying they are broke?

Mr SHAVE: It would imply that. What can be said when Mr Frank Michell, the top man, says he is not sure whether the SGIC is solvent? I have not seen a retraction of that statement in the newspaper by Mr Michell. I will feel much better when the valuations are provided.

Mr P.J. Smith interjected.

Mr SHAVE: I spoke about the member for Bunbury last time during one of these debates and he did nothing while this was going on. If I were he, I would be very quiet through this debate. It is one thing to be a backbencher and pick up the pay and another thing to ignore one's responsibilities when a problem arises.

Mr P.J. Smith: You are very smart in retrospect, aren't you. All your comments are recorded also.

Several members interjected.

Mr SHAVE: The member for Bunbury ridiculed them and said they were fools. One of his leaders, the real whiz kid on his feet, the lawyer with all the words, in a two line memo

directed the SGIO to pour millions of dollars into the failed financier Rothwells Ltd, the district court was told. The whiz kid Premier, Peter Dowding, the so called businessman and lawyer who knows everything just told the SGIO to pump it in. When he was pumping it in the person who got him to pump it in was pulling it out. Do members know in which bank account overseas the money is now? Of course they do not. Do the people in the member for Bunbury's electorate know? Of course they do not know, but they want to know and that is why they do not want to vote for him at the moment. Members opposite are unpopular in the community.

A minute ago the Leader of the House commented about the margin in my electorate. I would not have to run a campaign in my electorate at present. It is embarrassing to be identified with Government members. A lady in my electorate slammed the door on me the other day because she thought I was a Labor politician. The Government is not very quick. That shows I do not have a very good profile in my electorate, but I was embarrassed. She said, "I am an ex-Labor voter." The member for Northern Rivers with his two per cent margin has no chance; he has gone. He will go back to his shire clerk's job. He and the Leader of the House could run a consultancy firm on how to lose money. They would have lines all over the place. I do not want to continue along this line because people on the other side of the House are causing me considerable embarrassment. The Opposition will support the member for Perth's amendment. It will be very interesting when the individual valuations of the State Government Insurance Commission and the State Government Insurance Office are published.

MR CATANIA (Balcatta) [4.31 pm]: I read with some surprise the motion moved by the member for Avon because I sat with him for many months in the Public Accounts and Expenditure Review Committee and we examined the State Government Insurance Office and the State Government Insurance Commission. He was party to the report which was tabled on 17 October. The report referred to valuations. The terms of reference for that report state quite clearly -

that there has been no independent valuation of the State Government Insurance Commission's assets and liabilities as required under the Insurance Act 1973.

Those terms of reference were adopted from the member for Avon's motion. The member for Avon and the member for Scarborough prepared a minority report in which they mention nothing about valuations. They were concerned about a couple of frivolous articles in that minority report -

Mr Strickland: We were concerned about the principles in that minority report.

Mr CATANIA: The member did not raise that issue and is now trying to introduce other matters. I am being honest.

Mr Trenorden: I struck that agreement before we finished that publication. I backed off and I cleared that with you. You are not being straight with the Parliament.

Mr CATANIA: I am being straight. The committee found that "appropriate use has been made of independent valuations of the assets and liabilities of the SGIO or the valuation method used has been disclosed in the financial statements". In other words, independent valuations were made of assets and liabilities of the two bodies. I am surprised, therefore, that the member for Avon has now raised this matter. I agree that there have been bad investments; I do not resile from that. They are the subject of investigations. Corporatisation has taken place as a result of the agreement. The member tabled that agreement in this House today.

Mr Trenorden: I did not table it.

Mr CATANIA: The member did table it. He made it part of his address.

Mr Trenorden: I did not make it part of my address. I referred to one section of it.

Mr CATANIA: This agreement by members of the Opposition and the Deputy Premier sets out what corporatisation will bring to the SGIO. Corporatisation will be based on the agreement. I do not understand why the member wants to suspend corporatisation when all his concerns are addressed by it.

Mr Trenorden: I do not know that. You might know it. I am not privy to the provisions.

Mr CATANIA: I have no objection to the amendments moved by the member for Perth. The member for Scarborough said that corporatisation would be like a paintbrush going over the SGIO. The Minister for Microeconomic Reform explained the fine lines which will go into corporatisation of the SGIO. Corporatisation addresses the concerns being expressed by the member for Avon. The agreement states that the Auditor General be authorised to enter into an agreement with the Commonwealth Insurance Commission to provide the same supervisory and auditing services with respect to the SGIO "as are imposed on insurance companies under the Insurance Act". The SGIO is doing that. It is sending auditors to Canberra for instruction. Members should remember that the Insurance Commissioner has no authority over the SGIO by virtue of the Act. What more can it do?

Mr Cowan: It is not so much a question of what the SGIO or the SGIC can do. It is a question of what the State Government will do. Will it provide a valuation? Is it prepared to acknowledge that that is its responsibility?

Mr CATANIA: If the member had listened to the Minister, he would know that there must be a division of the two organisations and a valuation will have to be done.

Point of Order

Mr WATT: The amendment before the Chair is that all words after "That" be deleted with a view to substituting other words. It has been a fairly long established practice of Presiding Officers of this House to allow some tolerance to members speaking to amendments of that type to refer to the words which are intended to replace the words removed, otherwise it becomes a fairly meaningless debate. The debate can be on the amendment to remove the words or on the next amendment to insert the new words. However, Presiding Officers have not allowed the debate to continue as it is at the moment with the member referring to the substance of the original motion. The member should be brought back to the motion before the Chair.

The ACTING SPEAKER (Mr Donovan): The member for Albany is correct. The tradition of the House has been to allow latitude, with regard not only to words proposed to be inserted which is the substance of the amendment, but also to the words proposed to be deleted as that is the object of the amendment. The point raised by the member is an opinion rather than a point of order.

Debate Resumed

Mr CATANIA: I accept that, Mr Acting Speaker.

DR GALLOP (Victoria Park - Minister for Microeconomic Reform) [4.40 pm]: The member for Perth has moved an amendment requiring the Government to table an independent and full valuation of the assets and liabilities of the State Government Insurance Commission and the State Government Insurance Office within the next two months. As I explained earlier, the process of valuing the assets and liabilities of the organisations, which is done in the annual reporting process, is proceeding at the moment. The Government has no difficulty in supporting this amendment so long as the Parliament understands the practical implications of it. I have spoken to the mover of the amendment and explained that Parliament will not be sitting from 13 June to 16 August and he is happy that we proceed with his amendment on the understanding that the valuation will be tabled when the Parliament resumes.

Mr Cowan: Does that mean you will provide it in the prescribed period?

Dr GALLOP: It will be tabled in the Parliament. The difficulty that exists with the short time frame is that if a proper valuation is required it must be done on an appropriate basis. It simply cannot be done in a few weeks and in the remainder of this part of the session.

Mr Lewis: Why not?

Dr GALLOP: Do members opposite want a proper valuation?

Mr Lewis: Burke had the valuations done in one day for Terrace property worth \$300 million.

Dr GALLOP: We are not talking about one property; we are talking about an organisation. The Government is happy to support the amendment on the basis that it is understood by members that it will not be able to comply with the amendment until the Parliament resumes.

The ACTING SPEAKER: Before I put the question the House needs to be aware that while such an arrangement may be made between the Minister and the member moving the amendment, but insofar as the House is concerned the amendment means what it says.

MR PEARCE (Armadale - Leader of the House) [4.43 pm]: The fact is that from 13 June, in four weeks, the House will not sit until 16 August and that will be the first opportunity the Minister will have to table the valuation.

Mr Lewis: You can do it in three weeks.

MR PEARCE: The Minister said he discussed this matter with the mover and explained that the valuation cannot be tabled until Parliament resumes on 16 August.

Mr MacKinnon: Move an amendment.

MR PEARCE: If that is required we will do so, but we do not feel it is required. I am making the position clear.

The ACTING SPEAKER: The Chair can suggest to any member who feels so moved that this amendment is capable of further amendment. It is not for the Chair to propose the wording of the amendment, but I can point out that the effect that I understand some members are seeking to achieve can be accommodated within an amendment to the proposed amendment. The question is that the words to be deleted be deleted.

Amendment (words to be deleted) put and passed.

Amendment on the Amendment

MR PEARCE (Armadale - Leader of the House) [4.44 pm]: I move -

To delete the words "within the next two months" with a view to substituting the words "on the first day of the spring session".

MR COWAN (Merredin - Leader of the National Party) [4.45 pm]: This raises a question of vital importance to the National Party and, I am sure, to the Liberal Party also. The original text of the motion moved by my colleague, the member for Avon, was designed to give this Parliament access to a valuation of the assets and liabilities of the State Government Insurance Commission prior to any legislation which would corporatise the SGIC. Before we consider whether we will accept this amendment we require the Minister to indicate when the corporatisation legislation is likely to find its way into this place.

Dr Gallop: Very soon - it will be before the end of this session of Parliament.

MR COWAN: If that is the case we have no alternative but to oppose this amendment for the simple reason that it negates the whole purpose of the original motion. The amendment will delete the words "within the next two months" and I suggest to the House that it would be difficult to get the corporatisation legislation through the Parliament in that time.

Mr Pearce: That is a matter to be faced. If the Parliament is not sitting for two months it will not change the circumstances that the Minister will introduce the legislation next week. When the legislation is introduced the Opposition has a right to move a motion to defer it until such time as the valuation is tabled.

Mr Trenorden: You will be deferring the legislation until the spring session.

Dr Gallop: That is not the intention of the amendment.

Several members interjected.

MR COWAN: The National Party certainly cannot accept an amendment which defers the tabling of a valuation for four months. It can accept two months because it believes that the SGIC corporatisation legislation will take at least that time to travel through the Parliament before the National Party is satisfied that it deserves to be passed. The National Party is not prepared to offer a four month period. It is my party's understanding that in two months the SGIC would be required to present that valuation to the Speaker.

Mr Pearce: We are talking about three months.

MR COWAN: I was talking about two months, but I am now talking about four.

Mr Pearce: We are talking about three months in which the House will not be sitting.

MR COWAN: All right, we are talking about three months and it is unsatisfactory. Under

the Standing Orders it is possible for the SGIC, or the Minister in this case, to present that valuation to the Speaker and it can then be perused by members of Parliament and the public if they so wish.

The National Party is opposed to this amendment because it negates the principle behind the original motion moved by my colleague, the member for Avon. Two months is something we can accept; three months we cannot. The Government is about to find out that the National Party is opposed to this amendment.

MR MacKINNON (Jandakot - Leader of the Opposition) [4.49 pm]: I will reiterate the position as I understand it. We have been considering a motion initiated by the member for Perth that the full and independent valuation of the assets and liabilities of the SGIC and SGIO be tabled in this House on the first day of the spring session of Parliament and the member for Avon wants the valuations tabled in this House prior to the corporatisation and the legislation being debated, an approach which we support wholeheartedly. It seems to me, therefore, given the Minister's commitment to now introduce the legislation ahead of that valuation, that that highlights what we have said all along - that this Government, like the leopard, has not changed its spots. It continues to ride roughshod over this Parliament in a way we have seen so often before, a way that has led to the Royal Commission's revealing the major discrepancies in administration in this State that have been supported by members opposite.

Like the Leader of the National Party, I do not believe that what is proposed is appropriate. As Leader of the Liberal Party I will be recommending to my colleagues that we not debate the corporatisation legislation either in this House or the Legislative Council until such time as those valuations are forthcoming, irrespective of what the Government does in bringing it into this Parliament. We want to see the colour of the Government's money and to ensure that we are acting with full knowledge because we have been forced by this Government in the past to act without knowledge and we do not intend ever to do that again.

DR GALLOP (Victoria Park - Minister for Microeconomic Reform) [4.52 pm]: It is a pity that the Opposition has not thought through this issue. Unfortunately it has been caught out badly. The reason it has been caught out is that in its eagerness to try to have a little win over the Government it forgot what it did. The Opposition agreed with an amendment which removed all of the words placing a condition on our proposed legislation to corporatise the SGIC. It also agreed to an amendment from the member for Perth which dealt with a tabling of valuations of the assets and liabilities. Members opposite thought they would have a win and were tricky about it, but after they supported the original removal of the words the Opposition was caught by the amendment.

The whole purpose of the amendment was to separate the questions so that the issues of the legislation and the valuation of assets and liabilities could be dealt with on their merits. That was the intent of the amendment. It is clear that as a result of the words used in the original amendment it would be, practically speaking, difficult for the Government to meet its requirement, so it moved an amendment obliging it to table those asset and liability valuations at the beginning of the next session of Parliament in August, and we will be only too happy to do that. The Opposition cannot have it both ways. It accepted the intent of the amendment in the first place. However, when it discovered the implications it backed off. It is rather like its Whip; it needs to do a little homework next time before jumping in.

Amendment on the amendment (words to be deleted) put and a division taken with the following result -

Ayes (25)

Dr Alexander
Mrs Beggs
Mr Bridge
Mr Catania
Mr Cunningham
Mr Donovan
Dr Edwards

Dr Gallop
Mr Graham
Mr Grill
Mrs Henderson
Mr Gordon Hill
Mr Kobelke
Dr Lawrence

Mr Leahy
Mr Marlborough
Mr Pearce
Mr Read
Mr Ripper
Mr D.L. Smith
Mr P.J. Smith

Mr Troy
Dr Watson
Mr Wilson
Mrs Watkins (*Teller*)

Noes (24)

Mr Ainsworth	Mrs Edwardes	Mr Minson	Mr Trenorden
Mr C.J. Barnett	Mr Grayden	Mr Nicholls	Mr Fred Tubby
Mr Bradshaw	Mr Lewis	Mr Omodei	Dr Turnbull
Mr Clarko	Mr MacKinnon	Mr Shave	Mr Watt
Mr Court	Mr McNee	Mr Strickland	Mr Wiese
Mr Cowan	Mr Mensaros	Mr Thompson	Mr Blaikie (<i>Teller</i>)

Pairs

Mr Thomas	Mr Bloffwitch
Mr McGinty	Mr Kierath
Mr Taylor	Mr House

Amendment on the amendment thus passed.

Amendment on the amendment (words to be substituted) put and a division taken with the following result -

Ayes (25)

Dr Alexander	Dr Gallop	Mr Leahy	Mr Troy
Mrs Beggs	Mr Graham	Mr Marlborough	Dr Watson
Mr Bridge	Mr Grill	Mr Pearce	Mr Wilson
Mr Catania	Mrs Henderson	Mr Read	Mrs Watkins (<i>Teller</i>)
Mr Cunningham	Mr Gordon Hill	Mr Ripper	
Mr Donovan	Mr Kobelke	Mr D.L. Smith	
Dr Edwards	Dr Lawrence	Mr P.J. Smith	

Noes (24)

Mr Ainsworth	Mrs Edwardes	Mr Minson	Mr Trenorden
Mr C.J. Barnett	Mr Grayden	Mr Nicholls	Mr Fred Tubby
Mr Bradshaw	Mr Lewis	Mr Omodei	Dr Turnbull
Mr Clarko	Mr MacKinnon	Mr Shave	Mr Watt
Mr Court	Mr McNee	Mr Strickland	Mr Wiese
Mr Cowan	Mr Mensaros	Mr Thompson	Mr Blaikie (<i>Teller</i>)

Pairs

Mr Thomas	Mr Bloffwitch
Mr McGinty	Mr Kierath
Mr Taylor	Mr House

Amendment on the amendment thus passed.

Amendment, as Amended

MR CATANIA (Balcatta) [5.02 pm]: When I began speaking I said I was surprised at the member for Avon moving the motion today about the valuation of assets. I am surprised because I think that the corporatisation of the SGIO will have the exact effect that he and members of the Opposition have preached for many months. The introduction of the legislation will separate the boards of the corporation and the commission. The majority of persons on the boards will be experienced in the insurance business, and the Auditor General will be able to take advice. He will be authorised to engage people who are experienced or trained by the Australian Commissioner for Insurance, and the SGIO will pay for the services of these expert people. The investments and assets of the SGIO will be returned so that there will be two separate bases of assets and liabilities. They will be two separate identities. This is something the member for Avon and members of the Opposition have been preaching. They have now come up with tricks to stall that. I am very surprised.

The motion about the valuation of assets will be incorporated if we corporatise the SGIO. It will put the SGIO at arm's length from any Government intervention. Is this not what members of the Opposition want? No, they want to debate the fate of the SGIO and kick it in

the teeth. They are irresponsible and they have been irresponsible; they will cause panic in the community, and that is what they want to do. They want to kick the Government in the teeth for doing something which is proper, and something which members of the Opposition suggested.

The SGIO will establish annual performance targets when it is corporatised. It will establish rates of return and dividend policies. It will be a distinct identity in competition with other insurance companies. I have been dealing with the member for Avon and the SGIC for a number of months, and I am surprised that he brings this point up once again when he knows full well that the corporatisation of the SGIO is the only way to go to put it at arm's length from the influence of Government. This is what he wanted. He now raises this matter in the House with the help of members of the Opposition. They want to kick the SGIO in the teeth when it is just getting to a stage when it will not have Government interference. It will be in a competitive position with other insurance companies and in a form which members of the Opposition have preached during the time I have been in this House. I support the motion as amended and express concern that every time any change to the SGIO is mentioned we get a lot of rhetoric from the other side.

Mr MacKinnon: In view of the disgraceful performance of the SGIC, can you tell me how many people have been sacked?

Mr CATANIA: I do not know.

Mr MacKinnon: None.

Mr CATANIA: Does the Leader of the Opposition think all the staff at the SGIO should be sacked?

Mr MacKinnon: I think some at the top should have gone.

Mr CATANIA: At the beginning of his address the member for Avon said that there would be no change. But there will be a new board; there will be a new organisation. The administration is the same, the staff is the same, and the assets and liabilities are the same. That is what the member stated. But the corporatisation will have a marked effect on the operations. Surely members of the Opposition must agree with that, because if they do not, they do not understand what is happening. It is obvious that that will be the case in the event of the corporatisation of the SGIO. Members opposite do not understand that in the past valuations were carried out by independent valuers and actuaries. They did not read the report. Members opposite are being mischievous for the sake of making some political mileage out of a plan to put the SGIO on a basis where it will be competitive with other insurance companies. I am concerned about the fact that every time the SGIO is discussed it is pulled down and kicked by the Opposition. I hope this is the last time I shall hear it because it is an entity of which we should be proud and we should be encouraging people to make sure that they deal with it.

MR TRENORDEN (Avon) [5.07 pm]: My intention was to support a valuation of the SGIC and the SGIO before the corporatisation issue was debated. I have succeeded there, so I am happy at this stage. All that has happened in the course of the day is that the Government has lengthened the period in which this will occur, which is incredible. The valuation we are seeking has just been given to us by the Government. It will occur on the first day of the next session, and there will be no debate on the corporatisation of the SGIC before that day. All that has happened is that the Government has delayed the process by three months.

Mr Shave: Do you know why? Because it wants to go past 30 June.

Mr TRENORDEN: I cannot work out why the Government has done it.

Mr Pearce: The original motion took it past 30 June. Don't be silly.

Mr TRENORDEN: I accept the proposition that the Government wants this legislation debated in the spring session, and we are happy to accept that point.

Amendment, as amended, put and passed.

Motion, as Amended

Motion, as amended, put and passed.

MOTION - RECESSION*Family Breakdown*

Debated resumed from 27 March.

MR RIPPER (Belmont - Minister for Community Services) [5.10 pm]: On the last occasion that the motion was debated, I advised the House that the Government had a commitment to the protection of the family, based on the recognition of the diversity of family structures in our community and on the need to respond to that diversity with practical support. I outlined two elements of that degree of support for the family. One of those elements was the establishment of the Office of The Family, an important political initiative associated with the establishment of the portfolio of the Minister for The Family, and one which is given high political priority through its holding by the Premier of the State. So, the Government has a very strong political commitment to the protection and improvement of the quality of family life in Western Australia.

One additional element emphasised in my previous remarks was the provision of emergency financial assistance to families who are in financial crisis. It is very important that financial assistance provided by the State Government is targeted at people with dependent children. Therefore, assistance goes to families suffering financial crisis. We have increased the allocation this year by \$1 million in response to an increased number of people who face unemployment or who face life on pensions and benefits. It is recognised that this State is one of the most generous of States in providing emergency financial relief. The other States have basically tended to make a lesser commitment to this area than this State does. The commitment must be assessed in the light of the Commonwealth Government's responsibility for income support. The State Government does not assume responsibility for income support; no State Government does, but in this State we do assume responsibility for providing emergency relief - that has been targeted at families, and the allocation has been increased.

Mr Nicholls: How do you recognise the families in need?

Mr RIPPER: Various criteria are applied. Basically, families come to the Department for Community Services and say that they are in financial crisis. Their circumstances are examined, and various categories exist in which assistance is given. One of the most important categories is basic domestic expenses which provides assistance for people who need money for food or medication.

Mr Nicholls: Are they people on a pension? They cannot be people who have an income or who have assets.

Mr RIPPER: The assistance is very closely targeted at those people who are most in need. It is assistance for people who are in financial crisis to such an extent that they cannot meet the basic domestic needs, such as food or essential medication for families.

Mr Nicholls: Are you talking about financial need?

Mr RIPPER: It is crisis need. It is assistance which is very closely targeted at the most needy. The assistance is closely monitored because of the need to ensure that the limited funds available go to those people in crisis and in most need.

Mr Nicholls: How many people are being serviced currently? Do you have the figures to show a comparison between this year and last year?

Mr RIPPER: I do not have the figures before me. I am in a position to provide them, if the member would like to put the question on notice. Of course, an increase in the number of applications has occurred and that is the reason the Government has responded by increasing the allocation. In that way we can respond to people who are genuinely in need.

Mr Nicholls: No doubt the recession is impacting heavily on people who have limited financial resources.

Mr RIPPER: The recession, of course, does impact on people who are unemployed. People on unemployment benefits, and those on pensions, are much more likely to face an extraordinary financial crisis, which causes them to need to take advantage of the emergency financial relief which the Government offers. That is the reason we have responded by increasing the allocation.

I was referring to some of the remarks I made on the last occasion when I dealt with the Office of The Family, the question of emergency financial relief, and the Government's commitment to marriage education - involving a grant of \$200 000 in each of the last two Budgets. That is important because we should recognise that marriage guidance is a responsibility assumed by the Commonwealth Government; however, this State has provided additional funds in that area.

Mr Nicholls: Will those funds go to marriage guidance organisations?

Mr RIPPER: They will go to a variety of organisations. I have some more information here about precisely who will receive assistance. It includes media campaigns to promote marriage education services. I will indicate who the funds have assisted: The Australian Association of Marriage Educators promoted a two month newspaper campaign in 1990 outlining the availability of programs on marriage preparation and enrichment; the Marriage and Family Week WA Committee has recently completed a series of five community service announcements under the theme "Let's Try That Again"; an individual organisation such as the Marriage and Family Foundation of the Marriage Guidance Organisation of Western Australia, and the Wesley Marriage Education Department have been funded to produce pamphlets and videos for use in community education to reduce marital distress and breakdown. That is the way the funds have been used to promote marriage education in the community.

I was concerned to advise the House of the range of support which has been offered to the family in Western Australia through the State Government. It is important that all of us recognise the diversity of family structures and the diversity of needs. That very diverse set of family needs should be responded to through a variety of programs. One is the family centre program. Twenty centres have been completed; three are in the process of being constructed, and seven more are at the planning stage. The family centres provide social development activities for four year olds, and complement the services provided through the preprimary and preschool systems. In addition, they provide a focus for community development, which in itself assists local families, particularly in areas which are perhaps new and where community organisation is in its infancy.

One beauty of the family centre program is its flexibility. It is a structure which is not limited to the provision of social development activities for four year olds but one which can meet other family needs as they change. Some of us represent electorates where the population is ageing. I represent an electorate where there are plenty of vacancies in schools and plenty of empty classrooms, but the ageing population is in need of services. As a community, we need to ensure that the services we provide and the facilities we build are flexible so that they can adapt to changing local community needs. Of course if the need diminishes for the family centres that we are building to provide for the current requirements of the social development activities of four year olds, the centres can be adapted to meet other community needs. Even now they can, and do, provide a variety of meeting rooms and facilities for local community organisations. They are a flexible facility which provide for young children and other community organisations and which now can become a focus for community development, and which in the future can be adapted to meet other community and family needs, particularly as the population ages.

One of the most critical needs of families in Western Australia is child care. If as a community we want to make the best possible use of all the talents available to us we must make sure that people who want to enter the work force and who have parental responsibilities are able to do so through the proper provision of child care facilities. If we want to ensure that members of Western Australian families are equipped to develop their potential to its fullest, we need to make sure that people are not restricted by the absence of child care facilities from developing their talents, from using their talents in a productive way, from earning an income and from making the contribution to society that they wish to make. That is why this Government and the Commonwealth Government have both placed great emphasis on the expansion of child care facilities.

Mr Omodei: What is wrong with using those talents to look after their own children?

Mr RIPPER: What is important about this society is that we offer a choice to people. If people choose to remain at home, male or female, and raise children that is a very important role. As the Minister for Community Services I value that role, the Government values that

role, and everyone in the community should value that role. There are many styles of life which are valuable for the community, and people can make a positive contribution to the community by using their talents in the work force as well. It is important for families that we give them a real choice through the provision of services to meet their needs, so that they can exercise their talents and their choice. When that happens we will have better services, a better quality of life for children, and a more productive society. It is important to recognise the work done in the home by people who choose to stay at home and raise young children, and it is also important to recognise the value of the work done in the work force by people who make that choice. It is important to give people the practical opportunity to make that choice.

Dr Watson: What is the Opposition's policy on child care? It doesn't have one.

Mr Nicholls: Do you believe it is preferable that children grow up in a family where a parent stays home?

Mr RIPPER: That is an interesting question. It implies that the member for Mandurah, speaking on behalf of the Opposition, wants to discourage people, women in particular, from entering the work force. That is a rather quaint attitude.

Mr Nicholls: That is a long bow to draw from the question I asked.

Mr RIPPER: That is the implication of the member's question.

Mr Nicholls: The Minister could not have listened.

Mr RIPPER: My answer to the question is this: It is a matter of choice for the people concerned.

Dr Turnbull: It is not a matter of choice for many people now.

Mr RIPPER: Any responsible Government should provide services and facilities to enable people to make a genuine choice about their practical needs as individuals, and about the practical needs of their family.

Mr Nicholls: Should they be disadvantaged if they choose to stay home?

Mr RIPPER: What is the Opposition's commitment to child care in this State? What is the member's commitment? If by some mischance the member for Mandurah had responsibility for these matters, would he seek to expand child care or is he saying to the community that he would not expand children's services? What is the member for Mandurah's position?

Mr C.J. Barnett: Do you know why -

Mr RIPPER: Let the member for Mandurah answer; he does not need the member's help - I hope.

Mr Nicholls: That commitment has been quite clearly stated. I am suggesting that we should make sure that the Government is there to support families so that they can stay together. If families choose to have one partner stay at home to look after the children or provide that guidance as the primary care giver, they should not be financially and socially disadvantaged. We are in a situation now where the State Government and the Federal Government are providing incentives to have the financial burden shared between both parents in employment, to redirect their responsibility, and to look for subsidised child care to raise their children because the Government is providing an environment where people cannot afford to live on one income.

Mr RIPPER: That is interesting, but it is even more interesting that the member for Mandurah has failed to answer the question. What is the Opposition's commitment to the provision of child care in this State? Should I go out into the community and say that the Opposition's spokesperson on the family has refused to give an answer?

Mr Nicholls: That is ridiculous.

Mr RIPPER: Is that the message the member wants conveyed to the community - that the Opposition is not prepared to say what is its attitude to the provision of child care facilities? The member has not yet given me an answer, so I am giving him another opportunity. Does the member for Mandurah agree that child care facilities should be expanded or does he not?

Mr Nicholls: Child care facilities definitely need to be put into place to help people who

wish to seek employment, but they should not be put in place to entice people to put their children into child care and redirect their responsibilities. If the Minister is suggesting that the taxpayer should subsidise facilities so that people can have their children and then go into the work force, there is an argument for that, but there should also be policies and attitudes which support the primary care giver's choice to stay home.

Mr RIPPER: The member for Mandurah is saying that he opposes subsidised fee relief for child care centres. Should only the affluent have the ability to make use of child care centres?

Mr C.J. Barnett: Why is there a shortage of child care centres?

Mr RIPPER: Let the member for Mandurah continue, he seems to be the Opposition spokesperson.

Mr Nicholls: Your attitude is totally ludicrous, and we need to get back to the situation in society where people are responsible for the children they bring into this world. They should not expect child care facilities to be provided as an endless resource.

Mr RIPPER: That is a most illuminating comment.

Mr Pearce: It is likely to be widely circulated.

Mr RIPPER: The Opposition is very equivocal, to say the least, on the provision of child care facilities and the attitude that has been demonstrated by the member for Mandurah is extraordinary. He is saying to the families of Western Australia, to the parents in Western Australia, that the matter of child care facilities will not get a very enthusiastic response from this Opposition if by any mischance it came into Government.

Mr Lewis: That is not what he said at all.

Mr RIPPER: He is also saying -

Mr Lewis: You are putting words into his mouth.

Mr RIPPER: - that fee relief which enables people on low incomes to take advantage of child care facilities is not something he will deal with enthusiastically. The member for Applecross knows that I gave the member for Mandurah plenty of time to give an explicit, unequivocal answer and he was all over the place. I do not think that anyone in the community would regard the future of children's services as being anything like safe should he come anywhere within cooee of having responsibility for this area.

Mr Lewis: There is a furphy going around that the remand centre is starting in July; is that true?

Mr RIPPER: We are talking about services for family.

Mr Lewis: Aren't you prepared to answer it?

Mr RIPPER: Question time is coming up, and if the member for Applecross wants to ask me a question about the remand centre I will be happy to answer it. It is interesting that when we talk about child care facilities the member for Applecross' mind immediately turns to remand centres. I have quite a different attitude to the provision of child care facilities from that of the member for Applecross.

Mr Lewis: Talk about equivocation - you are equivocating!

[Leave granted for speech to be continued.]

Debate thus adjourned.

STATEMENT - BY THE SPEAKER

Private Bills Standing Orders

THE SPEAKER (Mr Michael Barnett): Since the Minister for Lands took a point of order on Wednesday last week involving the Standing Orders relating to private Bills I have had approaches from some members regarding the status of those Standing Orders. Simply put, they are Joint Standing Orders which are current but obsolete. They were adopted by both Houses of Parliament in 1891 and the last time they were used in the Legislative Assembly was 1966. Since then several Bills which could well be said to have come within the definition of private Bills have been dealt with in the House as public Bills. Members should

distinguish between private Bills and Bills which have been introduced by private members. Private Bills are generally described as Bills for the particular interest or benefit of any person, group of persons, public company, corporation or local authority. Parliaments have often had difficulty in determining whether a Bill was public or private or even a Bill which fell somewhere in between the two - then being termed a hybrid Bill. Across Parliaments generally there is a clear and continuing trend away from dealing with matters as private Bills toward dealing with them as public Bills. I note, for example, that the Federal Parliament has no provision for private Bills; it deals with all Bills as public Bills.

The last occasion on which the private Bills Standing Orders were raised in the Assembly was in 1980 when a member raised the propriety of dealing with a Bill as a public Bill instead of as a private Bill. As a result of that discussion and a recommendation from one of the members in the House, the then Speaker indicated in essence that he agreed that the private Bill Standing Orders were not used and that a meeting with the Legislative Council Standing Orders Committee would be sought to ensure that any Joint Standing Orders reflected current practice. Despite many requests from our Standing Orders Committee since that date, no meeting with its Council counterpart has taken place.

I am reluctant to give undue prominence to obsolete or, at most, obsolescent Standing Orders by arranging for them to be reproduced in our Standing Orders volumes, particularly given that they have not been reprinted in the volumes since 1968. Should members wish to see a copy the Clerk will be able to meet that request. I will again raise the matter with the Standing Orders Committee at the next available opportunity in another effort to meet with the Standing Orders Committee of the other place.

MINISTERIAL STATEMENT

Correction to Question on Notice 438

MR RIPPER (Belmont - Minister for Community Services) [5.33 pm]: I wish to correct an answer I gave to question on notice 438 from the member for Scarborough. In answering that question I indicated that the information which he was seeking was contained in a copy of the final report of the Adoption Legislative Review Committee, a copy of which had been sent to him on 22 April. I accept the assurance of the member for Scarborough that he did not receive a copy of that final report. It was my understanding that such a copy had been sent to him, but on further checking it would appear that he was sent a copy of the summary on 15 April and offered further copies of the final report on 22 April. I table a corrected answer to question on notice No 438.

[See paper No 295.]

[Questions without notice taken.]

RETAIL TRADING HOURS AMENDMENT BILL

Council's Message

Message from the Council received and read notifying that it did not insist on its amendments Nos 1, 2 and 3 to which the Assembly had disagreed, it insisted on its amendments Nos 5, 6, 7, 8, 9 and 10 to which the Assembly had disagreed, and returned its amendment No 4 with an alternative amendment thereto.

House adjourned at 6.02 pm

QUESTIONS ON NOTICE

PORT KENNEDY PROJECT - WESTERN AUSTRALIAN DEVELOPMENT CORPORATION

Peel Estate Lot 605 Purchase

63. Mr KIERATH to the Minister assisting the Treasurer:

- (1) Why did the Western Australian Development Corporation, in partnership with Fleuris Pty Ltd and Sandbourne Holdings, purchase Peel Estate Lot 605, adjacent to Port Kennedy, on 17 November 1988?
- (2) Who provided the funds for this purchase?
- (3) Who was the vendor of this property?
- (4) What price was paid for the purchase of lot 605?
- (5) Was a grant of land also involved in this transaction?
- (6) If so, how much and to whom?
- (7) What does the WADC now intend to do with lot 605?
- (8) Is the vendor of lot 605 now a partner in the proposed Port Kennedy development?
- (9) Has the WADC sold its share in the Port Kennedy development?
- (10) If so, for how much and to whom?
- (11) How much has the WADC spent on the Port Kennedy development?
- (12) Is the WADC still participating in this project?
- (13) If not, when did it withdraw from the project?
- (14) Is Port Kennedy a popular recreational spot which is widely used by local residents for recreation?
- (15) Is the Government planning to evict these local residents and turn the area over to Port Kennedy Management Limited?
- (16) How much land does the Government intend to grant to Port Kennedy Management Ltd?
- (17) How much of the Port Kennedy area will become private freehold or leasehold property?
- (18) What steps will the Government take to ensure that control of the Port Kennedy development does not fall into the hands of overseas interests?
- (19) Is the Government planning to introduce legislation to ratify its agreement with Port Kennedy Management Ltd?
- (20) If so, will this legislation contain provisions to ensure that the project is not sold off to overseas interests?
- (21) How much is the State likely to gain or lose from the sale of the WADC share of the Port Kennedy project?

Dr GALLOP replied:

- (1) As land abutting the Port Kennedy development area, lot 605, was acquired by Western Australian Development Corporation, in partnership with Fleuris, to enhance its interest in the Port Kennedy development project.
- (2) WADC paid for its 50 per cent interest in lot 605.
- (3) The Catholic Church.
- (4)-(6) WADC's 50 per cent interest cost \$400 500 plus a joint obligation with Fleuris to provide 12 fully serviced hectares of land in the vicinity.
- (7) Sell its interest therein.

- (8) No, the Catholic Church is not a partner in the proposed Port Kennedy development.
- (9) Negotiations are currently under way with Fleuris in this regard.
- (10) WADC has offered to sell -
- its one share in Port Kennedy Management Pty Ltd, representing 50 per cent of the share capital of that company; and
 - its 50 per cent interest in the Port Kennedy joint venture to Fleuris Pty Limited, pursuant to the pre-emption provisions of the Port Kennedy joint venture agreement. The consideration for such sale is \$500 000 to be paid to WADC, plus a free carried interest in the project in favour of the State. The nature and extent of such interest has not yet been agreed. WADC anticipates that its offer will be formally accepted in the very near future. Finalisation of the sale will be subject to the formal ratification of the development agreement by Parliament.
- (11) WADC has spent \$438 887 to date.
- (12) WADC will not be participating in the Port Kennedy joint venture project.
- (13) WADC is currently negotiating its withdrawal from the project - see reply to (10).
- (14) It would appear that there is modest recreational use of this area.
- (15) Local residents will not be precluded from using all recreational facilities.
- (16)-(17) No agreement has been finalised. However, it is the Government's present intention to grant Port Kennedy Management Pty Ltd 25 hectares of freehold land, and a 50 year lease of a further 150 hectares of land, with an option to renew for a further 49 years.
- (18),(20) The safeguards contained in the Foreign Acquisitions and Takeovers Act 1975 will apply. However, the State Government will preserve its right to approve any changes of ownership in the development.
- (19) Yes.
- (21) The State is expected to make considerable gains as a consequence of this project proceeding. However, negotiations have not yet been concluded in this regard.

ASSET MANAGEMENT TASKFORCE - ALBANY TOWN, SHIRE
Land and Property Sale

207. Mr WATT to the Minister assisting the Treasurer:

- How many blocks of land or other properties have been sold in Albany town and shire as a result of being identified by the Asset Management Taskforce as being surplus to requirements?
- What is the location and size of each and the price received?
- What other properties are currently for sale?
- What other properties have been identified as suitable for sale?

Dr GALLOP replied:

- Six.
- Properties sold -

Priory House, Burt Street	1.2317ha	\$260 000
Albany Lot 939, Mermaid Ave	739m ²	\$72 000
Albany Lot 931, Roe Pde	696m ²	\$96 000
Albany Lot 1138, Lion St	448m ²	\$2 500
Former Westrail Barracks		

Lot 192 Grey Street	2 732m ²	\$175 000
Lots 464, and 465 Burgoyne Rd (Former Reserve 593)	5 613m ²	\$110 000

(3) For sale -

5 and 7 Suffolk Street - has been offered to Homeswest
12 Wellington Street - has been offered to Homeswest
100 Festing Street
Former Reserve 1381, Cliff Street.

(4) Reserve 11325, Lower Stirling Terrace
Reserve 30629, Fleet Street
Reserve 38065, La Drew Lane
Reserve 16762, 13-17 Festing Street
Reserve 18817, 28-30 Brunswick Road
243 Grey Street
245 Grey Street
235 Grey Street
80 Festing Street.

McCUSKER INSPECTION OF ROTHWELLS LTD - REPORT, VOLUME II
Members' Access

305. Mr MINSON to the Premier:

Which members of the Government, if any, were given access to or briefed on the contents of volume II of the report of the McCusker inspection of Rothwells Ltd prior to December 1990?

Dr LAWRENCE replied:

Copies of part II of the report were offered to the Premier, Attorney General, the Leaders of the Liberal and National Parties and the member for Darling Range. A copy was provided to the Leader of the National Party and the member for Darling Range. The Leader of the Opposition declined to receive a copy. No Government member was briefed on the contents of part II.

**McCUSKER INSPECTION OF ROTHWELLS LTD - INSPECTION
EXTENSION**
Members' Decision

306. Mr MINSON to the Premier:

Which members of the Government, if any, made the decision to extend and fund the extension of the McCusker inspection following its report?

Dr LAWRENCE replied:

The decision was made by Cabinet.

PORT KENNEDY PROJECT - CATHOLIC CHURCH LAND PURCHASE
Western Australian Development Corporation - Interest Sale Deal

309. Mr MINSON to the Minister assisting the Treasurer:

- (1) Is the purchase of the former Catholic Church land adjacent to the Port Kennedy site inextricably entwined in the Fleuris Pty Ltd-Western Australian Development Corporation joint venture deal?
- (2) If no, what is the cost of repurchase by Government of the Port Kennedy site alone?
- (3) Has a deal now been consummated to sell the WADC portion of the Port Kennedy land?
- (4) If so, did the Government at any time endeavour to repurchase the Fleuris Pty Ltd component?
- (5) If so, when?

Dr GALLOP replied:

- (1) No.
- (2) See reply to Legislative Assembly question 308, Thursday, 28 March 1991.
- (3) See reply to Legislative Assembly question 308, Thursday, 28 March 1991. WADC has offered to sell its interest in Port Kennedy Management Pty Ltd and the joint venture to Fleuris. There is no land included in the offer to sell.
- (4)-(5) Not applicable.

PORT KENNEDY PROJECT - VALUE ASSESSMENT
Environmental Approval

313. Mr MINSON to the Minister assisting the Treasurer:

- (1) Has the Government made an assessment of the value of the Port Kennedy project -
 - (a) With final environmental approval;
 - (b) Without final environmental approval?
- (2) If so what are the present day values and how were they obtained?

Dr GALLOP replied:

- (1) No.
- (2) Not applicable.

**STATE GOVERNMENT INSURANCE COMMISSION - GOVERNMENT
EMPLOYEES' WORKERS' COMPENSATION CLAIMS**
Unfunded Liability - Occupational Health, Safety and Welfare Act Review

335. Mr KIERATH to the Minister for Productivity and Labour Relations:

- (1) What is the extent of unfunded liability within the State Government Insurance Commission for the State Government employees' workers' compensation claims?
- (2) (a) Does the Government intend to review the Occupational Health, Safety and Welfare Act;
- (b) if so, when?

Mrs HENDERSON replied:

- (1) Hon G. Gallop, Minister for Microeconomic Reform has advised -
The Government Insurance Fund - Employers Indemnity (unfunded) is managed and administered by the SGIC under a self-insurance arrangement on behalf of the Government. These operating results do not form part of the accounts of the SGIC. At 30 June 1990 the unfunded liability of the State Government was \$57 876 000. (Accumulated funds \$22 355 000 less actuarial assessed liability \$80 231 000.) The details for this matter are provided in note 17 of the SGIC annual report 1989-90.
- (2) (a) In accordance with the requirements of section 61 of the Occupational Health, Safety and Welfare Act a review of the Act by the Minister for Productivity and Labour Relations is currently under way. Commissioner Bob Laing of the Australian Industrial Relations Commission has been seconded to assist the Minister in the conduct of the review.
- (b) It is anticipated that the Minister will be in a position to report to the spring session of Parliament on the outcome of the review.

WORKERS' COMPENSATION BOARD - MEMBERS' SALARIES

344. Mr COWAN to the Minister for Productivity and Labour Relations:

- (1) Are the salaries of the members of the Workers' Compensation Board set as a percentage of the salaries paid to judges?

- (2) If yes, what are the percentages?
- (3) (a) Have these percentages changed recently or are they about to change;
(b) if yes, what from or to?
- (4) If no to (1), what are the salary ranges of the board members, and how is the salary range determined?

Mrs HENDERSON replied:

- (1) (a) Chairman and deputy chairman - yes.
(b) Lay members - no.
- (2) Chairman and deputy chairman - 100 per cent of District Court judge. Lay members - not applicable.
- (3) (a) No.
(b) Not applicable.
- (4) Lay members - \$51 435. Entitlement set by terms of appointment at the equivalent of a level 7 public servant as determined by the Governor in Executive Council.

MICROECONOMIC REFORM - PORTFOLIO ADVICE

348. Mr KIERATH to the Minister for Microeconomic Reform:

Would the Minister advise whether this portfolio includes the following issues -

- (a) the removal of restrictive work practices in the workplace;
- (b) reform and deregulation of the waterfront;
- (c) reform and deregulation of transport;
- (d) if yes to (a) to (c), would the Minister outline what action the Minister proposes to take to implement these reforms in each of the above categories?

Dr GALLOP replied:

The portfolio of Microeconomic Reform does not have specific responsibility for issues of restrictive work practices in the workplace, or for reform and deregulation of the waterfront and transport. The responsibility for these areas lies with the Minister for Productivity and Labour Relations and the Minister for Transport respectively. The Ministry of Microeconomic Reform has a general responsibility for the ongoing review of the State's economic institutions, policies, attitudes and practices, and specific responsibility for progressing key initiatives such as the corporatisation of Government trading enterprises.

HOSPITALS - PUBLIC HOSPITALS

Bed Occupancies - Diseases, Illnesses Figures

373. Mr MINSON to the Minister for Health:

Can the Health Department supply figures on what diseases/illnesses are responsible for the majority of bed occupancies in public hospitals?

Mr WILSON replied:

Yes. The latest available Statewide full year statistics for 1989 are -

1.	Diseases of the circulatory system	250 350 days
2.	Injury and poisoning	197 883 days
3.	Diseases of the respiratory system	139 916 days
4.	Diseases of the digestive system	124 364 days
5.	Neoplasms	116 493 days

These diseases constitute 51.1 per cent of total bed occupancies in public hospitals.

HOSPITALS - PRIVATE HOSPITALS

Tax Exemptions

375. Mr MINSON to the Minister for Health:

- (1) Do private hospitals receive tax exemptions or reductions in any of the following categories -
 - (a) income tax;
 - (b) State payroll tax;
 - (c) sales tax;
 - (d) water rates;
 - (e) local government land rates;
 - (f) land tax?
- (2) If reductions/exemptions are received in any of these categories what private hospitals received what reductions/exemptions in the following financial years -
 - (a) 1987-88;
 - (b) 1988-89;
 - (c) 1989-90?
- (3) Does the Health Department have any knowledge as to the financial situation of these private hospital organisations before the deductions/exemptions are granted?

Mr WILSON replied:

- (1)-(3) These matters do not come within the jurisdiction of the Health Department of WA and it is suggested that the member take this matter up with the relevant authorities/departments which raise these charges.

INDUSTRIAL RELATIONS COMMISSION - ORDERS OR DIRECTIONS STATISTICS

Industrial Relations Act Section 44 (6)(b)

382. Mr KIERATH to the Minister for Productivity and Labour Relations:

- (1) How many orders or directions has the Western Australian Industrial Relations Commission issued under the provisions of section 44 (6)(b) of the Industrial Relations Act since 1 January 1990?
- (2) How many of those orders or directions have been directed at unions or employees, ordering or directing that industrial action cease or not take place?
- (3) How many of those orders or directions referred to in (2) have not been complied with?
- (4) How many of those orders or directions referred to in (2) have been complied with?
- (5) Will the Minister identify those orders and directions referred to in (3) and the unions party to those orders and directions?
- (6) Of those orders and directions referred to in (3), what action has been taken to enforce the order or direction?
- (7) Will the Minister identify the matters that have sought to be enforced under the provisions of section 84A(1) of the Act since 1 January 1990?
- (8) Will the Minister identify the outcome of each of those proceedings in (7)?

Mrs HENDERSON replied:

The answer was tabled.

[See paper No 294.]

WESTERN AUSTRALIAN TOURISM COMMISSION - SENIOR STAFF CONTRACTS

396. Mr MacKINNON to the Minister for Tourism:

(1) Which senior staff at the Western Australian Tourism Commission are on contract?

(2) When do their contracts expire?

Mrs BEGGS replied:

(1)-(2)

Mr J. Osborn	12 May 1991
Mr B. Jones	31 December 1993
Mr T. McVeigh	On a continuing basis
Mr M. Sparrow	On a continuing basis
Mr C. Herbert	On a continuing basis
Mr A. Melchert	On a continuing basis

EventsCorp

All contracts below are under review at present.

Mr T.J. Penn	On a continuing basis
Ms P. Green	On a continuing basis
Mr W. Eastman	On a continuing basis
Mr S.R. Crocket	On a continuing basis
Mr R.D. Williams	On a continuing basis
Mr T.W. Kingdon	On a continuing basis
Mr R.C. McLellan	On a continuing basis
Ms G.M. Errington	On a continuing basis
Ms J.M. Tillson	On a continuing basis
Ms L.M. Perkins	On a continuing basis
Ms J. Dromey	On a continuing basis
Ms M.J. Flower	On a continuing basis
Ms S.L. Symes	On a continuing basis
Ms L. Buller	On a continuing basis

Most other officers within the Western Australian Tourism Commission are on letters of appointment.

PORT KENNEDY PROJECT - WESTERN AUSTRALIAN DEVELOPMENT CORPORATION

Government Investment

408. Mr MacKINNON to the Minister assisting the Treasurer:

What is the current position with the Government's investment, via the Western Australian Development Corporation, in the proposed Port Kennedy development?

Dr GALLOP replied:

WADC has offered to sell -

- (a) its one share in Port Kennedy Management Pty Ltd, representing 50 per cent of the share capital of that company; and
- (b) its 50 per cent interest in the Port Kennedy joint venture

to Fleuris Pty Ltd, pursuant to the pre-emption provisions of the Port Kennedy joint venture agreement. The consideration for such sale is \$500 000 to be paid to WADC, plus a free carried interest in the project in favour of the State. The nature and extent of such interest has not yet been agreed. WADC anticipates that its offer will be formally accepted in the very near future.

Finalisation of the sale will be subject to the formal ratification of the development agreement by Parliament.

**ROYAL COMMISSION INTO COMMERCIAL ACTIVITIES OF GOVERNMENT -
LEGAL ASSISTANCE**

418. Mr MacKINNON to the Premier:

- (1) Is the Government meeting the legal costs of representations by the following people before the Royal Commission -
 - (a) David Parker;
 - (b) Peter Dowding;
 - (c) Brian Burke;
 - (d) Julian Grill;
 - (e) Tony Lloyd;
 - (f) Kevin Edwards?
- (2) If so, what limit, if any, has been placed upon the amount of such costs that can be expended on behalf of those persons?
- (3) On what basis is the legal support being given?

Dr LAWRENCE replied:

- (1) The Government is meeting a proportion of the costs.

(2)-(3)

The availability and level of assistance are determined according to the Government's policy guidelines tabled in the Legislative Council on 10 July 1990 - tabled paper No 382.

LAND - FOREIGN OWNERSHIP REGISTER

420. Mr MacKINNON to the Premier:

- (1) When is the Government intending to introduce the register of foreign owned property as announced by the Premier on 20 August 1990?
- (2) Why has this register not been established already?

Dr LAWRENCE replied:

- (1) Legislation for the establishment of a foreign ownership of land register is being drafted and is expected to be introduced during the current session of Parliament.
- (2) The register has been held in abeyance pending a review of the initial operations of the register in Queensland.

**ROYAL SOCIETY OF PREVENTION OF CRUELTY TO ANIMALS -
GOVERNMENT GRANT**

446. Mr LEWIS to the Treasurer:

- (1) In what financial year did the Government last make a grant of money for the ongoing administration of the Royal Society of Prevention of Cruelty to Animals?
- (2) What was the total amount of moneys granted as in (1) above?
- (3) Is it the Government's intention to make a similar grant to the RSPCA for the 1991-92 fiscal year?

Dr LAWRENCE replied:

- (1) 1989-90.
- (2) \$60 000.
- (3) The matter will be considered in the course of deliberations for the 1991-92 Budget.

MEDICAL BOARD - CASES 1989

451. Mr MINSON to the Minister for Health:

- (1) How many cases came before the Medical Board in 1989?
- (2) Of these cases what was the make up as far as the category of medical persons involved - for example how many involved general practitioners, orthopaedic surgeons, etc?

Mr WILSON replied:

(1)-(2)

I refer the honourable member to the Medical Board of WA's 1989 annual report tabled in the House.

MEDICAL DOCTORS - REGISTRATION FEES

452. Mr MINSON to the Minister for Health:

- (1) What were the totals of moneys collected as registration fees for medical doctors in the financial years 1988-89 and 1989-90?
- (2) Does this money go into Consolidated Revenue?
- (3) If not, where does it go?

Mr WILSON replied:

- (1) I refer the member to the Medical Board of WA's annual report for 1990 tabled in the House.
- (2) No.
- (3) The Medical Board of WA is self-funding and these moneys are retained by the board for this purpose.

SCHOOLS - ENEABBA PRIMARY SCHOOL*Upgrading*

459. Mr TUBBY to the Minister representing the Minister for Education:

- (1) Is the Eneabba Primary School well overdue for an upgrade?
- (2) In what year was this school last fully refurbished?
- (3) (a) Is this school to be upgraded during the 1991-92 financial year;
(b) if not, why not?

Dr GALLOP replied:

- (1) The Ministry of Education recognises that a number of items need attention.
- (2) This information is not readily available. However, the expenditure on minor works and maintenance since 1988 is as follows -

Year	Maintenance	Minor Works
1988	\$800	\$800
1989	\$1 375	\$250
1990	\$1 400	\$12 000

- (3) The needs of the school will be considered in the 1991-92 Budget process.

WESTRALIA SQUARE - STATE GOVERNMENT INSURANCE COMMISSION
Government Employees Superannuation Board - Interests

500. Mr LEWIS to the Minister assisting the Treasurer:

- (1) Referring to the State Government Insurance Commission's and the Government Employees Superannuation Board's interests in the Westralia Square development what is the current extent of SGIC's/GESB's ownership in the development?
- (2) What is the total expected cost to the agencies for the purchase at the date of practical completion?

- (3) What is the total area in square metres of rental floor space to be provided in the development?
- (4) What is the total amount of rental floor space let as at 30 April 1991?
- (5) What is the projected date when the project is expected to be handed over to the purchasing agencies?
- (6) What is the projected date when the project for all intents and purposes should be considered as fully let?
- (7) What is the expected net rental return at the time of projected completion and at the time the building is fully let?

Dr GALLOP replied:

- (1) SGIC 70 per cent; GESB 30 per cent.
- (2) \$239 million
- (3) Gross leasable area including storage, 34 200 square metres.
- (4) 16 000 square metres.
- (5) Projected date of practical completion 20 June 1991.
- (6) The building is expected to be fully leased by 30 June 1994.
- (7) (a) The commencing rental \$7.6 million.
(b) When fully leased, \$16.0 million.

LEEDER, SANDRA - WESTERN WOMEN MANAGEMENT PTY LTD DIRECTOR
Public Service Employment

511. Mrs EDWARDES to the Premier:

- (1) Did Sandra Leeder now a Director of Western Women Management Pty Ltd work in the Public Service at any time?
- (2) If so, what was her position and title and the dates of that employment?

Dr LAWRENCE replied:

(1)-(2)

The computerised personnel database PIMS, which lists all current and previous public sector employees post 1986, contains no record of a Ms S. Leeder having been employed in a public sector organisation. To check whether Ms Leeder was employed prior to 1986 would require an exhaustive manual search of all agencies' records, unless the member can identify a more specific period or agency in which Ms Leeder may have been employed.

BRUSH, MRS BRENDA - GOVERNMENT EMPLOYMENT

517. Mr KIERATH to the Minister representing the Minister for Education:

- (1) Is the former Private Secretary to the then Premier Brian Burke, namely Brenda Brush, now employed by the Minister on the Minister's ministerial staff, or by any of the Departments under the Minister's control?
- (2) If so -
 - (a) when did Mrs Brush commence employment, and in what position, and what is her current classification;
 - (b) (i) in light of evidence given at the Royal Commission so far, in relation to cash money being transmitted to the leader's account, is it appropriate that Brenda Brush continue to be employed within ministerial staff;
 - (ii) will the Minister pursue the proper course of action and stand her down from her present position;
 - (iii) if not, does the Minister then endorse the actions taken by Brenda Brush in terms of cash collections, money transactions and activities associated within the leader's accounts?

Dr GALLOP replied:

- (1) No.
- (2) Not applicable.

EDWARDS, MR KEVIN - ROTHWELLS LTD

State Government Insurance Commission Support - Government Direction Evidence

526. Mr MacKINNON to the Premier:

- (1) During the recent court case of convicted former Labor Government employees Kevin Edwards and Tony Lloyd did Mr Edwards in fact tell the court that the State Government Insurance Commission had been directed several times by Government to support Rothwells?
- (2) Was the Premier aware that this direction took place?
- (3) If so, when did she become aware of this?

Dr LAWRENCE replied:

- (1)-(3) See reply to question 527.

EDWARDS, MR KEVIN - ROTHWELLS LTD

Government Support Commitment Evidence

527. Mr MacKINNON to the Premier:

- (1) During the recent court case of convicted former Labor Government employees Kevin Edwards and Tony Lloyd did Mr Edwards in fact tell the court that the Government was committed to propping up Rothwells at any cost?
- (2) Was this Government policy at the time?
- (3) If not, what was the Government's policy with respect to Rothwells?

Dr LAWRENCE replied:

- (1)-(3) I understand that this case is currently the subject of an appeal, so that comment on any part of it would be inappropriate.
The Royal Commission has been established to clearly identify the relevant issues, and these will no doubt include the matter raised in this question.

EDWARDS, MR KEVIN - CONVICTION

Instructions Responsibility

528. Mr MacKINNON to the Premier:

- (1) Has the Premier seen the report in *The West Australian* which quoted Mr Kevin Edwards, a former ALP Government employee, as saying in relation to his conviction -

"quite clearly the Government should have stood up and explained that we were acting on its behalf."

"We have not received the support from the Government we should have. I simply carried out my instructions"?

- (2) Will the Premier advise the House as to who instructed Mr Edwards and if the Premier claims not to know, find out and report that fact to the House?

Dr LAWRENCE replied:

- (1) Yes.
- (2) As I expect this matter will be canvassed by the Royal Commission, I do not propose to pre-empt its investigations and deliberations.

STATE GOVERNMENT INSURANCE COMMISSION - ROTHWELLS LTD
Government Support Directions

530. Mr MacKINNON to the Minister assisting the Treasurer:

- (1) Will the Premier report to the Parliament the number of times and circumstances surrounding the directions given by the Government to the State Government Insurance Commission to support Rothwells?
- (2) If not, why not?

Dr GALLOP replied:

(1)-(2)

I am advised by the SGIC that there were no directions given to the SGIC by the Government to support Rothwells. All matters relating to this are being examined by the Royal Commission.

REES, MR WYVERN - RETIREMENT PAYMENT

531. Mr MacKINNON to the Minister assisting the Treasurer:

- (1) What was the total amount paid to former State Government Insurance Commission Chief Executive, Wyvern Rees, on his retirement?
- (2) What was the breakdown of that payment?

Dr GALLOP replied:

(1)-(2)

The Chairman of the State Government Insurance Commission was not the Chief Executive Officer. As Chairman he received an annual fee of \$65 000, paid quarterly in arrears. On retirement on 31 March 1991 he received \$16 250 which was the fee for the first quarter of 1991.

**ROYAL COMMISSION INTO COMMERCIAL ACTIVITIES OF
GOVERNMENT - BURKE, MR BRIAN**
Government Payments

533. Mr MacKINNON to the Premier:

- (1) Would the Premier advise if the State, through the Royal Commission, is paying any allowances or expenses on behalf of the former Premier Brian Burke during his stay in Perth to appear before the Royal Commission?
- (2) If so, will the Premier list the full detail of these payments?
- (3) If not, why not?

Dr LAWRENCE replied:

- (1) I am advised that the Royal Commission has yet to receive a claim for witness expenses from Mr Burke relating to his appearance before the commission.
- (2)-(3) Not applicable.

**ROYAL COMMISSION INTO COMMERCIAL ACTIVITIES OF
GOVERNMENT - PREMIER'S INFORMATION**
Question 2009. 1990 - Petrochemical Industries Co Ltd Purchase

535. Mr MacKINNON to the Premier:

As the Premier has given an unequivocal undertaking to answer any questions put to the Premier in the Royal Commission into WA Government business dealings -

- (a) does the information sought by question 2009 of 1990 come within the category of information the Premier would be required by the Premier's own undertaking to give to the Royal Commission if asked;
- (b) if not, why not;
- (c) if the information is information the Premier would give to the Royal

Commission, will the Premier explain why the Premier would give the information to the Royal Commission but will not give it to Parliament;

- (d) will the Premier now reconsider the Premier's position and give Parliament the information sought in question 2009 of 1990?

Dr LAWRENCE replied:

This question is hypothetical as I have not been asked to answer any questions by the Royal Commission. As I have stated previously, the Government will cooperate fully with the Royal Commission. I am not inclined to provide the Opposition with details of discussions within the State Parliamentary Labor Party or the Cabinet, any more than he is prepared to publicly discuss the comment made in the shadow Cabinet or Parliamentary Liberal Party meetings.

TANNENBAUM, DR DENNIS - GOVERNMENT COMPUTER CONTRACT

543. Mr TRENORDEN to the Speaker:

- (1) Has the Parliament or any department within the Parliament entered into a computer contract with Dr Dennis Tannenbaum or any company associated with him?
- (2) If yes, what is the value of that contract?
- (3)
 - (a) Were tenders called;
 - (b) if so, when;
 - (c) if not, were competitive quotes obtained?
- (4) If no to (3), has the value of the contract been independently assessed?
- (5)
 - (a) Has the Parliament borrowed money from or through private sector financial institutions to finance the contract;
 - (b) if yes, which institution, how much, under what terms and conditions and under what and whose authority?
- (6)
 - (a) Has the Auditor General investigated the circumstances of the computer contract;
 - (b) if so, will the Speaker table the Auditor General's report for the information of members?

The SPEAKER replied:

- (1) In respect of parliamentary departments for which I am responsible or jointly responsible, the central information technology section, which comes within the Hansard department, entered into a contract with Corpcomp, a company with which Dr Dennis Tannenbaum is associated. However, I am unable to provide advice on any matters under the control of the Legislative Council.
- (2) \$18 000.
- (3)
 - (a) No;
 - (b) not applicable;
 - (c) no.
- (4) No.
- (5)
 - (a) No;
 - (b) not applicable;
- (6)
 - (a) Yes;
 - (b) no; I refer the member to my answer to question 346.

ELECTRICITY - OVERHEAD LINES, CARRIAGEWAYS*Clearance*

547. Mr COURT to the Minister for Fuel and Energy:

- (1) What is the clearance of the overhead live electric wires where they cross at crossings?
- (2) Is there any danger for trucks with a high load hitting these wires?

Dr GALLOP replied:

- (1) Guidelines for the design and maintenance of overhead distribution and transmission lines have been published by the Electricity Supply Association of Australia. SECWA designs its overhead lines to meet these guidelines. The clearance nominated by the ESAA between a line and ground is dependent on whether the conductor is bare, insulated or screened, the type of terrain that the line traverses and the voltage of the conductor.

The clearances for lines over a carriageway are tabled below -

Conductor voltage/type	Distance to ground over carriageway
Insulated service conductor	4.6m
Bare or insulated conductor less than 650V	5.5m
Insulated conductor, earthed screen over 650V	5.5m
Insulated conductor, no earth screen over 650V	6.0m
Bare conductor 650V - 33kV	6.7m
Bare conductor 33kV - 132kV	6.7m
Bare conductor 132kV - 275kV	7.5m
Bare conductor 275kV - 330kV	8.0m
Bare conductor 330kV - 500kV	9.0m

- (2) All high load vehicles are required to notify SECWA and obtain permission or arrange an escort prior to their movement. If this approval process was ignored and a high load vehicle were to come in contact with an overhead line a hazard could occur.

**STATE ENERGY COMMISSION OF WESTERN AUSTRALIA - STATE LEVY
INCREASE**

548. Mr COURT to the Minister assisting the Treasurer:

- (1) Is the Government planning to increase the State levy paid by the State Energy Commission of Western Australia from 3 per cent of SECWA's income to 5 per cent?
- (2) If yes, when will this increase be implemented?

Dr GALLOP replied:

- (1) No decision has been taken. Together with other revenue issues this is a matter which will be considered as part of the Budget formulation process.
- (2) Not applicable.

**WOMEN'S INFORMATION AND REFERRAL EXCHANGE - WESTERN
WOMEN FINANCIAL SERVICES PTY LTD
*Referral Commissions***

552. Mr COURT to the Minister for Women's Interests:

Did any of the officials of the Women's Information and Referral Exchange receive commissions for referring people to the Western Women Organisation for financial advice?

Dr LAWRENCE replied:

As the inquiry being conducted by the Public Service Commission into the relationship between the Women's Information and Referral Exchange and Western Women is currently being undertaken, it is not appropriate to pre-empt any findings or comment at this stage.

RURAL ADJUSTMENT AND FINANCE CORPORATION - ASSISTANCE LEVELS

567. Mr HOUSE to the Treasurer:

- (1) What has been the average level of assistance given by the Rural Adjustment and Finance Corporation from 1 January 1991 to 30 April 1991 for each of the following categories -
- (a) capital restructuring;
 - (b) capital restructuring (interest subsidy);
 - (c) farm management assistance grants;
 - (d) increase capital intensity;
 - (e) increase farm size;
 - (f) increase farm size (subsidy);
 - (g) outplacement grant;
 - (h) household support;
 - (i) re-establishment;
 - (j) farm water supply;
 - (k) farm water supply (grant);
 - (l) farm water supply (interest subsidy)?
- (2) Referring to (1)(b) what is the average of loans receiving interest subsidy?

Dr LAWRENCE replied:

- (1)
- | | |
|-----|-----------|
| (a) | \$121 354 |
| (b) | \$ 13 488 |
| (c) | \$ 2 657 |
| (d) | \$ 20 000 |
| (e) | \$122 500 |
| (f) | \$ 5 037 |
| (g) | \$ 1 937 |
| (h) | \$ 8 861 |
| (i) | \$ 33 095 |
| (j) | - |
| (k) | \$ 1 890 |
| (l) | - |

- (2) \$250 534

RURAL ADJUSTMENT AND FINANCE CORPORATION - ASSISTANCE LEVELS

568. Mr HOUSE to the Treasurer:

- (1) What has been the total level of assistance given by the Rural Adjustment and Finance Corporation from 1 January 1991 to 30 April 1991 for each of the following categories -
- (a) capital restructuring;
 - (b) capital restructuring (interest subsidy);
 - (c) farm management assistance grants;
 - (d) increase capital intensity;
 - (e) increase farm size;
 - (f) increase farm size (subsidy);
 - (g) outplacement grant;
 - (h) household support;
 - (i) re-establishment;
 - (j) farm water supply;

- (k) farm water supply (grant);
- (l) farm water supply (interest subsidy)?
- (2) Referring to (1)(b) what is the total value of loans receiving an interest subsidy?

Dr LAWRENCE replied:

- (1) (a) \$364 064
- (b) \$687 890
- (c) \$143 525
- (d) \$ 20 000 (Loan)
- (e) \$245 000
- (f) \$ 10 875
- (g) \$ 3 875
- (h) \$194 959
- (i) \$231 667
- (j) -
- (k) \$ 15 121
- (l) -

- (2) Loan equivalent - \$12 777 233

RURAL ADJUSTMENT AND FINANCE CORPORATION - ASSISTANCE APPLICATIONS

569. Mr HOUSE to the Treasurer:

- (1) How many applications have been made to the Rural Adjustment and Finance Corporation for assistance in -
 - (a) February 1991;
 - (b) March 1991;
 - (c) April 1991?
- (2) How many applications received by RAFCOR have been accepted in the months -
 - (a) February 1991;
 - (b) March 1991;
 - (c) April 1991?
- (3) How many applications received by RAFCOR have been rejected in the months -
 - (a) February 1991;
 - (b) March 1991;
 - (c) April 1991?
- (4) How many applications received by RAFCOR have been completed in the months -
 - (a) February 1991;
 - (b) March 1991;
 - (c) April 1991?

Dr LAWRENCE replied:

- (1) (a) 153
- (b) 201
- (c) 99+
- (2) (a) 27
- (b) 51
- (c) 60

- (3) (a) 26
(b) 58
(c) 68
- (4) (a) 53
(b) 109
(c) 128

RURAL ADJUSTMENT AND FINANCE CORPORATION - ASSISTANCE APPLICATIONS

Turnaround Time - Additional Staff

570. Mr HOUSE to the Treasurer:

- (1) What has been the average turnaround time for applications received by the Rural Adjustment and Finance Corporation since 1 March 1991?
- (2) Has the Treasurer provided the Corporation with any additional staff to assist in the speedier processing of applications?
- (3) (a) If yes, how many staff have been provided;
(b) what are their specific duties?
- (4) Does the Treasurer anticipate that the additional staff will reduce the turnaround time of applications?
- (5) What turnaround time for applications does the Treasurer feel is achievable with the additional staff?

Dr LAWRENCE replied:

- (1) Turnaround times, decisions 1 March to 30 April - average 40 working days.
Progressive monthly average -

January	40	working days
February	38.3	working days
March	40.6	working days
April	39.5	working days
- (2) Yes.
- (3) (a) 16 for two (2) months.
(b) Assessment, review and administrative support.
- (4) Yes.
- (5) Dependent on the number of applications received.

RURAL ADJUSTMENT AND FINANCE CORPORATION - ADMINISTRATIVE COSTS

571. Mr HOUSE to the Treasurer:

- (1) Can the Treasurer outline the total administrative costs of running the Rural Adjustment and Finance Corporation in 1990?
- (2) How much was spent on the following items -
 - (a) wages, for each category of employee;
 - (b) superannuation;
 - (c) workers' compensation;
 - (d) fringe benefits tax;
 - (e) training programs -
 - (i) internal;
 - (ii) external;
 - (f) maintenance of property;
 - (g) lease of office location?

Dr LAWRENCE replied:

- (1) For the 1990 calendar year \$2 166 320.
- (2) For the 1990 calendar year -
 - (a) All employees are public sector employees - \$1 344 484.
 - (b) \$52 239.
 - (c) \$9 000.
 - (d) \$487.
 - (e) (i) Nil.
(ii) \$19 050.
 - (f) \$60 286.
 - (g) \$253 118.

RURAL ADJUSTMENT AND FINANCE CORPORATION - PRIMARY PRODUCERS ASSISTANCE

572. Mr HOUSE to the Treasurer:

What is the total level of funds available to the Rural Adjustment and Finance Corporation for assistance to primary producers for each of the following categories in 1991 -

- (a) capital restructuring;
- (b) capital restructuring (interest subsidy);
- (c) farm management assistance grants;
- (d) increase capital intensity;
- (e) increase farm size;
- (f) increase farm size subsidy;
- (g) out-placement grant;
- (h) household support;
- (i) re-establishment;
- (j) farm water supply;
- (k) farm water supply (grant);
- (l) farm water supply (interest subsidy)?

Dr LAWRENCE replied:

(a), (b), (c), (d), (e), (f) and (g) relate to part A of the Rural Adjustment Scheme. Funds available for assistance to primary producers are not specifically allocated for any one of the above categories. Estimated funds available at 30 June 1991 are \$11 507 000. This can be used for direct grants, interest subsidies on commercial loans, direct loans and to support the interest differential cost on funds borrowed by the corporation and on loan to farmers. The level of Commonwealth funds for 1991-92 for Western Australia has not yet been determined.

(h) and (i) relate to part C of the Rural Adjustment Scheme. No specific appropriation of funds is made for this assistance. The Commonwealth provides funds to the States without limit for these categories.

(j), (k) and (l) relate to the Farm Water Supply Scheme. Funds available for assistance to primary producers are not specifically allocated for any of the above categories. At 1 July 1990, \$303 171 was held in a trust fund at Treasury and a further amount of \$113 000 was appropriated from CRF for the 1990-91 year. The amount of CRF funding for the 1991-92 year will be determined as part of the 1991-92 budgetary process.

**RURAL ADJUSTMENT AND FINANCE CORPORATION - ANNUAL REPORT
1990-91 TABLING**

573. Mr HOUSE to the Treasurer:

When will the 1990-91 Annual Report of the Rural Adjustment and Finance Corporation be made available to members of Parliament?

Dr LAWRENCE replied:

It is anticipated that the 1990-91 Annual Report of the Rural Adjustment and Finance Corporation should be tabled in August 1991.

RURAL ADJUSTMENT AND FINANCE CORPORATION - LOANS

574. Mr HOUSE to the Treasurer:

What has been the total number of loans made by the Rural Adjustment and Finance Corporation from 1 January 1991 to 30 April 1991 for each of the following categories -

- (a) capital restructuring;
- (b) capital restructuring (interest subsidy);
- (c) farm management assistance grants;
- (d) increase capital intensity;
- (e) increase farm size;
- (f) increase farm size subsidy;
- (g) out-placement grant;
- (h) household support;
- (i) re-establishment;
- (j) farm water supply;
- (k) farm water supply (grant);
- (l) farm water supply (interest subsidy)?

Dr LAWRENCE replied:

Principal loans only -

- (a) 3
- (b) -
- (c) -
- (d) 1
- (e) 2
- (f) -
- (g) -
- (h) 22 loans to be converted into grants
- (i) -
- (j) -
- (k) -
- (l) -

**HOMESWEST - AUDITOR GENERAL'S REPORT
*Accounting Error Correction***

576. Mr MENSAROS to the Minister for Housing:

- (1) In view of the Auditor General's report on the accounts of Homeswest included in Homeswest's annual report 1989 will the Minister instruct Homeswest to correct those errors and/or methods of accounting with which the Auditor General was not satisfied?
- (2) If so, will these corrections be clearly shown in a separate document or in the 1990 annual report?

Mr McGINTY replied:

- (1) Homeswest gave a commitment to the Auditor General that the items raised by him in Homeswest's Annual Report 1989 would be addressed in the 1990-91 Homeswest Annual Report Accounts.
- (2) It is not accounting practice to show corrections in a separate document. However, as part of auditing practice the Auditor General will take into account his prior report when reporting on Homeswest's 1990-91 Annual Report.

AUSTRALIAN LABOR PARTY - MINING LEASES IN DISPUTE
Restoration Payments

579. Mr COURT to the Minister for Mines:

- (1) Has the Government received any evidence that large sums of money were paid to the Australian Labor Party in return for the restoration of mining leases that were in dispute?
- (2) If yes, will the Government make this information public?

Mr GORDON HILL replied:

- (1) No.
- (2) Not applicable.

QUESTIONS WITHOUT NOTICE

TURKISH PRESIDENT, MR OZAL - HONORARY COMPANION OF THE ORDER

110. Mrs EDWARDES to the Minister for Multicultural and Ethnic Affairs:

- (1) Is the Minister aware that the Turkish President, Mr Ozal, will be made an honorary Companion of the Order of Australia during his visit to Australia?
- (2) Does the Minister support this award given Turkey's continued occupation of Cyprus and its human rights record?

Dr WATSON replied:

- (1) Yes.
- (2) The set of circumstances is a Federal matter, not a State matter.

WATER - KIMBERLEY PIPELINE PROPOSAL
Liberal Party's Divided Opinion

111. Mr GRAHAM to the Minister for Water Resources:

- (1) Is the Minister aware of the current division within the Liberal Party over his proposed Kimberley water pipeline?
- (2) Does the Government receive Opposition support for this significant initiative?

Mr BRIDGE replied:

(1)-(2)

Until last night I was of the view that I had very strong support from the Opposition on this matter and that we could confidently talk publicly about the bipartisan approach to the project. I hope that will be the case in the future because it requires that.

Mr MacKinnon: We made that determination when we were in Government.

Mr BRIDGE: A few days ago I felt it was appropriate to publicly extend my appreciation and recognition of the very sound words that were stated by the Leader of the Opposition in Kalgoorlie and which were conveyed in the *Kalgoorlie Miner* under the heading "Liberals back Kimberley water

pipeline". The Leader of the Opposition spoke very positively about how the State Liberal Party was very much in support of the scheme and would pursue my plan to build this pipeline from the Kimberley to the south west.

However, I found out last night that the member for Applecross had a very different point of view and talked about the scheme as being superficial and said that I was a superficial member of Parliament because this was the sort of project that seemed to have some attraction to members like me. One can only interpret that to mean that he places his leader in the same category as me. That, of course, is a source of concern to me because I think at the end of the day it is important for the Liberal Party to be totally committed to this project as displayed in the comments made by the Leader of the Opposition. It seems that some degree of division is evident in the Liberal Party. I would suggest that the Leader of the Opposition undertake quickly to sort out the division in his party and in that context I would be happy to support him.

Mr Pearce: The member for Applecross may support the proposition that the Leader of the Opposition is superficial. Maybe there is not such a great division on that side of the House.

Mr BRIDGE: It seems the member for Applecross thinks we are superficial. I am not taking that suggestion with any great degree of joy and I hope the Opposition is not. The thing to do is to put the member for Applecross right; that is, that the Opposition does support this project and would do well to do so.

LAND - HEATHCOTE HOSPITAL SITE *No Disposal Assurance*

112. Mr THOMPSON to the Premier:

Will the Premier repeat in the House a commitment that she gave to me earlier today that the Government will not sell or dispose of the Heathcote site, but that it will continue to be the site on which a mental health institution is located?

Dr LAWRENCE replied:

Yes, I am happy to do that. The Cabinet discussed this matter some time ago in the light of the heritage value of the site. With the new heritage Act now through the Parliament and likely to be applied in the case of the Heathcote Hospital site we thought it prudent to re-examine the question. I have also held discussions with the Minister for Health on this issue. In the absence of the sale of the land which forms the Heathcote site, the Government's original proposition, which was a very sound proposition and one that was entertained by a previous Liberal Government, was that the sale of that land would provide for more regional psychiatric services of a higher physical quality than was possible with an aging building such as Heathcote.

That not being possible we have decided to leave the psychiatric services at Heathcote for the time being. The building will require some refurbishing to bring it up to a reasonable standard. I thought, just whimsically, that we might actually transfer the secure unit at Claremont to Heathcote.

Mr C.J. Barnett: I would not agree with that because it should not be in a residential area.

Dr LAWRENCE: Exactly, and that is part of the problem we face. Let us be honest about this. The member for Darling Range may well have a view that the heritage value of this site is important but I bet my bottom dollar that some of the people represented by the member for Applecross and the member for Cottesloe have very much of a nimby attitude - not in my backyard - which members opposite are prepared to support. No psychiatric patients, no people with problems, and no juveniles; although 10 per cent of the population may have problems, middle class people with wealth do not have those problems and those people should be placed somewhere else. That is the attitude of members opposite and it is despicable.

HOSPITALS - CONSTRUCTION TRUST FUND
Consolidated Revenue Fund - \$12.2 million Transfer

113. Dr TURNBULL to the Treasurer:

With regard to the transfer in June 1990 of \$12.2 million from the trust fund for hospital construction into the Consolidated Revenue Fund, which was pointed out by the Auditor General, will the Treasurer inform the Parliament whether there was any reason for this transfer, other than to balance the 1989-90 Budget?

Dr LAWRENCE replied:

I am happy to do that, and I have done so on a previous occasion. As has been pointed out in the House, it was done because it was considered that the funds were surplus to requirements as certain capital works had not been undertaken at that time. When it was pointed out to the Under Treasurer that it was in breach of the Financial Administration and Audit Act, the funds were immediately transferred back. Had there been a problem in balancing the Budget for 1989-90, there were sufficient funds in interest to cover the situation. There is no question of its having been some trick on the part of the Government. It was not referred to me as Treasurer in that form. The funds were surplus to requirements but, on the advice of the Auditor General, the situation was rectified as soon as it was drawn to my attention, as Treasurer, and to the attention of the Under Treasurer as the officer responsible.

SWAN RIVER - DYING CONTENTION
Facts Support

114. Dr EDWARDS to the Minister for the Environment:

Do the facts support the contention that the Swan River system is dying?

Mr PEARCE replied:

I have watched with some alarm the tenor of public comment on the Swan River issue in the past few days. I put it clearly on the record that the Swan River is not dying. It is one of the healthiest and cleanest rivers to flow through a capital city anywhere in the world. Nevertheless, any river that flows through areas similar to that through which the Swan River flows will have problems, particularly with regard to the nutrient levels which the river carries. Though they are currently below their assimilative capacity - that is, the river and the estuary have the capacity to cope with the present level of nutrient loads feeding into them - it is getting close to the point where a larger problem would arise.

Mr Thompson: That conflicts with evidence that was given to the Select Committee which examined these sorts of problems.

Mr PEARCE: I cannot help what it conflicts with; I can only tell members the truth. A range of figures have been extracted in the course of the past few days to demonstrate that that is the case. There are some algae blooms in the upper reaches of the river, but that occurs at this time of the year in most years to a greater or lesser degree. It has been a natural feature of the river for quite some time.

The tenor of some of the reporting has suggested there is an increasing number of septic tanks in the Perth area, which are adding to a problem that the Government has done nothing about. Historically, Perth has been largely unsewered. Ten years ago our predecessor Government introduced a policy to prevent any new developments unless they were deep sewered. At that time the number of unsewered households in the Perth metropolitan area was 168 000. Since then the number has fallen, as one would expect it to. Of that 168 000 households, about 32 000 were in deep sewered areas but were not connected to the sewerage system. In those 10 years about 10 000 households have connected to the sewerage system. Another 10 000 to 15 000 have been taken up by the infill sewerage program, so in the past 10 years the number of

septic tanks in the Perth metropolitan area has decreased from 168 000 to 145 000. That is still too many, and the program announced by the Minister for Water Resources to speed up the number of properties connected to deep sewerage is worthy of support. To suggest that nothing has been done is absolute nonsense. In the past 10 years a policy has been in force that allows only developments connected to deep sewerage to take place in Perth. There has been a consistent, although gradual, reduction in the number of septic tanks in the Perth metropolitan area.

Mr Lewis: You allowed septic tanks to be used and you reversed the previous policy.

Mr PEARCE: Only in the sense that every one of the small number permitted in special circumstances had to be replaced by septic tanks which could be connected to a deep sewerage system. That policy still allows for a consistent decrease in the number of septic tanks and it does not allow for an increase.

Mr MacKinnon: You have been caught out.

Mr PEARCE: I have not been caught out. There are other pressures on the Swan River from the use of fertilisers on gardens and so on. The Swan River Trust and the Waterways Commission are not only monitoring the situation, but also setting up community groups - such as in Bayswater - to control to a greater extent the type of inflows into the Swan River. I do not want to minimise the problems of managing the Swan River. No river flowing through a major capital city can be free of environmental problems. At the same time, it is simply not fair to suggest that one of the best protected, healthiest and cleanest rivers in a capital city anywhere in the world is dying. It simply is not the case. This Government and previous Governments have taken the steps necessary to protect the Swan River, and this Government stands four square behind the commitment of previous Governments - and supported by the people of Perth - that the Swan River will continue to maintain a high place in our esteem because it will be controlled environmentally. Talk of the death of the Swan River is not only premature, it is also totally mistaken.

VEGETABLES - SOUTH WEST CRISIS

Government Acknowledgment

115. Mr OMODEI to the Minister for Agriculture:

Given that the Deputy Premier confirmed in answer to my question without notice last night that he is unaware of the crisis facing vegetable growers in the south west of the State, I ask -

- (1) Has the Government now availed itself of the relevant information, and does it now acknowledge that a crisis exists for vegetable producers in the south west?
- (2) If so, will the Minister advise the House what action the Government is taking to assist growers and/or the companies concerned?
- (3) When will the assistance be provided, given the urgency of the situation?

Mr BRIDGE replied:

(1)-(3)

Late this afternoon I had the opportunity to discuss this matter with the deputy leader of the National Party, and we agreed that we should get together to work out an approach to this situation. I am not sure that it can be classified as a crisis.

Mr MacKinnon: It does not need looking at, you have to do something about it.

Mr BRIDGE: I was approached only this afternoon and I have already given an undertaking.

Mr MacKinnon: You have been looking at the sewerage problem, but not doing anything about it.

Mr BRIDGE: That is not true. If the Leader of the Opposition had been listening for the past 10 minutes he would have heard a detailed explanation of the steps the Government is taking. I will treat this issue seriously. The deputy leader of the National Party highlighted his concerns about the matter and asked me to discuss it with him. I assured him that I would do so, and that is the way we shall proceed.

FRIENDLY HELPERS - EMPLOYMENT PRACTICES

116. Mr CUNNINGHAM to the Minister for Productivity and Labour Relations:

Is the Minister aware of the employment practices of an organisation called Friendly Helpers; if so, can she comment and advise on these practices?

Mrs HENDERSON replied:

I thank the member for his question. The employment practices of this group have come to my attention. This group has been placing advertisements in *The West Australian*, which state -

CASUAL PEOPLE Wanted

Pref Travellers with work permit needing money and a place to stay, then we might be able to assist you with employment and accommodation. Only if suitable. Ring Tom 275 3059.

No time wasters, please

Mr Tom Fletcher, who runs an organisation called Friendly Helpers from a duplex in Homer Street, Dianella, is specifically targeting travellers and his advertisements tend to attract young people. I am extremely concerned that during a time of economic downturn, when jobs are difficult to come by, these young people are being caught up -

Mr Lewis: You were not very worried about them -

Mrs HENDERSON: Why is it that every time I raise in this Parliament a shonky practice, members opposite feel compelled to stick up for the people involved? These advertisements have continued to appear, and I bring them to the attention of the House because inspectors from the Department of Productivity and Labour Relations have called on this person to follow up some of the complaints we have received. These young people are being sent out from door to door and around small businesses in Morley and Dianella to sell annual planners. I am sure the words which appear at the top of the annual planner will interest everyone. They state -

Hi,

My name is Tom Fletcher and I started Friendly Helpers purely as a business venture so that I could support my brother Kim. He was hit by a drunken driver eight years ago and is now brain damaged in the Home of Peace Subiaco. I came up with the concept of a Planner that would uni-link small businesses with the public in need of their services. Since March this year it has enabled me to supply Kim with his clothing and toiletries etc. as well as caring for his other needs. Giving support to dozens of people by way of legal advice, paying for medical reports and emergency accommodation and employment for students, travellers and genuine people interested in meeting people and keeping fit at the same time. Assisting with food support when needed. Providing elderly people with transport within the Dianella, Morley area by way of a 12 seater Coaster bus by booking arrangement. This service operates two days a week Mondays and Tuesdays between 11.00 a.m. and 1.00 p.m. Friendly Helpers aim is to create goodwill within the community. But the most important aspect is the self respect I have for myself, that had been lacking for many years. It is good to wake up feeling good about myself and my achievements. Thank you for your time and support.

Sincerely yours,

Tom, Your Friendly Helper

These young people have been sent out to sell annual planners at \$5 a pop, and the complaint we have received is that when they are paid at the end of two or three weeks of plodding around the streets of Morley and Dianella selling these planners their cheques have been dishonoured time after time. In my view this is a reprehensible form of ripping off young people because it trades on a pseudo charitable concern for the underprivileged and for the person's brother in the Subiaco Home of Peace. However, when the inspector from the department called at this person's home, he was highly abusive and aggressive and was not prepared to let anybody look at his books or at the time and wages records and other records that he keeps, yet he continues to advertise and to target young people who are travelling. I issue a warning to young people to stay away from Friendly Helpers, who in fact are very unfriendly.

Mr Clarko: What have you done?

Mrs HENDERSON: I have done quite a bit. I have had my inspectors call on this person to look at the time and wages books, and they will continue to follow up the question of recovering wages. This person is worse than most of the people at whom we look because he is targeting young people who are passing through this State. The complaints we get are from young people who have come to Perth, and this is influencing their impression of employers in Perth.

ROYAL COMMISSION INTO ABORIGINAL DEATHS IN CUSTODY - REPORT TABLING

Minister for Aboriginal Affairs Response

117. Mr BLAIKIE to the Minister for Aboriginal Affairs:

Has the Minister and/or her department received a copy of the report of the Royal Commission into Aboriginal Deaths in Custody, and what is the Minister's response to its findings?

Dr WATSON replied:

The report of the Royal Commission into Aboriginal Deaths in Custody will be tabled tomorrow. Two separate reports on the deaths of Walker and Pat were tabled here and in the other place yesterday, and tomorrow we will make provision for the Opposition to see the report before it is tabled.

Mr Blaikie: What is your response to it?

Dr WATSON: The report has not yet been tabled and I shall make a statement tomorrow.

PREMIERS' CONFERENCE - PREMIER'S WITHDRAWAL THREAT *Federal Response*

118. Mr COWAN to the Premier:

- (1) Has the Federal Government responded to the Premier's threat to withdraw from the special Premiers' Conference on Commonwealth-State relations?
- (2) If yes, what concessions has the Federal Government offered to the State in regard to those issues which caused the Premier to threaten to withdraw from the special Premiers' Conference?

Dr LAWRENCE replied:

(1)-(2)

That is an interesting question. Obviously it was important for the State Government to indicate to the Federal Government - particularly to some recalcitrant Ministers and bureaucrats - that we were not about to continue the extensive discussions and negotiations that are being undertaken about transport, road usage, ports and microeconomic reform generally unless we could see real progress on the other fronts which are as important and which are inextricably linked with microeconomic reform; that is, financial reform

between Commonwealth and State Governments, not to mention local government, and the whole question of duplication of services. We have become aware of the fact that Federal Ministers, in particular, and some bureaucrats are very reluctant indeed to change the financial arrangements between the States and the Commonwealth and to relinquish any control over those funds or to seriously examine the question of duplication of services.

If we are to make some important decisions which will be in the long term interests of the business community and consumers in Western Australia by reducing the cost to those businesses and consumers of things such as road transport, rail freight charges, and electricity on the eastern seaboard, we will have to be in the sufficiently flexible position to provide, for example, for redundancies and for the injection of capital funds. We cannot do that as a Government - indeed, none of the State Governments can do it - unless we have greater control over our finances, fewer tied grants and matching grants, and the capacity to reduce the total size of the public sector. There is no justification for having two departments for education, health, and community services; and for State Governments to be involved in trade and foreign affairs is absolute nonsense. We should be looking to a reduction in the total size of Government in Australia. That is our objective.

So far I have not had an official response from the Prime Minister, but the Premiers have met and discussed that question, and we have agreed as Premiers, including Mr Greiner, that there has been insufficient movement by the Federal Government on the matters I have raised. We have as Premiers jointly put the proposition that the Federal Government, and the Prime Minister in particular, must seriously move on those issues. The Prime Minister gave an undertaking that he would raise this issue with Cabinet. I raised the matter again in public because I was concerned that nothing further had happened since then. It is interesting that both Mr Greiner in New South Wales and Mrs Kimer in Victoria echoed my concerns. So it is not as if we are standing out there alone, talking through the back of our heads; it is a view that is shared by all the Premiers. It is fundamental to the reform of Government in this State that we get progress on all three fronts; otherwise we may as well stop sending bureaucrats and officers back and forward across the country. That is expensive, and we will not keep doing that for no reason.

MANDURAH PROJECT - ENVIRONMENTAL PROTECTION AUTHORITY *Procedures Delay Allegation*

119. Mr READ to the Minister for the Environment:

Is the Minister aware of an allegation that Environmental Protection Authority procedures have held up a Mandurah project for two years; and, if so, is there any truth in that allegation?

Mr PEARCE replied:

I thank the member for that question.

Mr MacKinnon: Which Mandurah project?

Mr PEARCE: That is a good question from the Leader of the Opposition. I was interested to know that, too, because the allegation was in fact first made by the Opposition spokesman on the environment, who alleged that environmental procedures had held up an environmental project in Mandurah - which he was careful not to name - for two years. So I had to take out all of the environmental projects in Mandurah to find out which of them had been held up for two years, and I discovered that none of them had been - not one. In fact the longest period for which a project was on the go was 17 months, which members might think is a pretty long time for environmental approval, if one starts at the beginning of the process and goes to the end; but that overlooks, as did the Opposition spokesman, the fact that the local authority refused that project in the middle and it had to start again. So in fact it was dealt with over a total period of about four months, on two

separate occasions, with the local authority making the decision that the project would not proceed. Two other projects have had a period before the Environmental Protection Authority of about 15 months. In one case, 10 months was taken up by the company - because part of the environmental assessment process involves the company's preparing its own environmental assessment - so one can say that the project was effectively before the Environmental Protection Authority for only five months. In the other case, less than six months was taken for an environmental approval. All of these projects are in environmentally very sensitive areas and require a decent environmental approval. So my answer to the Leader of the Opposition is that I am not at all surprised that these projects were not identified by the Opposition spokesman on the environment, because the facts did not fit his claim. If he had identified the claim we could easily have picked up the facts.
