

# Legislative Council

Wednesday, 26 October 1983

The PRESIDENT (Hon. Clive Griffiths) took the Chair at 2.15 p.m., and read prayers.

## ELECTORAL

### *Referendum: Petition*

On motions by the Hon. Garry Kelly, the following petition bearing the signatures of 46 persons was received, read, and ordered to lie upon the table of the House—

To:

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

We the undersigned electors of Western Australia desire that the State Electoral System be reformed so as to incorporate the principle of 'one person-one vote-one value'.

We specifically request the reform of the Legislative Council of Western Australia to achieve:

1. A reduction in the number of Legislative Councillors from 34 to 22.
2. The retirement of half of the Members of the Legislative Council at each general election (ie. simultaneous elections).
3. The election of Legislative Councillors according to a system of proportional representation such as currently operates in Senate elections.

And that the above reforms be decided by the people voting at a referendum.

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

(See paper No. 396.)

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### *Select Committee of Privilege: Report*

HON. PETER DOWDING (North—Minister for Mines) [2.22 p.m.]: I seek leave to bring up a report from the Select Committee of Privilege.

Leave granted.

Hon. PETER DOWDING: I am directed to report that at its meeting this morning the Select Committee of Privilege resolved that it seek an

extension of time in which to report, from 1 November 1983 until 6 December 1983. I move—

That the report do lie upon the Table and be adopted and agreed to.

Question put and passed.

*The report was tabled (see paper No. 399).*

## DIAMOND (ASHTON JOINT VENTURE) AGREEMENT AMENDMENT BILL

### *Second Reading*

Debate resumed from 20 October.

HON. I. G. MEDCALF (Metropolitan—Leader of the Opposition) [2.25 p.m.]: This Bill is to amend the principal agreement for the Ashton Joint Venture. It is a Bill which changes the name of the original legislation to Diamond (Argyle Diamond Mines Joint Venture) Agreement Act and it has an agreement in the schedule which in fact has already been executed and which Parliament now is asked to ratify.

The Bill contains amendments to the agreement which have been sufficiently set out in the Minister's second reading speech, and they include a revised arrangement for the work force accommodation to permit the use of commuting operations; a repeal of transitional arrangements relating to the town obligation; modification of the Mines Regulation Act to facilitate the use of the commuting option; revised arrangements of the Argyle electricity; and further royalty provisions.

It is quite in order for amendments to be made to the agreement and it is indeed consistent with the policy followed by the previous Government that the agreement be signed before it is brought to Parliament. That policy was severely criticised during the period of the Court Government by many members of the present Government, who severely criticised the practice of signing an agreement or an amending agreement before it was brought to Parliament. I well recall the Hon. Lyla Elliot taking us to task on a number of occasions, as did some of her colleagues who are no longer in the House. They criticised us for having the effrontery to sign an agreement before it was brought to Parliament.

Hon. Lyla Elliott: See what you do when you establish a precedent.

Hon. I. G. MEDCALF: The member was not in Government then, and it does make a difference when a member is in Government. Members then realise the force of the argument I used on many occasions, that we cannot simply bring a draft of an agreement to Parliament and ask the 91 members of Parliament to have a go at it. It is impossible to do business that way.

Hon. J. M. Berinson: I was always persuaded by that argument.

Hon. I. G. MEDCALF: The Attorney was persuaded by many of our arguments, but he could not persuade his colleagues!

It is gratifying to see that the Government has now adopted the practice which we adopted and which we believe is the only feasible procedure when a Government is doing business with a joint venture or a company. The agreement has to be made first, because the companies have their own arrangements and they must know where they stand. If they cannot deal with the Government in this way, it puts the Government in an impossible position. When members have had experience of being in government, they realise that this is so. It is good to know that the former Opposition, the present Government, is learning that this practice is necessary and indeed justified. I hope we never again hear any of those speeches from the Hon. Lyla Elliott or from any of her comrades—or should I say colleagues.

Hon. J. M. Brown: "Comrades" is quite satisfactory.

Hon. I. G. MEDCALF: Having made those rather light-hearted remarks, I should now turn to some of the more serious problems which may occur. I am really quite concerned at some aspects; for example, the argument about whether there should be a new town in the Kimberley. I am quite horrified and astounded that neither the company, the Government, nor the shire wants a town in this area, because in my experience of that town it is a particularly suitable area from a geographical viewpoint. It is a most beautiful area and it is the site of the very favoured station "Lissadell". It is a very choice part of the world. It would be a far more suitable place to put a town than many of the other places in which towns have already been constructed. For example, look at the poor environment around Newman in terms of its terrain outlook, and prospects.

This area in the Kimberley is more favoured than is Mt. Tom Price. I am surprised that there has not been more agitation to build a town in that area. I would have thought the Government would rather favour a town there. I am also surprised that the shire did not want a town in that area. Perhaps it did not want a town which would vie with other towns, say Kununurra or Wyndham, having already had the experience of the people of Wyndham complain bitterly at the growth of Kununurra. I suppose that has something to do with the shire's opposition; I do not know. Perhaps the Government will give some ex-

planation of why the shire does not want a town there.

In a sense, of course, that is none of my business. If the local people, the company, and the Government do not want a town in that area, I do not have much to hang my hat on. It does surprise me that there was not more agitation from the Government because it would be advantageous to populate the Kimberley, which is presently a very sparsely populated area. I know Aborigines live in that area but their settlements are not particularly close to the mine site. It seems that a town could have been provided without disturbing Aboriginal rights. A town could have been built at "Lissadell" or somewhere near it. I repeat that it is a most beautiful and favoured area. Even in hot weather it is an attractive area; I know, because I have been there in hot weather.

I do not think that the Aborigines would have been affected if a town were built, but other members of this House may not share my view. The Aboriginal settlements in that area are well away from the proposed site and the Aborigines are pretty well established in settlements such as Turkey Creek. They are pretty well set up generally. The standard of housing has improved and Turkey Creek is in a greatly improved situation compared with a few years ago. It has nice houses and is generally a favourable settlement. I do not know whether the Government decided not to build the town because of the Aborigines; but if it did I feel the decision is of dubious validity.

If the Government, having considered all of these things, decided not to build a town there and to obtain about \$50 million for taking out of the agreement the clause which the previous Government had put in—that is, that a town should be constructed in the area—I would have thought that \$50 million could have been better spent in that region. That is fairly logical. I do not know whether the shire had any ideas in regard to where the money should be spent, whether it had made representations, or whether it was rather shaken by the speed with which these negotiations have been concluded; but I would have thought that perhaps the shire on afterthought on this matter would feel that \$50 million or a large proportion of it should have been spent in the Kimberley.

If the money was not to be spent on a town, even though excellent sites are available for a town in the area, could it not have been spent in the Kimberley? It could have been spent in many ways and I will not go into them because it would be futile to do so. Many other projects in the Kimberley are in dire need of funds, and money does not go far in that area. The cost of building

or doing anything up there is at least twice the cost it is down south and plenty of opportunities are available for spending money in the Kimberley not on such things as recreational facilities, although they would be a help, but on important projects which could generate more activity and employment in the Kimberley.

In Kununurra or Lake Argyle, for example, all sorts of important projects are under way and they could have had great advantages both in creating employment now and in the future, and in stimulating the tourist industry. The Kimberley is a most favourable area from the tourists' point of view, but a bit more money needs to be spent there.

I know the company was opposed to building a town in the Kimberley and it did not want to proceed with it. It would have cost some \$83 million, and I suppose the company felt that paying \$50 million was a cheap way out. It believed it was easier for it and more controllable to have this commuting option which we have heard about. The argument has been put that company towns are no good because they have bad social effects on people, and there is something to be said for that argument, but only something.

It is a fact that in a company town people are spoon-fed. They expect after a while that everything will be done for them. I have talked to local people in Newman who have every facility in their homes—much better than those provided in homes in suburbs in Perth—yet these people were expressing their discontent at some very minor matters. People in Newman have told me that in every back garden or lawn are to be found arc lamps because the company keeps throwing them away on the rubbish heap and tells the people to help themselves. They are apparently not suitable for the company's use, so practically everybody in that area has one of these arc lamps.

This is just one of the many things provided to people in company towns. It is one of the frills. Water, power and other things are all supplied free in company houses. If something goes wrong all the tenant has to do is ring up and a tradesman will come around and fix the plumbing, electricity or anything else. I do not know what is the current position. The local government is changing there and a new system is operating; I do not know if everything can still be done in the same way. There is no question that people have been spoon-fed in company towns. I am not saying that is a bad thing because the companies must get people to go to these places and to do so they must supply incentives.

They were pretty barren places when they started off, but now there are attractive features in the towns of Newman and Mt. Tom Price; and Karratha is a gem. Dampier is the gem of all gems.

For some reason people get discontented living in these semi-luxurious conditions. The insides of the houses are luxurious and the residents have everything that opens and shuts. Maybe the reason they become discontented is because they are too spoon-fed. It may not be an indictment on a company town, but an indictment on the residents who should have the responsibility of spending a little of their own money. If a local governing authority were organised in the normal way, with local government elections, etc., the people would have some responsibility of contributing towards the rating system. They would pay for what they received. I believe had this happened people in these towns would have a much greater appreciation of life.

I do not believe that company towns as such are a bad thing. They are only a bad thing because the conditions under which the people live have been too generous. I am quite sure I could buy an argument on that on any day of the week in one of the company towns, but I do not propose to go up there and enter into such a debate.

When I have spoken to residents from company towns from time to time their complaints have been over petty matters only and I do not believe the argument that company towns are not good is a sound argument. I believe there is something to be said for company towns in the first place, provided that people have some responsibility for the things they should do for themselves—some responsibility, even though they may be subsidised in various ways.

Frankly, I am disappointed, and I express my disappointment openly, that the decision was made not to construct a town for the diamond mine. I can see that many bad social factors could arise from the commuter option. Quite frankly, if I were a person employed on the mine and were commuting back and forth to Perth every two or three weeks I do not believe I would find it satisfactory for more than six to 12 months. I wonder how much more stable the work force will be as a result of the commuting option; that is, living in barracks without one's wife or family. I believe it would be much better for a married man to have his wife and family living with him than not seeing them for two to three weeks. They will fly home for one or two weeks and disappear again. I know in the various cases I have struck, that that is not considered a happy state of affairs by the people who commute from Perth. It has some un-

fortunate social aspects. I believe that the commuting option has got whiskers on it and that it is not a good decision.

I am expressing my own opinion and I have no say whatsoever in relation to this matter. It has nothing to do with me except as a legislator and I am entitled to express my own view, which is that this is a bad decision. A town should have been constructed. It would be much better if a town were established from the beginning with a local governing body in order that the residents contributed towards the operations of the town. They would not need to contribute in a lavish way, but only in a manner which would ensure they had an interest in the operation of the town, because no-one values what he gets for nothing. One must make a contribution if one is to fully appreciate a responsibility towards a place. Once a person has a responsibility in a certain matter he takes an interest in it. That is only human nature and it applies just as much in the Kimberley as it does anywhere else.

There is nothing wrong with the climate in the Kimberley for those who get used to it. It may not be satisfactory for old people who go there late in life, but we have reached a stage where many people who went to the Kimberley as young people have grown old there, and many grandparents and grandchildren are now in these towns. We must encourage people to live in this part of the State if we do not want most of the population centralised in the city. People in the north should be encouraged to live in their localities. This is an old argument, and it goes back to the time of the Duracks. Any member who has read the works of Mary Durack will know the great fortitude and pioneering spirit shown by the first Durack brothers. They believed that one had to live in the north and they reached a stage where they did not want to live anywhere else.

Surely the amount of \$50 million which was extracted as a penalty as a result of the previous Government's having inserted this very proper clause that a town should be built in the Kimberley, should be spent in that area. I have read in the newspaper that the Premier has stated that about \$6 million is to be spent in the Kimberley, but I gather that amount will come from other sources. That money is required in order to comply with the other aspects of the agreement, such as the housing of people who will live in Kununurra, apart from the rest of the work force. I believe a large proportion of the \$50 million should have been spent in the area. As a final fall-back position, however, if it is not to be spent in the area it should be spent in job-producing projects throughout Western Australia.

We have a situation in which the company was virtually held at ransom as far as the payment was concerned in order to be allowed to do what it wanted; that is, not to carry out the agreement to construct a worthwhile town in the area, but to bring in its commuting option which I believe has many social defects which are just as great as those that have been ascribed to company towns.

The funds which will be generated from this amended agreement will now be spent on the purchase of shares in a company. As I have mentioned, I do not believe this is a proper use to which to put the funds. The funds should be expended on beneficial improvements in the Kimberley or works that will benefit the State. Even if the funds were used in reducing what would otherwise have been a Budget deficit—but for increases in taxes which occurred recently—I would believe that to be beneficial; although that is the last alternative I see as many practical projects need to be undertaken. I can think of a dozen and one projects for which the money could have been more usefully spent for the benefit of the State.

Hon. J. M. Berinson: Would not that sort of use be like that criticism of selling a bit of the farm each year? It can only happen once and having happened it should be used for the long-term benefit rather than being used to improve a single year's Budget deficit.

Hon. I. G. MEDCALF: I appreciate the force of that argument; it is a good argument. Why spend money, acquired in this rare, unusual and extraordinary way which could not happen again, on a Budget deficit? I concede that point provided that the money is to be spent on worthwhile public works, properly evaluated, which would produce jobs and provide useful benefits to the community generally, if not to the community of the Kimberley. I accept that such a proposal is a better way to spend the money than on a Budget deficit. These funds have come in from an unusual quarter—one might say they are a type of capital fund, although I do not quite know how to describe them because they do not fit into any normal category. This is quite an extraordinary arrangement.

Hon. A. A. Lewis: It is like the key money that used to be involved in the rental market.

Hon. I. G. MEDCALF: It defies normal business principles because, in fact, the State signed an agreement with the company to build a town, amongst other things, and then the company decided it did not want to build the town for various reasons, perhaps because it would cost too much. The State then said, "Very well, give us

\$50 million and we will let you off your obligation". How can the receipt of \$50 million be justified in those circumstances? I am open to answers.

Hon. J. M. Berinson: It is not an unusual commercial transaction that a party should be prepared to pay in order to be released from an onerous obligation. There is nothing unusual in a commercial sense in that situation.

Hon. I. G. MEDCALF: I have not struck the situation before, in relation to a State Government agreement, where a company is released from an obligation which the Government believes is necessary in a social sense. However, because it does not suit the company and a few other people, the Government is prepared to release the company from that obligation. I do not think the Government should be extracting money from that situation; I do not know that it is quite legitimate for it to do so. The Government must keep its hands very clean, because it is not only dealing with that company but with other organisations from time to time from other parts of the world, and news travels fast. I believe this is a most extraordinary action for the Government to take. I do not know of other examples where a Government has acted in this way; the Minister may know of some and he may be able to quote such examples of Governments who have acted in this way.

It may well be that examples exist; but I have not heard of one in which a Government releases a company from an obligation which was considered socially desirable by one Government, but because of a change of view the next Government evidently decides that the same thing is no longer socially desirable. The next Government of a different political colour has a different view and says it is not socially desirable to have this town there at all.

I gather the Government did not want this town there, either; I am not sure of that and perhaps the Minister will apprise me of the position. I know the previous Government wanted the town built because it was written into the agreement and, as I handled the matter in this House, I am familiar with the arrangements. It was one of the integral parts of the agreement. When in Government I do recall the company was having doubts about building the town and I remember the feelings expressed by Government members who were very disappointed at the company's attitude. The members felt the company should build a town in the vicinity.

I assume the Minister is saying that the Government did want a town built on the site but

accepted \$50 million instead. For releasing the company from an obligation which the Government wanted performed, it received \$50 million. If the Government, in fact, did not want the company to carry out the agreement, perhaps the Government should have paid the company \$50 million.

Hon. J. M. Berinson: Would you care to move an amendment to that effect?

Hon. I. G. MEDCALF: I am merely saying it is a very unusual situation. I hope I have illustrated the point as well as I am able. I have expressed the view that I am disappointed at the outcome of this situation; \$50 million is to be obtained and I am not one to look a gift horse in the mouth. However, having obtained \$50 million I am sorry it is not to be spent on something more tangible in terms of benefit to the area or to the State. I have indicated my disappointment at the general outcome of this matter.

HON. A. A. LEWIS (Lower Central) [2.58 p.m.]: I will take up the Attorney General's interjection and ask if he will allow the Opposition to move an amendment to this agreement. Does the agreement provide for an amendment to be made?

Hon. J. M. Berinson: No.

Hon. A. A. LEWIS: It does not make such a provision. That is interesting because last night, I think, the Hon. Lyla Elliott quoted Frank Wise, who said that if his party was in Government it would not bring in these agreements unless they could be amended. The Hon. Lyla Elliott quotes Frank Wise on the one hand but not on the other, and he is a great Western Australian and he was a great member of Parliament.

Hon. Lyla Elliott: It was a Bill that was amended, not an agreement with a company. It was nothing to do with that sort of legislation.

Hon. G. C. MacKinnon interjected.

The DEPUTY PRESIDENT (Hon. I. G. Pratt): Order! We are having a second reading debate. Will the Hon. A. A. Lewis please ignore the interjections.

Hon. A. A. LEWIS: I really think that this matter should be looked at. The Labor Party is again setting double standards in not one but in three or four cases.

My first comment is—and I do not know the opinions of other members—that if the Liberal Party, when in Government, changed the Notice Paper and mismanaged it so badly that members were told at 1.45 p.m. that different Bills would be on the Notice Paper, I am sure a sincere apology would have been given. Never before, with

the exception of the last week or so of the session, has there been any mucking around with the Notice Paper. It shows the bungling of this Government in everything it handles; it cannot manage anything, not even the business in the House or what the party is doing itself. Members are not prepared when they come into this place. It amuses me that the Attorney General should make an interjection about amendments. Those of us with a memory recall that the Labor Party, as far back as the time of Frank Wise, said it would accept the bringing forward of an agreement so that it could be amended.

I accept the fact that the agreement is a *fait accompli*, but I would like to comment on it all the same. I wonder what the members in this place who represent that area were doing when they allowed this to get through. They have sold the East Kimberley Shire right down the drain. They would have had \$70 million injected into their area, but they have not supported that; they have let it slip through their fingers to buy what I would describe as a fairly nebulous stake in an operation.

I cannot discuss the financial details of the other Bill, because we do not have it before us. I think both Bills should have been dealt with conjointly, but it does not matter because one will probably be passed and the other will not be.

It seems to me that, once again, the members of the Labor Party have forgotten the purpose for which they were elected; that is, to look after people. A couple of members in this place represent the people of North Province, but they have forgotten all about them. Their high and mighty status as Ministers and messenger boys have taken them away from looking after the people in that area. It is disgraceful that promotion should go to people's heads so rapidly.

I turn now to company towns, a matter to which members of this House have heard me refer previously. I did not think the way in which the previous Government handled company towns was right. I guess it is probably against Labor Party policy, but centres should be developed in which major stores, some of which may be owned by multi-national companies, would set up and stand on their own feet. The size of the town would enable them to do that. That is the sort of town for which companies should be aiming, not small mining towns or camps scattered around the area.

I believe we should have centres of population which are built up, and people then move to those towns. This is the third con trick the Government has introduced. Indeed, until the other Bill which deals with the second part of this matter is dealt

with, we have had only 2½ con tricks. However, these are the sorts of con tricks the Government is putting over the people of Western Australia.

After last night's performance it is interesting to see the Attorney is again handling a money Bill, being assistant to the Treasurer. I hope he will have all the answers, because he showed good sense last night by going away and obtaining the answers. He admitted he did not think the Bill would pass the second reading; therefore, it was not worthwhile obtaining the projections, so he tried the House on. Then today we are presented with this! I wonder whether the Attorney will give me the projections in relation to this Bill. Have the projections been done as to where the Government is going?

Another amazing aspect of this is that when the present Minister for Mines was in Opposition he indicated he did not want the then Minister for Mines to have ministerial approval rights. However, if one reads proposed new clause 24B of the agreement, one sees reference to a "schedule of work approved by the Minister for Mines" and "Where in the opinion of the Minister for Mines". I ask members to cast back their minds to the Hon. Peter Dowding's rantings and ravings about this when he was in Opposition. What do we get in answer to that? We get silence in the extreme, because now the Hon. Peter Dowding has the power, he does not want to give it away. He is not making any comments whatsoever in relation to this. He has the power as Minister, but he does not have the power to let the Government put any money into this area, and he has sold his electorate down the drain.

Let us refer now to the people who will work at the mine site. What are the plans of the Government and the company for these people? Will they travel from Perth to the mine site or will they go to the mine site from a centre somewhat closer to it than Perth? Alternatively, shall we have a combination of those two options?

I would like to hear the Government's answer to that, because it would be extremely interesting to know what the Government intends. The proposition that the workers should be flown out of Perth would appear to be in accord with the Labor Party's philosophy of keeping everybody in the city and denuding the bush. That is the sort of policy it has had over the years. Governments of other political colours have done this also and that policy has contributed to making the bush so hard to live in today, because it lacks communications, schools, and everything else. That is the case because consecutive Governments have thought it better to station people in the city. As a result, we

have a lopsided system with all the people living in the city.

I turn now to the royalties. Once again, I am referring to subtitles and, if the Attorney cannot understand me, he had better interject, because I do not want the same situation to happen here as occurred last night when the Attorney did not answer any of my questions and, as a result, had to reply to them when we dealt with the short title of the Bill.

As I understand the situation, \$50 million has been obtained as black market, key money. It is black market money because the Government has forced the company to pay it. The company knows it will not get any further if it does not pay the money. It has been forced into the situation of paying the money and, on top of that, it is being forced to pay royalties early. That is the position as I understand it. The Attorney can either shake or nod his head in reply.

Hon. J. M. Berinson: We are talking about the same money.

Hon. A. A. LEWIS: Are we talking about the same money? Does the \$50 million relate only to the town? As I understood the position two sections were involved: An advance royalty section and the money which was to be paid in lieu of the construction of a town. While the Minister ascertains the answer to that I shall continue with my speech.

Hon. J. M. Berinson: I do not intend to answer you now. Ask your question.

Hon. A. A. LEWIS: I have asked it.

Hon. J. M. Berinson: I do not intend to answer it by way of interjection.

Hon. A. A. LEWIS: All right.

Hon. J. M. Berinson: I want to make sure I give you the correct answer and I want some time to prepare myself for that.

Hon. A. A. LEWIS: Good. We can have a week, because it seems to me that is what we shall need.

Hon. D. K. Dans: Is that some kind of threat?

Hon. A. A. LEWIS: The Leader of the House interjects here, having mismanaged the business of the House. He has mucked up the business of the House and has shown discourtesy to members in this place by changing the Notice Paper to suit people in another place rather than to suit the members of this House. He can threaten all he likes!

Hon. D. K. Dans: I am not threatening. I asked you whether you were making a threat.

Hon. A. A. LEWIS: I never make a threat I cannot keep.

The Hon. D. K. Dans: Answer the question then.

The DEPUTY PRESIDENT (Hon. I. G. Pratt): Order! I ask the member to return to the Bill.

Hon. A. A. LEWIS: As I read the agreement, there is an advance in royalties of \$50 million, and an additional royalty of \$50 million. The ordinary royalties are set out in the schedule under proposed new clause 29C, and are paid earlier than they would normally be paid. The additional royalty is paid by \$25 million down and the balance within 45 days of an approval date. I do not know whether I am reading this correctly or whether there is only one payment of \$50 million. If the \$50 million is in one amount and the money is used just to purchase an investment in something that is, let me say, doubtful in the least—I will deal with that during discussion of the next Bill—I will want to hear some pretty good arguments from the Government as to why the royalty must be paid in advance.

It appears to me that even though we have heard all the Labor Party rhetoric about multinational companies, CRA will get a tax loss earlier than expected and, therefore, can even out its books. It appears this manoeuvre is for the use of multi-national companies. At times we hear Government members speak about multinational companies, and on this issue we should have an answer. I have heard ALP members speak a number of times about the horrors of multinational companies, so I ask the Attorney this question: What is the likely saving in taxation as a result of this advance royalty to CRA? That is a fairly simple question, and I am sure he will be able to provide the answer.

Now I turn to some of the more difficult questions in this situation. We are considering allowing the multi-nationals an amount of money. The Leader of the Opposition said it was \$83 million down to \$50 million, although I thought it was \$70 million down to \$50 million. I wonder whether the deal can be highlighted. The joint venturers, we are told by the Government, will make huge profits by the year 2007. That is a fair time away. Is the Government selling its soul to help multi-national and other companies?

Where is the Government heading? The taxation benefits to these companies will be pointed out in the reply by the Attorney. The early granting of royalties is, I guess, a way of doing things, and I know the previous Government operated that way. I was not happy about

that situation then, and the Hon. Fred McKenzie will remember my performing about that situation. At that time we on this side were in Government.

I want to know whether this early payment of royalties can be given some credence, because the moneys will not be obtained at a later date. The Government is mortgaging our future Budgets by taking this money. Possibly the Grants Commission will have some comment to make about this Bill.

This headline-type speech has put the queries I want answered. I hope the Minister will answer, otherwise we will bog down like we did last night. We did not know the answers, and were not able to make a sane decision on the matter before us. The Government was not prepared to give answers.

**HON. D. J. WORDSWORTH** (South) [3.15 p.m.]: I find this debate a rather difficult one to join because of the manner in which it has been brought forward from its position on the Notice Paper. I draw the attention of all members to the fact that those who did not collect a copy of the second reading speech at the time it was given have just managed, in the last five minutes or so, to obtain a copy. Normally the House leaves further debate for the first week, and members are able to refer to *Hansard* to read the second reading speech. As members are aware, the *Hansard* for that speech is not yet available and no copies of the second reading speech prepared by the Minister have been available. Members are asked to debate and then decide on this matter without reference to the second reading speech.

**Hon. D. K. Dans**: That is not a matter for the Government.

**Hon. D. J. WORDSWORTH**: It may not be a matter for the Government, but it is a difficult position in which we find ourselves. I hope the Minister handling the Bill will go along with us a little and appreciate why we ask some of the questions we do.

We have given up the chance to have another town in the north, or a larger town in the Kimberley. The choice was available. It is a shocking indictment on this Government that that chance has been given up.

The Government says that the chance has been given up at a price. We will receive money for it, but I do not believe that in any way this money can pay the appropriate compensation to the north in return for no town. This situation must be a reflection upon the members of this House who represent the north. I am sure it would never have happened had the Hon. Bill Withers been

the local member. Many times did I as Minister for Lands go with the Hon. Bill Withers to look at the area to try to determine how we could fulfil the conditions of this agreement. I actually flew out to the diamond mine with company representatives. This goes back to three years or more ago. The Government had the chance to have this town built, but where now will the facilities be provided?

**Hon. Tom Stephens**: Is it three years or more?

**Hon. D. J. WORDSWORTH**: It is about three years ago. At this moment I cannot give a date, but I will if it becomes a matter of significance. At that early stage we were increasing the size of Kununurra, and the company decided that facilities should be placed at Kununurra. Quite a deal of development took place at that town, development which may have started to satisfy the needs of the company. Of course, the company was considering also whether it should build a town on the shore of Lake Argyle, which would have been nearer the mine site. The company has seemed to hover one way and the other, and has left the Government in a difficult position indeed and with a great deal of expense.

We are talking about a town of considerable size. The agreement allows for some 370 of the 450 onsite workers to be flown from and to Perth. Those people would represent a town of 1 000, and to add 1 000 people to Kununurra would give it a great deal more status. I am amazed we have not heard from the local shire or the local members about this matter. I do not think we have heard even from the member in another place representing that area.

It is really quite startling that we are giving away an opportunity for the development of the north so that the metropolitan area can expand. What about the traders in Kununurra? Opportunities have been lost, if only to sell groceries and other requirements.

**Hon. J. M. Berinson**: Are you saying there will be a loss to Kununurra by not adopting the option of putting the whole work force there?

**Hon. D. J. WORDSWORTH**: Yes, putting the work force there or nearby. The Government did survey blocks and some sites were taken up for staff who will remain in the town.

We could not get them to make up their minds which way they would go, and of course now they have backed out. This is an indictment on the Government of today.

Like Mr Lewis I have had great difficulty understanding, from the Minister's second reading speech on the Bill—and as I said, we have had it for about 10 minutes—the matter of the ad-

ditional royalty of \$50 million to the State. On page six of the Minister's second reading speech he states that the joint venturers are required to pay an additional royalty of \$50 million to the State. Proposed new clause 29A of the agreement states—

- (b) an additional royalty under this Agreement in the manner and at the times provided in Clause 29B.

Proposed new clause 29B states—

- (1) The Joint Venturers shall pay to the State an additional royalty of \$50,000,000 in the manner and at the times following—
  - (a) as to \$25,000,000 or such lesser amount as the Minister may allow, within 7 days after the date of approval by the Minister of the proposals submitted by the Joint Venturers pursuant to paragraph (B) of subclause (1) of Clause 7 (hereinafter called "the approval date"); and
  - (b) As to the balance, within 45 days of the approval date or within such later time or times as the Minister may allow.

It would appear that the \$50 million additional royalties will then lead to \$25 million being handed over in the first place. Proposed new clause 29C(1) states—

Subject to subclause (2) of this Clause, the amount of royalties that become due for payment by the Joint Venturers in respect of diamonds recovered from the areas the subject of this Agreement under Clause 29 and any increase thereto pursuant to subclause (6) of Clause 30 in respect of each quarter set forth in the Schedule below shall be partially offset by the amount shown as the scheduled offset amount for each quarter.

Hon. Peter Dowding: That still gives a substantial, real overall benefit in money terms.

Hon. D. J. WORDSWORTH: I thank the Minister for the interjection. What I was trying to ascertain was how on one side of the schedule we see \$50 million in additional royalties and then it is offset—

Hon. Peter Dowding: In payments over an extended period.

Hon. D. J. WORDSWORTH: I have not had a chance to add up the schedule.

Hon. Peter Dowding: It is \$50 million.

Hon. D. J. WORDSWORTH: It seems that on one side we obtain an additional \$50 million and on the other side we let the joint venturers off \$50 million. It seems like the thimble and pea trick.

Hon. J. M. Berinson: That is really the same question Mr Lewis asked and I will handle both replies together.

Hon. D. J. WORDSWORTH: I thank the Attorney General for the interjection, because after all it is the hub of the debate. It seems to me that \$50 million is the additional royalty, but all we gain is the interest on it. The public of Western Australia have been led to believe that the State is benefiting by \$50 million extra—that is what the second reading speech states. I believe that this has been set up to mislead the public and the Parliament.

Hon. J. M. Berinson: No, not at all.

Hon. D. J. WORDSWORTH: I would like to think otherwise; perhaps if one delves into the matter one will find that this is not the case. However I do not think the public are aware of it.

Hon. J. M. Berinson: Could I refer you to the second paragraph on page seven of the second reading speech which states specifically what we claim is the financial benefit to the State.

Hon. D. J. WORDSWORTH: The speech states that the schedule of offset amounts has been structured to ensure that the royalty arrangements yield an additional benefit of \$25.5 million at a discount rate of 14 per cent per annum. So what we are saying is that the additional \$50 million is being offset by \$50 million of foregone royalties and all we will receive is the actual interest which will be \$27.5 million—if invested at 14 per cent.

Hon. J. M. Berinson: That is one way of putting it but the effect is as in the sentence you have just read; that is, the net financial benefit to the State is the net present value of \$27.5 million. We have said that specifically and we have only claimed a current benefit of \$50 million.

Hon. D. J. WORDSWORTH: It did say an additional royalty of \$50 million.

Hon. J. M. Berinson: Yes, but a net benefit of \$27.5 million. There is an additional benefit, of course, of the immediate availability of \$50 million.

Hon. D. J. WORDSWORTH: We gain \$27.5 million in interest, but we cannot have it both ways.

Hon. J. M. Berinson: We have the immediate use of \$50 million to the extent that we can use it. We can have the benefit of \$50 million in the long term.

Hon. D. J. WORDSWORTH: All we get is the interest on the money.

Hon. J. M. Berinson: Or perhaps the equivalent, but it is not the correct way of describing it. It is one way of looking at it.

Hon. D. J. WORDSWORTH: This is something that has to be worked out. My reading of it is that at best we are getting \$27.5 million from money due to us. By investing that \$50 million for various terms at 14 per cent we earn \$27.5 million. Of course it might not be 14 per cent because inflation is coming down.

We must tie this up with what we are buying with this money. We must do this before we deal with the next Bill. We must know what our shares in the mining company are worth. At the most we can say that we might get \$27.5 million. This matter must be examined closely.

It is a very dubious amount, and it is very doubtful that we can go out in the marketplace and spend it. It is wrong in principle to accept forward royalties, although I admit it has been done before in this State. It was done in the case of an iron ore company when we wanted to seal a road.

Hon. Peter Dowding: It was Hamersley Iron; the road from Tom Price to Paraburdoo.

Hon. D. J. WORDSWORTH: That is correct. That was done by getting the money in advance and spending it on the road. It was spent, however, between the town and the mine. The road was badly needed and we could not justify spending the taxpayers' money on it or raising it from other revenue and expecting people to agree to spend it on that area. The income was coming from Hamersley Iron Pty. Ltd., and it seemed reasonable to spend it on the people there and the development of that project. This is a different story altogether.

Hon. Peter Dowding: You do not only spend royalties in the particular area of a project.

Hon. D. J. WORDSWORTH: No, but I think on that occasion it was justified, although the Government of the day was very concerned about accepting forward royalties because that is money taken from some future Government, money that is not due to the Government of the day, and it may jeopardise that future Government.

Hon. Peter Dowding: That is true if you dispose of the money in the ordinary budgetary situation.

Hon. D. J. WORDSWORTH: I think it is true of whichever way it is done. It has been done once before, but I do not know of any other case and I will be interested to hear if the Minister can find another instance in which forward royalties were paid.

I and many others in the business community are very concerned about these twin Bills. Last night we saw the Government bring a Bill before the House and it could not tell us what the consequences of it would be. The Government could not say what income would be derived as a result of the passage of the Bill, and what expenditure would be incurred. I wonder what is the situation with this Bill before us and its associated legislation.

Hon. G. C. MacKinnon: They took a gamble on the other one not getting through.

Hon. D. J. WORDSWORTH: That is all one can assume, but I wonder what is the situation with this Bill. Is the Government doing the same thing? I think members of the Government certainly are gamblers. It is a crying shame that this State is to be deprived of a northern town as a result of this Bill. The opportunity existed for further development in the north and the Government has not taken it.

I hope the people of Kununurra, Wyndham, and indeed all the Kimberley, will look very closely at this Government and the deal it has negotiated, because I believe they will find they have been led right down the garden path.

HON. V. J. FERRY (South-West) [3.35 p.m.]: My comments on this Bill will be brief at this stage. I want to draw the House's attention to the unsatisfactory manner in which this legislation has been brought forward. The Government has brought on a succession of Bills during the session and as far as I can understand this House has accommodated the Government all along the line. I do not know how long we can continue in that way, because there is a long list of Bills on the Notice Paper and members often are not aware of any changes until they come to the Chamber. We are being asked to proceed with the Bill and a number of us have yet to conclude our investigations on the matter.

It seems to me the Government has determined to try to make things awkward and, if anything goes wrong with its legislative programme, despite or because of its ineptitude, it tries to blame this House. The public ought to be aware of that. This House is being blamed for the errors of the Government's own making and its ineptitude, and yet we do not seem to be doing other than what is expected of us as a House of Review.

It is often said by people who do not know better this House is a rubber stamp. The only people who are rubber stamps are members of the Labor Party themselves, because they are unable to change their votes and must toe the party line. I make this contribution as a form of protest in re-

gard to this Bill and another which I suppose we will deal with subsequently unless some change occurs.

Hon. H. W. Gayfer interjected.

Hon. V. J. FERRY: If the Government wants to deal with Bills, I have a few; perhaps it will pay them. We are paying the piper for using our time when we could have been debating other Bills.

The Government is inept in its handling of legislation; it is shuffling its Bills around like a deck of cards. Obviously the Government is made up of gamblers; they like gambling. They legalised two-up in one area and do not allow it to be played in any other part of the State, and they are gambling on this House treating this legislation in the manner in which it always does—in a responsible way. I guess that is the way it will proceed.

I make the point strongly that it is not a "fair go" for members of this House to be expected to contribute as they are capable of doing at relatively short notice and prematurely.

This Bill deals with a change in the conditions under which the venture will operate. It is proposed not to proceed with a special town near the mine site. I am very mindful as a member representing the south-west corner of this State that in previous years when the Labor Party was out of office it roundly criticised the Government of the day for its development of the north and the north-west. It made a great cry of "do something for country people"; yet that decentralisation was roundly criticised by Labor members of this Parliament and Labor supporters. They were so upset there was a suggestion that, when they got into office, they would appoint a Minister for the south-west. That is a proposition I never subscribed to, but Labor members were desperate to show that they wanted to do something for the rest of the State when so much was happening in the north and north-west.

Of course, that development should have been taking place. Our resources there needed developing, and were crying out for development to the benefit of the State. Members of the Labor Party were decrying that attitude. Now the reverse applies.

The Labor Party is in Government and I cannot understand the attitude of members from that particular region in not fighting tooth and nail publicly to support the people of their area. Other speakers have pointed out that any development there will assist existing development and strengthen the present communities. If the Government wishes to withdraw that sort of support from the north, let it say so publicly.

It all depends on people; that is what it is all about. We hear many self-righteous people say, "We are here to stand up for people". They certainly do not seem to be standing up for the people of the north right now.

It will be argued by the Government that this is a good deal for Western Australia as a whole. Well, history will prove whether that is right. Commercial ventures have a habit of appearing to prosper for a while. Certainly I wish this one well—I hope it succeeds. However, having some sort of commercial background I know it has pitfalls. The business community knows this also. Throughout the world it is well known that there are pitfalls in resource development. It could well be, in the fullness of time, we find that the State is committed to something from which it will find it extremely difficult to extract itself. We may wish to opt out of this venture in the future.

I hope the project does succeed, but the Government is meddling in a private enterprise area. Private enterprise takes the risk and the raps and the Government of the day reaps the rewards one way or another, through taxes, royalties, or strengthening communities, and, in that way, there is a minimum of risk to the people of the State. It seems to me that this Government is embarking on a very dangerous principle indeed and it may prejudice some projects which could otherwise benefit the State in the long term.

I understand the proposals before the House. There is another measure associated with this Bill, but I will deal with the one presently before us. There is every reason to suspect that the Government will use this legislation as a vehicle to enter into other resource developments. In fact, I believe the Government has said that. It is a very dangerous principle indeed.

It is fine and dandy to reap the harvest when the crop is grown but people in agriculture know that they only need a few bad seasons and they are behind the eight ball. That can happen very rapidly in resource development. The market for the product flowing from the resource development can decrease. This can happen through no fault of anyone in Australia, because we are caught up in a world market. Such things can happen overnight and the Government of the day is placed at risk. The Government of the day is only a trustee for the people of Western Australia. I have very grave reservations about the wisdom of what the Government is doing. It will have to come up with some fairly good answers to convince me that what it proposes is in the best interests of Western Australia.

**HON. N. F. MOORE** (Lower North) [3.43 p.m.]: For the second time in two days this Government has dished up some legislation to try to implement its socialist policies. First of all we had the Government buying insurance companies and we now have the Government buying mining companies. If the Government is looking to make money, I suggest that these two fields are not necessarily the correct ones to be in. Members know that mining is one of the most risky businesses that exist. The amount of risk capital invested in Australia by mining companies is enormous—the returns while occasionally very good are generally very poor.

I notice that the Government is not buying into an exploration company at the present time, although Northern Mining Corporation NL, as part of its activities, does undertake some exploration. However, in this case, the Government has bought into a company which has found the bonanza, so to that extent, anyway, it is reducing the risk. The deposit has been found already. However, I will be interested to see whether the Government will buy into a company which takes the risks which all mining companies take. I trust that the Government will not do this, because it is risking taxpayers' money, and that is something which is not its business.

The mining industry has been responsible for a great deal of the decentralisation of Western Australia. If we go outside the agricultural areas, apart from the scattered pastoral stations, the only towns in existence are there as a result of mining activities.

When I first looked at this Bill I investigated the platform of the Labor Party on the question of decentralisation. If members look at the ALP State Platform they will find there is no mention of decentralisation. There is no mention of decentralisation in the Federal ALP platform, either. The State ALP election policy for 1983 contains a chapter about regionalism or regional development, but nowhere is the word "decentralisation" mentioned.

It appears to me that if we look closely at the ALP State electoral policy, the only effort towards decentralisation is to develop "Bunbury 2000". Maybe that is what the Labor Party means by "decentralisation"! Perhaps its idea is to move some people from the metropolitan area to Bunbury, develop Bunbury as a second regional city, and ignore the rest of Western Australia, because this Bill ratifies an agreement which will stop the development of a town in the Kimberley.

**Hon. Peter Dowding:** A small town.

**Hon. N. F. MOORE:** It does not matter how big it is.

**Hon. Peter Dowding:** It would be 150 kilometres from another town.

**Hon. N. F. MOORE:** Is the Minister suggesting there is something wrong with that?

**Hon. Peter Dowding:** I am suggesting it is a spreading of infrastructure and that it will create problems.

**Hon. N. F. MOORE:** But it will not create jobs. Less money will be spent and towns and the remote areas will be affected.

**Hon. Peter Dowding:** They will have to go to Kununurra.

**Hon. N. F. MOORE:** I represent an electorate similar to the electorate which is referred to in this Bill. All the time I am asking for somebody to build towns in my electorate because what the region needs is towns. Once we have the towns, then we will have the people.

*Sitting suspended from 3.46 to 4.00 p.m.*

**Hon. N. F. MOORE:** Prior to the adjournment I was talking about my electorate and comparing it with the North Province, which contains the area to which this Bill relates. I was suggesting that in areas such as my own electorate where very few people currently live, I would encourage companies to build towns, because when we build towns we bring people into sparsely populated areas, and those people create a new environment and bring much needed populations into remote and sparsely populated areas.

The Yeelirrie uranium deposit is one example of where we are pushing and have been pushing for many years to get a new town built because of the tremendous effect and benefit it would bring to the region of the north-eastern goldfields by having a town of a couple of thousand people established in the area.

The same would apply to the Kimberley if a town were to be built for the Argyle diamond project. It is interesting that the sort of attitude I have towards the development of my province is not shared by the members representing the Kimberley. I am looking forward to hearing the Hon. Tom Stephens, when he makes his speech on the subject, tell us why there should not be a town built in his province. I understand the Minister for Mines (Hon. Peter Dowding) would not be expected to speak on this because the Bill is being handled by another Minister, but if Mr Dowding, as is his wont sometimes, decides to make a speech on the Bill, he might also explain to the House why he believes no town should be built in his province.

It is interesting to look at the Minister's second reading speech to see the reasons the Government gives that no town should be built. The first reason relates to the delay in the project of 12 to 18 months, and I suppose that could be a reasonable explanation, although I suggest the work force could still be flown in and out while the town was being built. Perhaps there would be no delay to the project during the period the town was being constructed because the work force would be living in the same sort of accommodation as will be provided under this Bill.

The Minister spoke about an adverse environmental impact, but most towns being created by mining companies in remote areas these days certainly have no adverse impact; in most cases they have a beneficial impact because of the planting of trees and the general improvement of the area. We need only consider a place like Leinster to see a town which, in my judgment, has improved the environment.

Another reason for not building the town was given as the disruption of the local Aboriginal communities. I do not know just how close to a proposed townsite any Aboriginal community lives, although I did ask a question of the Minister the other day and he advised that the Aboriginal people living in the surrounding communities are the Woolah, Mandangala, Warmun, and Guda Guda communities. He suggested I should read the ERMP report which relates to this matter. I accept that there may be communities who could be disadvantaged, although my Leader said earlier today that to the best of his knowledge no Aboriginal communities were in the immediate area where the town would be built.

The next reason given was that the building of a town would create industrial relations problems and social problems involved with company towns. I admit, as we said the other night, that there are many industrial relations problems in the Pilbara towns, but I also said that there are no industrial relations problems in some of the north-eastern goldfields mining towns. It is not axiomatic that the building of a company town in the Kimberley will have the result of industrial problems, because this does not apply to every mining or company town. Tom Price is a town going through normalisation, yet it has industrial relations problems. Leinster is a company town with no industrial trouble.

The Government cannot say that by building a company town in the Kimberley we will automatically experience industrial relations problems. I suggest that industrial relations problems relate more to the policies adopted by the

companies and by the unions than to the fact that people are living in a company town.

Social problems were given as another reason for not building a company town. The people who are to work on the Argyle diamond mine, under this legislation, presumably will live in Perth. But there are plenty of social problems in Perth, some suburbs having worse social problems than others. The point is that by not building a town the Government will not reduce social problems experienced by workers on that project. The Government may well ease some social problems by building a town in the Kimberley. People living in small country towns tend to have fewer social problems than people living in cities. That is a value judgment, but having lived in both I suggest that on average there are fewer social problems in small country towns than there are in the bigger cities. For this to be given as a reason for not building the town is a poor and unconvincing argument.

The Government talks about a considerable cost to the joint venturers—well, there is a considerable cost to the joint venturers in the whole deal. The only area I see which will benefit from this Bill—I am not talking about the total deal involving Northern Mining Corporation NL, but simply about the decision not to build a town—will be the metropolitan area, because the people will be living down here, although in the overall context of the population of the metropolitan area the Bill will make no impact at all.

The airlines which will ferry workers backwards and forwards will have an additional several hundred paying passengers a week as a benefit. Apart from that I cannot think of any other benefits to be derived from this legislation.

As I have already pointed out, I can think of a lot of reasons to suggest the town should go ahead, and one reason is the desirability of decentralisation in Western Australia. There is no point in talking about decentralisation as the Labor Party often does, when it says it is in favour of decentralisation. When it has the opportunity to do something about it—remembering that decentralisation means building towns and having people living in country areas—it makes sure it does not happen and it comes to Parliament to tell us we should pass legislation to prevent decentralisation taking place. It is clear that what the ALP means by decentralisation is "Bunbury 2000"—let us have two metropolitan areas instead of one. That is decentralisation Labor Party style. It is certainly not decentralisation my style or, I trust, Liberal Party style.

During the great period of mineral development in Western Australia over the last 20 years, we have seen an enormous amount of decentralisation take place, because mining companies have built towns in areas where people would otherwise not live. Some of these towns are quite magnificent, and the Hon. Ian Medcalf mentioned Dampier, Karratha, Tom Price, Newman, Leinster, Teutonic Bore, Mt. Magnet now that it has been redeveloped, and Laverton. All these towns depend on mining and they are magnificent towns providing excellent facilities for the people there. Nowadays people are staying longer, and apart from some industrial problems in the Pilbara, people are more and more content these days and generally relating better to the environment in which they are living.

I suggest we should try to continue this practice of encouraging companies to build towns in remote areas, and not bring forward legislation to prevent them doing that. I conclude by referring to a question I asked on Thursday, 20 October 1983 about an article in *The West Australian* of 12 October 1983, which said—

The WA Government is to set up a social impact and assessment group to protect Aboriginal interests in the development of the Argyle diamond project.

I asked the following questions—

Will the Minister advise—

(1) Who is to be appointed to this group?

The answer was—

No final decision has yet been reached.

The next question was—

(2) Which Aboriginal communities will benefit from the reported expenditure of \$5 million over the next five years?

The answer was—

That is the subject of discussion with the Aboriginal community concerned.

Instead of answering my question, the Minister said it was the subject of discussions with the Aboriginal community! My next question was—

(3) What is it proposed to do with the initial expenditure of \$1 million?

The answer was—

That has not yet been decided.

If the Government has decided to spend \$1 million and is prepared to put that information in the Press, and then in answer to a question to say it has not decided what it is going to do, I suggest there is something very wrong with its accounting procedures. I then asked—

(4) Who are the traditional residents who will be disturbed by mining activities at Smoke Creek?

I raise this matter in this debate because of the inadequacy of the answers received. The Government is talking about spending \$6 million and, I understand, the company will be putting in a like amount—it may be \$6 million together or half from the Government and half from the company, or it may be \$6 million from the Government and \$5 million from the company—whatever it is, a significant amount of money will be spent to protect Aboriginal interests in the development of the Argyle diamond project.

I wonder why it is necessary to spend \$6 million over five years to protect Aboriginal interests in the vicinity of the Argyle diamond mine, when the people of that area will not have a town built in their midst. We will find people working on the mine site who will fly into that area every week or fortnight and minimum infrastructure will be associated with the operation; the mine itself covers relatively a very small area; and yet the Government says it will spend \$6 million protecting Aboriginal interests. However, when I asked what it was going to do with the \$6 million, it could not or would not tell me. Perhaps when the Minister responds to the second reading debate, he will tell me what the Government intends to do with that money, what it is for, which Aboriginal communities will benefit, and who will be protected under this proposal, because we are talking about a lot of money. What will it be used for?

Will it be used for compensation? If so, I suppose the Government is making decisions prior to receiving Mr Seaman's report on the whole question of land rights and compensation for mining activity. I am sure the Minister will give me a much better answer than has the Minister for Aboriginal Affairs, whose answers are always facetious, sound like a speech and generally do not contain information requested in the questions.

I am not suggesting we should reject this legislation. I have other thoughts about the second Bill, the real socialist one, in relation to the mining industry. It is an agreement Bill that we are being asked to pass, which will stop a town being built in the north, and the associated benefits that accrue from the construction of a town, the employment of the builders and suppliers of building equipment and all the other things associated with building towns such as roads and airports—

Hon. P. G. Pandal: Sell out the Kimberley!

Hon. N. F. MOORE: All these things provide enormous economic benefits when building a town. The Government has taken a handful of money and has tied itself onto private enterprise, and I suggest this State will not benefit anywhere near as much as the Government suggests it will.

HON. H. W. GAYFER (Central) [4.15 p.m.]: When I turned 21 years of age, my father said to me—

Hon. J. M. Berinson: Here is the key to the door!

Hon. H. W. GAYFER: Not exactly. He was very reluctant to go that far, but he said, "There are three things, my boy, I want you to remember all your life. The first is, never ever enter into a fight between a man and his wife". I thought that was pretty sound philosophy from a man who did not marry until he was 51 years old. The second was, "Never bet on a racehorse". Today I was prevented from doing that by being called back from Beverley because the House was to deal with an important item, No. 1 on the Notice Paper; and I am very thrilled, I do not think, to find that we are now on item No. 19 or No. 20, or somewhere right down the list!

The third thing my daddy said to me was, "Never buy a mining share or have anything to do with mining, because they are all rotten". That would be pretty right because he came over to Western Australia in 1895 during the gold rush and he had a little bit to do with it. As a matter of fact, he held Miner's Right No. 15 from the Hampton Plains mining company.

Hon. D. K. Dans: He had Miner's Right No. 15?

Hon. H. W. GAYFER: It does not matter. I began to think over the years that I perhaps could have listened a bit harder to him. At least I do not have a mining share of any description, although I have one \$2 share in Co-operative Bulk Handling Ltd. That is the only share I have. I think certainly the way mining shares are going, and certainly from the enthusiasm that seems to have gone into hoodwinking the Government in this case, the Government should have listened to my father years ago. I am frightened the Government will get its fingers burnt.

Now it is true, right throughout the State at the present moment—at least among those who have bothered to read—that people believe that the Labor Party has pulled what might be called a financial coup or a great business coup. The Labor Party did not do it itself, nor did its Ministers and members of Parliament; it was done by its advisers, some of whom—and I want to place this on the record—are sitting in the Chamber at

the present moment, and I believe they should advise the Government further on what may appear to some to be a very good business venture. I view the arrangement with a great deal of suspicion because nothing has been proven. All that is happening here is that this Government is gambling on the future of a mining enterprise and mining shares. Some people from the de Bernales era have got loungerooms still wallpapered with them.

Hon. Neil Oliver: And in the bottom drawers.

Hon. H. W. GAYFER: Yes, in the bottom drawers. This is the type of thing this Government is gambling with. It has sold the foundations of its house; it has mortgaged its soul virtually in order to buy some mining shares. This is exactly what has happened. An agreement was made that a town be built, and that agreement was made to show Western Australia that the Liberal Party and the Liberal Government would not turn their backs on decentralisation. I sat in the Assembly for years and watched Bill after Bill being presented by a Government of which I was a member—Bills that passed through this House and were ratified—that brought people into every corner of Western Australia; yet we were accused at the time of not being interested in decentralisation.

Mr Medcalf will remember the call. We went to the hustings twice on the fact that we were not at all interested nor were we doing anything about decentralisation. An agreement was almost signed for a joint venture in the north saying that a country town would be built when the Ashton mining venture proceeded.

This is what is surmised will happen. If ever we needed people and population, we need it exactly where this area is; but no, the Government has traded its soul, it traded the whole idea for a few mining shares in a venture that may be worthless, and the shares may go up and down like a yoyo before many years have passed. This is what the Government has done. We have a classic example of the very thing that country people are worried about; that is, the lack of this Government's interest in anything beyond the hills. We are going to fly people to the diamond mine and bring them back on a Cook's tour every fortnight so that they can go into this area to do whatever they have to do. In other words, these people will not have the inclination to do anything that is done by people who are permanently in the country areas. There will be nobody of any permanence up there to promote the area, to improve it, to do anything at all. The people will only look forward to the day that Ansett Airlines, TAA, North-west Airlines, "Mickey Mouse Airlines",

or whatever will pick them up and bring them back again. That is all they will look forward to.

I am amazed that country areas which in the first instance thought there might be a little skill in getting the State Government into the mining venture will soon, if they look carefully at it, find out that it is the most retrograde step in the expansion of Western Australia that could ever be taken. This is an area that is 250 miles from Djakarta, where we want people. We are clamouring to get people to settle in Kununurra. We are looking for reasons and excuses in respect of agriculture to get people into the north.

Here we have a golden opportunity, and what do we do? We are flying them out of the north. This is crazy—it would never happen anywhere else in the world. It is all happening because a few advisers from the university and around the place have dangled a few mining shares in front of the Government.

The advisers should not laugh at what is said in this Chamber. Remember that it is by permission of this House that they are in this place.

This is a serious matter. I can almost claim this to be akin to a bribe: "Oh yes, our enterprise is good. We're going to give you \$50 million—don't make us build this town for God's sake. We're going to give you shares—our enterprise is good". If I were a businessman and someone came along to me and dangled mining shares in front of me—something which my daddy warned me about many years ago—I would look at them with suspicion. We are legislating against bottom-of-the-harbour deals, and here we have virtually a proposition in which somebody is trading off a promise that was made with a capital gain, and the capital gain is \$50 million straightaway.

If I were to do something like this, I would be taxed for at least half of that amount of \$50 million before I started. There would be something suspect about it—members could bet their bottom dollar somebody would be around to say "Look, you cannot pick up \$50 million on a myth, you cannot do it". But no, the Government is going to do it. It is not getting \$50 million—all it is getting is a pile of scrip, worthless scrip. Women advisers especially would see the diamonds dangling. They would say, "Oh, there's money in diamonds; I'm a diamond girl—I love them". But I am told that diamonds from this area will certainly have to earn their place in the world market. They will come from a diamond pipe—they are a pipe dream!

This is what we are doing when we could have had something in bricks and mortar—something for the future up there. A town that could de-

velop, a town that, if there is any future in this mining project, must have a future; and if there is no future in the mining project, what the hell is the good of \$50 million worth of shares? The Government has got nothing. So that argument that when the mining venture fails the town will be no good, is not sound.

If the Government supports the argument that it might as well commute the workers back to Perth, where will the Government's share in the mines be then? No, while this may have appeared to be a popular and wise move a couple of months ago, I think gradually we are starting to look at it with a bit of suspicion. I do not believe that anybody beyond the hills believes that the best way to live in Western Australia is to commute to the metropolitan area. I do not believe any of us is amused at that sort of confidence in the country areas. I do not believe any of us thinks that the north will be populated and promoted in the eyes of the world, if the Western Australian Government adopts the attitude of centralising in a place in the southern areas. I do not believe it does anything for a Government of this colour to turn its back on industrial relations and say, "They are too difficult in a mining town; we cannot handle that. Don't build the mining town; bring it down here and absorb them with the city people and they can sort themselves out".

If that is the attitude that is being adopted, it is an absolute disgrace. It is a disgrace if a Government of this colour believes it cannot handle the conditions in a mining town. I cannot understand the logic behind it. I thought it was all achieved; I thought the whole thing was there—a document had been virtually signed that was going to give us another town in the north-west. North-west towns have produced great people—towns like Dampier and Karratha—towns that have produced parliamentarians like the Hon. Peter Dowding and the Hon. Tom Stephens, and other great people in the history of Western Australia. As there will be no town, there can be no people.

Instead of that, we are giving the place away. If the Hon. Tom Stephens and the Hon. Peter Dowding have their interests in the north, what have they done about this?

Hon. P. G. Pental: Nothing.

Hon. H. W. GAYFER: What have they done to represent the area for which they are elected by the people?

It would be criminal if I were to go home to my electorate and say to the people of Southern Cross, "Look, we are getting rid of your town because it is too hard to run. Mining has had it, we

are getting rid of it and you can commute down to Perth on the *Prospector* once a fortnight". That is what is on; that is what this means. As far as I am concerned, it is the most stupid piece of legislation I have ever seen. Where else would it happen? It would not even happen in Siberia. The people there do not commute back and forth to Moscow—they are left there. In Western Australia people and everything else are to become cyphers, just as though it is all a computation. Somebody has a whole rosy world in front of him, with high ideals and no purpose. I believe really the initiative of the State and statesmanship have been sold down the drain. I wonder what Lord Forrest would think now if instead of populating the State we commuted people back into the metropolitan area.

Hon. A. A. Lewis: Mr Dowding and Mr Stephens do it so they think it is normal.

Hon. H. W. GAYFER: It does not matter what they think; this place should be bigger than they are. Two men should not have the power to sell their part of the State down the drain, or down the gurgler, as somebody said a while ago.

I am quite amazed that this type of Bill, with the backing of professorial academic influence from outside, from people who are learning business acumen through the stages of commerce, and what-have-you—should be said to be in the best interests of the expansion of Western Australia. There is no expansion in this move. I believe it is one of the most horrific moves that has ever happened in this State. We have a golden chance to have another Dampier or Karratha; at least to have a decent town in the north with more people living there, with kids going to school, with things happening in the north. By living there, people would learn to understand the north and to live in those conditions.

However, the whole lot has gone down the drain and people will commute to Perth once every fortnight. God knows what will happen if ever there is an aeroplane crash and something happens to a planeload of people coming down for their week's break. The Government will be called irresponsible for forcing people to do this, and it will be irresponsible.

It only needs one decent sort of a problem like that and the whole weight of public opinion will be against the Government. But I believe public opinion will be against this Bill before even we get to that stage. God help us—I hope that will never happen. It is terrible to think that the whole of the north will be deprived of this magnificent opportunity, this once-in-a-lifetime opportunity which

was available, but has been sold down the drain—it has absolutely gone down the gurgler.

We will most likely support the Bill; after all, the agreement is signed. It is one of those signed agreements that comes before us to be ratified. Frank Wise wanted that situation to be altered, and we could refer to Herbie Graham's and Arthur Bickerton's speeches. We could tote them up. One speech I was looking at was made in 1939; but this Bill does not need that sort of research; it is so absolutely apparent that the wrong thing is being done. I do not know if the idea that money may come out of a hole in the ground and may give the State some advantage somewhere is what has got the people blinded.

The greatest thing that ever would come out of that hole in the ground would be homes, people, future, kids, and understanding. That is the best thing that could happen. Money is not everything. I am a farmer from out in the bush, and a fourth or fifth generation farmer. We never sell our land; we know our land and we want to live out there and absolutely understand the conditions, and we will fight for that. The Government wants a bit more of that up in the north. It should not be taken away. I think the original advisers were Laurie Connell and Bob Maumill—

Hon. D. K. Dans: Please don't—

Hon. H. W. GAYFER: I am not going to drag up anything that might hurt the Minister.

Hon. D. K. Dans: I do not think Mr Maumill was there.

Hon. H. W. GAYFER: Was he not? Well, if it was not Bob Maumill, it was Connell and Maumill—I am sure that was the name. I am trying to work back into my filing cabinet which is planted very squarely on my shoulders. I am wondering indeed if it was the good advice of these people which led to this Bill. If one considers the subsequent history and sees where those advisers accidentally nearly fell into, one understands possibly this is another harum-scarum idea, because there is something radically wrong with it. These are pipe dreams, absolute pipe dreams; the sort of things that mines were made out of years ago; the sort of thing that caused a gold rush from the Eastern States in 1895. In this case we are doing a different thing. We are holding up our hands and saying, "Oh, no, it is very exciting, but we are not going to let you live up there. No way. You shall live in the city. We will give you a pass to get on an aeroplane, you will fly up there; there will be a compound around the place. Everybody will be examined when they go in; everybody will be examined when they come out

of the compound, then they will fly back to Perth".

This area will have a great future. This will be an area of no purpose. There will be no town, so there will be no purpose. We should be fighting every inch of the way to put this thing out, and get back to the principle that people make places. We need people in the most sparsely populated area in the world. The Government spends \$90 million, \$100 million, or \$200 million on dams and irrigation fields that are becoming very difficult to tame. Yet here we have a golden opportunity to run, parallel with agriculture, a good venture. If mining has agriculture somewhere in the vicinity, then it will succeed anywhere.

I think there is something radically wrong, with this situation. This is a popular move. One could go out and win a vote on this anywhere at all at present. I am not denying that; but what about the smart person who walked in and bought mining shares at 15c—say, Poseidon—and pushed them up to \$200, and then was left with a bit of wallpaper? Who was the smart person there? The same thing could well happen in this enterprise.

No, my daddy was so right when he said, "Don't buy mining shares", and I believe if he were around now he could tell the Government a thing or two about putting its faith in mining companies.

Mr President, I do not like the damned Bill, I will tell you that. It is not doing anything for Western Australia or Western Australians, and to me it does not look as though it was even designed by a Western Australian who believes in the future of Western Australia.

**HON. P. H. WELLS** (North Metropolitan) [4.38 p.m.]: I compliment the Government on the way its public relations people have handled this matter. I hope that the Government will turn its attention towards ensuring that information is given to members of Parliament with the same degree of enthusiasm and drive demonstrated in this area.

Had I been a member of one of the boards mentioned in the Bill—for example, New Broken Hill Consolidated Limited, the Zinc Corporation Limited, Ashton Mining Limited or Tanaust Proprietary Limited—almost certainly I would have received more information than I have. Yet, I am expected to make a decision on this matter. It might be said that that is reasonable, because these companies have an investment. However, if I am to understand the deal about which we are speaking, it is in the order of \$50 million.

I gather the Government thinks the \$50 million is good enough to spend. The paper on which the

Bill has been Rank Xeroxed is probably worth \$1 or \$2. That is regarded as good enough information to dish out to members of Parliament, and on that we are expected to make a decision about the expenditure of \$50 million.

On the occasion when we were required to make a decision in terms of the gas in the north, I remember going down, in the company of members of the Government and the Opposition, to the department where the officers gave us a fair amount of information. That enabled members on both sides of the House to ask questions. I suggest to the Attorney that that type of approach could have been taken on this occasion. We are moving into areas in which members do not necessarily know the intricacies of the situation, but we need to make a decision. The fairer approach would be to give us a briefing so that we would be in a better position to make a decision. On the surface, it seems that the Government has arrived at various concessions that the company regards as attractive; but we are not in a position to know.

This legislation was introduced in another place, and we are required to debate it without the benefit of the *Hansard* report of the debate in that place. All we have is the second reading speech providing the details of the Bill, and the information we can obtain from the Clerks. If we did not have the second reading speech and we did not take some time to contact various people, we would have to make a decision with pretty flimsy information.

We are asked to make a decision about \$50 million, and that decision is one of great magnitude. I gather that if we vote against this legislation, we are saying that we do not want the Government to spend the \$50 million.

I have some questions that I need answered. It appears from the schedule that in January 1986, the \$50 million will be partly offset by \$4 million of royalties. In 1987, it will be \$6.5 million; in 1988, \$7.5 million; in 1989, \$8 million; in 1990, \$6 million; in 1991, \$6 million; in 1992, \$8 million; and in 1993, \$4 million. Over the decade, the \$50 million will be offset against expected earnings. That is the sort of situation in relation to which we need to sit around with the people who know about these things, and ask a number of questions.

A question was raised earlier in the debate about the centralisation of facilities. Mines are rarely developed where towns are situated. The history of mining indicates that mines have played a major role in the development of the west. They have led to the construction of houses and towns; they have led to the provision of transport and

schools. In fact, I doubt that the massive water scheme would have gone ahead if goldmining had not been so important in Kalgoorlie. When one considers the great developments in this State, one finds that even after various mining ventures have closed, a fair amount of development remains.

If we decide that the development for this project is to be centralised in the metropolitan area, that will mean we will not have the development of towns in the north. That is a major decision to make. Such a decision is finely balanced. We have to make a decision on this \$50 million; we have to decide whether it will be spent in the north or in the metropolitan area. If it is not spent in country areas, they will be deprived of development. The people in the country areas could well say that the city dwellers are being selfish; they want to put their hands on the biggest part of the \$50 million and deprive the country area of the development.

Although some towns that have been developed have become ghost towns, many towns have continued in existence for 25 or 30 years. I well remember that some 25 to 30 years ago I went to Norseman and took a job in the mining industry. The mine at which I worked, the Royal, at that time had an expected life of three years. I worked for the company for a decade, and the mine was still going then, and in fact had three years to go. Today, it is still turning out almost the greatest amount of gold in this State, and it has three years to go! Because of the mines at Norseman, a town of 3 000 people exists on the edge of the Nullarbor, in an area that very few people want to visit.

We have small towns such as that all over the country areas of our State. That is because people have had a vision, and rather than centralising the development, they have felt it better to develop the whole of the west, rather than one particular area.

In these days of sophisticated medical equipment and air travel, one could say that rather than the Federal Government's providing money for extra hospitals in the country areas, we should only develop hospitals in the towns and arrange for sick people to be flown to the city when they need assistance. Some people would agree that the spending of the capital in the city is a good idea.

Hon. P. G. Pandal: Have you noticed that none of the northern people on the Government side has been allowed to speak out?

Hon. P. H. WELLS: We have noticed the caucusing of members on the Government side. The only time they tend to talk is when they interject on other speeches. I gather they are

spending much time in their own areas, with their advisers.

Mining has made a major contribution to this State. Sometimes we tend to sell the industry down the drain. It is all very well for the Government to say, "Look, the venturers want this Bill. They will save \$20 million". I have read about that in the newspaper. The interesting thing is that as a member of Parliament I read most about what is going on in the State in the newspapers. It amazes me that under our system, Ministers only let members of Parliament know what is going on when they bring Bills before the Parliament. They decide that is when they will communicate with members. Rarely do Ministers have the courtesy to send any information down the line.

It may well be a good idea to consider that suggestion, because it could assist debate in some of these areas. If the questions of members are answered prior to debate, they would not need to be raised when discussing the Bill in the House.

I have many questions in my mind about this Bill. It is sad those questions are there, because I do not want to think ill of anyone. However, one always tries to get the best for oneself in any type of deal. I gather the Government had the trump card in this case. It was saying to the company, "The O'Connor Government made an allowance for you to build the town. Build it". Someone came forth—I do not know who—with the deal that the town would not be built and \$50 million would be paid. It has been suggested—had it not been suggested it would have to be admitted—that the Government had the power to make the situation difficult for the company and the company would have had to meet a range of requirements in this respect. I do not know whether the Government used undue pressure to arrive at that decision. The Government makes the laws and arranges these deals, so it is in a very special position.

We can perhaps persuade Mr Tonkin to investigate problems which arise in regard to normal sales transactions, but I do not know whether it would be any good to ask him to investigate this deal! The Department of Consumer Affairs can examine any other agreement, but in respect of this agreement, it is unable to say whether, at all levels, the Government has acted in the best interests of the State in the short term by obtaining the best deal for Western Australia—I suspect it has—or in the best interests of this State in the future. Although it is correct to say that we mortgage our future in many ways—we mortgage our future in the development of dams to provide water for the State—in this case we appear to be mortgaging future royalties and saying,

"A bird in the hand is worth two in the bush". In other words, the Government is saying that it is better to take the \$50 million today, but it may well prove to be wrong.

In order that members may understand the concepts involved in this issue, it may be a good idea for departmental officers to provide a briefing paper. I do not believe such a paper would be very costly and certainly it could contain the minimum information provided to departmental directors to enable them to make decisions. If that were too much of a problem, the Minister could have considered the stand which has been taken already on a number of occasions and could have invited members of Parliament to be briefed by departmental officers. If the Government is not prepared to do that it leads one to the conclusion that it has something to hide and it may well try to manipulate things. The manner in which Bills come forward leads me to believe the Government may have something to hide from the Parliament. The Parliament has sat for only five days since this Bill was introduced. We have had only four week days in which to study its implications. During that time we have had to consider a great deal of other business.

Given the legislative programme and the Government's desire to pass the Bill with all haste, it would seem to be reasonable, in the interests of the Government's own backbench members and of Opposition members that the Government should at some convenient time provide for the adequate briefing of members, not only on this Bill, but also on other legislation which comes before the House. It is sad that the Government did not do that. I suggest the Government consider adopting that approach in relation to Bills of this nature in the future.

**HON. G. C. MacKINNON** (South-West)(4.55 p.m.): The idea of not building a town is not new. A number of companies have put forward this suggestion and it has been considered seriously on many occasions. In the heyday of agreements during the 1960s I was Minister for Health and it was my pleasure to be involved in a number of such discussions because the first building to be constructed in any location is the hospital. One is always involved in getting a hospital of some sort situated on the site in the early stages of construction.

Frequently the commuting proposal was put forward. It has real advantages to the company concerned. Those advantages are obvious, so I do not need to elaborate on them. In the days when there was insufficient money in the kitty to build the infrastructure, the company, of course, was responsible for it. Construction work in remote lo-

cations outside the metropolitan area is expensive, as most members would be aware.

There are two new aspects to the present proposal: One is the fact that the proposition has been accepted and paid for, and the other is that the local members have not explained its effect on their electorate. I am very surprised at that aspect of the situation. I remember a time when six members of this Chamber represented electorates which impinged on Kalgoorlie. We were always terrified when anything came up about Kalgoorlie, because we always had six speeches on it. I am referring to the days when Bert Hawke was the Premier. In those days we had quite a deal to do with Kalgoorlie and the surrounding area and a member who represented that region would never let an opportunity to speak go past.

**Hon. J. M. Brown:** What do you think happened when we debated the Stock (Brands and Movement) Bill?

**Hon. G. C. MacKINNON:** Everybody spoke on it.

**Hon. J. M. Brown:** Every country member spoke on that matter. Of course they did.

**Hon. G. C. MacKINNON:** Perhaps the Hon. Jim Brown will tell us how so much pressure has been brought to bear that Tom Stephens, who has sought publicity in other directions with some effect, has been persuaded that he should not say anything with regard to this matter. I would imagine the Kununurra newspaper, if there is one, would gladly print anything he might say. The same would probably apply to the Hon. Peter Dowding. If there is no Kununurra newspaper or news sheet, I am sure the northern supplement of *The West Australian* would print their comments.

As I understand it, the town probably most favoured is Kununurra. The Government has a considerable stake in that town in the way of hospitals, schools, and all sorts of other facilities. It has ample water, and it is a pleasant town in which to live. It has very good facilities. However, I do not want to elaborate on the joys of Kununurra; I do not get a vote from that area. I want to point out we have two members in this Chamber successfully getting votes out of it. I must admit, to my absolute alarm, it appears that members of Parliament have such great assurance in their personal positions that they can afford to let such an opportunity go by without taking advantage of it. That sort of conceit is begging to take a tumble. While Mr Dowding gets adequate media coverage, Mr Stephens really ought to do something about this. We have not heard a great deal about him, except on one occasion. We have heard from him on only one occasion about a

matter which members would clearly understand I am reticent to mention.

Hon. J. M. Brown: When you raised a point of order, I take it!

Hon. G. C. MacKINNON: The Hon. Tom Stephens is a man who seeks notoriety by dressing in a way the Labor Party members dressed seven or eight years ago until they were booted into gear. He comes into this place with labels on him. I am arranging for a friend who is a signwriter to have an advertising board built for me so that I can display signs on my back and front. Someone will probably raise a point of order against those signs, and I will point out that the Hon. Tom Stephens comes into this place with badges that anyone can read from one end of the room to the other.

In this debate we want to hear something from him about the reason that a town will not be built adjacent to Kununurra to service the diamond project. We have not heard a word out of him about the town, and we are entitled, therefore, to have a few suspicions about the situation. Mr Brown talked about a totally different situation when he referred to the sort of notoriety-seeking the Hon. Tom Stephens has been involved in, which does not help him one little bit. We should hear a few words from the Hon. Tom Stephens and the Hon. Peter Dowding about the area from which they obtain their votes.

Mr Wise, Mr Strickland, and Mr Willesee from the Labor side, and Mr Withers from the Liberal side, would let us know about anything that happened in their area. They would give us the local input, which was extremely vital.

We ought to be told about the local effects. It is all very well for the newspapers to write about what a brilliant financial deal it is. I understand that the brains behind the deal—those of the principal adviser—belonged to Mr Laurie Connell. Perhaps Mr Berinson will be able to explain I am quite wrong about that, but whether or not I am wrong, a great deal has been written in the Press about the deal.

Surely this Bill relates to people; it does not relate just to diamonds or profitability. I want to hear from the local members about the local effects and the local activities that would have taken place but now will not. I am upset that I have not heard about those things.

It is a while since I have been in that area. I am not now familiar with it, but I still know a number of people who have resided there for a long time. Where the town should be built I do not know. I am sure Mr Stephens could tell us, and if not, Mr Dowding could tell us. I have been

surprised that Mr Dowding has been so rapid to deliver speeches to help Mr Dans over some odd difficulties he has run into now and again—or Mr Dowding has thought Mr Dans has run into—but on a matter like this I would expect Mr Dowding to inform us about the local situation. However, he has been reticent to the ultimate degree. He will not even tell us what the local people think about the deal. Surely he could tell us what the local doctors think about it. Do they feel there will be enough hospital facilities? Perhaps that is one reason the town should not be built in the area. If it were, the kids presently at school in that area would obtain better education as a result of more children attending the school. These sorts of things should be elaborated by the local members. As members of Parliament we are entitled to know about them. The people in that area ought to be told that we in this place have not been given any input about the local situation.

We all know we can do nothing about this Bill. The agreement has been signed, despite all the talk from the Labor Party about our signing agreements when we were in Government. We can do nothing to amend the agreement—the Bill is a token effort. However, the Government has an obligation to give us local input. It has two people capable of doing that, who should be made to do that, not made to keep quiet.

HON. NEIL OLIVER (West) [5.07 p.m.]: I will have to be brief because I have been waiting on replies to a number of letters I sent to people in the Kimberley, letters which relate to this legislation, but time has not enabled replies.

Where do we stand on this issue, and why will the establishment of the town not proceed? Later I will put this question to the Minister along with many other questions. I have to put them during the Committee stage because I will need to know the answers before we go ahead with the next item on the Notice Paper, which is a Bill almost consequential to this. I want to be guided as to how I should approach the next Bill.

I bring to the attention of the Government the mode of operation of members of this House who are not of the Government's political persuasion. If a member opposite desires to make a contribution to a debate he is not obliged to advise the Opposition Whip of his intention. However, as a token of respect the Opposition Whip should be advised of who are likely to be the Government speakers.

I refer the following remarks to the Attorney. Last Friday most members were involved in discussions with the Department of Agriculture, an opportunity which was given by the good grace of

the Minister. From 7.00 a.m. Saturday to 2.30 a.m. Sunday I was in my electorate dealing with constituent problems. I travelled on that day about 1 200 kilometres in my so-called metropolitan electorate.

On Sunday I spent from 8.00 a.m. to 6.00 p.m. in this House. Mr Gayfer will verify that because he left Parliament House to go to the airport and to travel to and from the Eastern States within 24 hours. On Monday I was in the House at 7.00 a.m. I then travelled to my electorate and returned home at approximately 11.00 p.m.

That is the way I have to operate, and I am no exception. I believe some members in this place have greater difficulties covering their electorate responsibility.

We have our electorate and parliamentary responsibilities. It is difficult to understand how one balances both. I am sure you, Mr President, often have times when there is a conflict between whether you should study and prepare yourself for legislation or attend a function in your electorate.

I am astounded that this Government has invested in a mining company which has no liability. Mining shares are of a speculative nature. I would like to account to the House my experience of purchasing mining shares. I endeavoured to purchase in what is called a blue chip area. I will not name the companies concerned but only a handful of them exist in Australia. Some of them happen to be amongst the signatories to this joint venture arrangement.

Because of the significant exploration and opportunities which a new company offered it was proposed that the initial share issue should be to the shareholders on the basis that if one held two shares, one was eligible for a new issue in the subsidiary company which was to be floated and listed on the Stock Exchange.

Might I add that when that subsidiary company was listed on the Stock Exchange the share price opened at \$20. This example is a top blue chip company in Australia, well up in the top 10. Today that subsidiary company has finished up at half cent a share. Its registered offices are an unused car yard on Albany Highway. This is what could happen with mining companies.

I challenge the Attorney General and members on the opposite side of the House to consider and comment on that experience with a blue chip mining company. I feel I have expounded what could happen with investments made in mining companies.

Members in this House know my attitude to Government involvement in any activities of this

nature. Perhaps they can understand my opposition to the variations to the agreement.

I would like to put forward my view about the manner in which the Government should go about its business. It should go about setting up the situation in this country where conditions are favourable for investment. It should set the scene for an economic climate which will enable the country to prosper; it should not be getting involved in a venture of this nature.

On the subject of the building of a town at the mine site, I am astounded that the idea has been abandoned. I know the joint venturers were not willing partners to the construction of a townsite, and I know that since February the rumour has been that a townsite will not be built in the Kimberley. Naturally I am disappointed because it is essential that workers have some involvement in town life.

I recall two years ago I was sitting in pleasant surroundings in Wyndham; in the garden of a well known and respected town citizen, Mr Reg Birch—who is a leading member of the Aboriginal community in the East Kimberley and a former chairman of the Aboriginal Lands Council—he asked me about the opportunities for his people gaining employment in the Kimberley.

I might add that his son is a qualified electrician and works at the Wyndham Meat Works. The establishment of a townsite would provide employment for people like Reg Birch's son. I did not have an answer for Mr Birch, but when we think of this mine site and the services and logistics of maintaining a town, we find the answer to his question. Surely it would be of benefit to the residents of the East Kimberley to establish a townsite. I am surprised that the Government did not consider this fact when making its decision and during negotiations with the joint venturers.

I realise that the Argyle Joint Venture will not be a great tourist attraction because a high level of security will be required for the operation. However the Ashton Joint Venture will be an enormous tourist attraction through its association with Kununurra. It is proposed that the employees will be flown to and from the mine site at varying intervals, and I would like the Attorney General to advise me whether this will take place from Kununurra?

At the moment when people travel to the Ashton Joint Venture mine site they travel first to Kununurra and then by light aircraft for 200 kilometres to reach the mine site.

Hon. Tom Stephens: It is only 60 km as the crow flies.

The PRESIDENT: Order!

*Point of Order*

Hon. A. A. LEWIS: The honourable member is not in his seat, and interjections are disorderly, anyway.

The PRESIDENT: I have already called the honourable member's attention to the fact he was out of order.

*Debate Resumed*

Hon. NEIL OLIVER: I understand that is the manner in which workers travel to the mine site at present—by jet to Kununurra, and then by light aircraft.

Hon. J. M. Berinson: Perhaps I can advise you by way of interjection that the planned commuting system will take workers directly to the mine site from Perth.

Hon. NEIL OLIVER: That is the concern I have; Kununurra will be bypassed, and obviously an airstrip will be constructed at the mine site capable of handling aircraft of the configuration similar to a Fokker Friendship.

Hon. J. M. Berinson: An airfield will be constructed adequate for the purpose.

Hon. NEIL OLIVER: I do not know who will operate the airstrip, but at the moment the aerodrome at Kununurra is operated by the Shire of East Kimberley. This proposal will mean passengers who currently fly through Kununurra and are trans-shipped in light aircraft will in future go direct to a private airstrip; or is it intended this airstrip will be operated by the shire?

These are the matters about which I am concerned. I have not been able to contact the Shire Clerk, Mr Murray Brown, because he is involved in a local government seminar. I had wanted to discuss this matter with him prior to the legislation's coming forward because I was anxious to know the shire's attitude. There is also a rumour that a sporting complex will be built in Kununurra. I do not know whether that is to be compensation to the shire in exchange for the fact that no townsite will be built.

Those are the answers I am seeking. Perhaps the Attorney General has the answers and will provide them to me, and in the Committee stage I will be able to raise further matters which may set my mind more at peace than it is at the moment.

HON. W. G. ATKINSON (Central) [5.24 p.m.]: I had the opportunity to make a few brief remarks on this matter during the Budget debate and I feel obliged once again to comment, particularly on the aspect of the building of the town. This is one aspect of the agreement that troubles me greatly as a country person. Carried to its ulti-

mate development it could mean the whole of the country area would be depopulated. We could all be flown to our farms for a period of two weeks' work and then flown back to the metropolitan area for two weeks of rest, and so on.

In my area of Central Province there are a number of small mining developments. I question what will happen to the townsites of Westonia, Bullfinch and Southern Cross, if mining development goes ahead. Perhaps workers will be flown from the metropolitan area or from any other place around the coast, rather than being accommodated in those towns to increase the population and expand already established services. It seems everyone wants to live by the coast; unfortunately, it does not generate a lot of wealth.

The move to not establish a townsite leaves me somewhat bewildered especially in view of the developments in the north and the possibility of an enormous increase in agriculture.

The PRESIDENT: Order! Order! Hon. members are engaging in far too many audible conversations; they must cease.

Hon. W. G. ATKINSON: The possibility exists of an enormous increase in agriculture and of development at the Ord River for which everyone has been waiting for years. It is now on the horizon and it seems we have an opportunity, if the Federal Government will allow us, to get on with a sugar industry. Offshore there is a potentially huge oilfield. Are the workers for that field to be housed in Perth or will Darwin be the base?

Hon. D. K. Dans: Oil workers traditionally have flown backwards and forwards to the site.

Hon. W. G. ATKINSON: I realise that; it would be hard to establish a townsite where the oil has been discovered.

Hon. Fred McKenzie: And an airstrip.

Hon. W. G. ATKINSON: Only a limited number of men can live on a rig and it would be difficult to have their families there and to establish a house and a garden.

Hon. D. K. Dans: It applies onshore as well.

Hon. W. G. ATKINSON: Established townsites exist in the north which could handle the workers. Why not further expand the towns by developing the housing necessary for the workforce, rather than have them commute from the metropolitan area? The commuting distance would be shorter, and surely the metropolitan area does not need further development. There are continual problems in the metropolitan area, and the Government is always telling us it is necessary to expand freeways and public

transport. It is just a huge drain on the economy of the State.

The centres to which I have referred are established and the service industries are in place. Why not give the people there more opportunities, and create employment in those centres by establishing the townsite a lot nearer to the mine site than is envisaged with commuting from the Perth metropolitan area?

In my Budget speech I spoke about some of the headlines generated by this development. I congratulate the Government on pulling off a coup not necessarily in relation to the non-establishment of the townsite, but a public relations coup. It can only be described as a brilliant piece of strategy in getting over to the people of Western Australia the idea that somehow the Government has made a brilliant deal and has managed to cost ahead to beyond the year 2000—in fact, to 2007.

As we heard in a debate more recently in this place, it is very difficult to have cash flows established for something as simple as an insurance industry. The Premier, Mr Burke, has managed to have a cash flow analysis which predicts the return at a rate of 14 per cent to the year 2007. We have already heard from a number of speakers the aspects of the share market which many people do not fully appreciate. It is a very uncertain business, and it is extremely hard to predict with any degree of certainty the cash flow from a project of this nature for that period. It might turn out to be a brilliant investment for the State. It may return its original investment 10 times over; but equally it might put a debit on the State 10 times over.

Hon. Peter Dowding: The difference between minerals and diamonds is that diamonds have a fairly permanent price. That is different from most other mining concerns.

A member: Speculation.

Several members interjected.

The PRESIDENT: Order!

Hon. W. G. ATKINSON: The Hon. Peter Dowding is also well aware that the price of diamonds worldwide has been controlled for a considerable number of years because a major company has had a monopoly and is selling the diamonds in that fashion. However, diamonds are now coming onto the market outside that selling organisation, which means that at any stage the forces of supply and demand may come into effect. They have not been allowed to operate for many years. We might see the same violent fluctuations in the price of diamonds as we see now in the price of precious metals such as gold and sil-

ver. We do not have to draw many analogies to see that.

I would like to quote some headlines. As I was criticised last time for quoting only *The Western Mail*, I thought this time I would quote a few others.

*The Australian Financial Review* of 11 October 1983 has the headline, "WA Govt intends to keep Northern Mining intact". I am not sure what that means, because the Government has said that it intends to sell shares to the public and the Government will not be involved in it.

Another headline in *The Australian Financial Review* of 11 October 1983 says, "Alan Bond on winning double with Argyle deal". I will briefly quote some of this because it makes rather interesting reading. It reads as follows—

ALAN BOND has returned to a hero's welcome from West Australian Premier Brian Burke. The grateful Premier has showered the America's Cup winner with CRA's money.

And then lower down it states—

The deal boils down to this: CRA and Ashton Mining, the other joint venturers in the Argyle project, are paying \$12.4 million and \$8.3 million respectively to make up for Alan Bond's mistake in paying too much for Northern Mining Corporation two years ago, and to lower the Government's entry price to below market value.

Hon. Garry Kelly: Is that in *The Western Mail*?

Hon. W. G. ATKINSON: The Hon. Garry Kelly was the member who interjected last time and asked me if I could quote something other than *The Western Mail*. Had he listened carefully he would have heard that this is *The Australian Financial Review*.

Several members interjected.

Hon. W. G. ATKINSON: Here is another headline, this time from *The West Australian* of 11 October 1983—our own local paper—"Hidden benefits for Bond in diamond deal".

Again, *The Australian Financial Review* of 13 October 1983: "WA diamond move antagonises miners". Lastly, *The Australian Financial Review* of 10 October 1983 contained an article headed "WA Government's diamond coup". I would also quote briefly from this article, because it does prove that the negotiations were not all that harmonious. The article reads—

The bitter negotiations over the up-front payment has destroyed almost any goodwill

that existed between the Government and the joint venture.

At one stage it appeared likely that the two parties would test the legality of their interpretations of the existing agreements in the courts, but ultimately it was decided that whoever won, this would create such a sour atmosphere that the project would be endangered.

As it is, relations could hardly be worse—"we had them over a barrel" said one Government official.

I think the last sentence demonstrates to us exactly how this Bill arose. We had them over a barrel because of the loan situation. Further on that article states some of the proceeds which would have come from the original agreement. I would like to quote the following from the same article—

The royalties from which the advanced payment will be made were already regarded in the Australian mining industry as highly generous when framed by the previous State Government.

They call for a minimum of 7.5 per cent of sales but when profits reach a specified level take 22.5 per cent of these instead.

This two-stage plan was aimed at ensuring a healthy income to the State even in the early years of low profitability.

That last paragraph demonstrates that the State had a perfectly viable, acceptable, and financially profitable agreement. It did not entail the Government in any risk of taxpayers' funds. It did not involve the Government in a substantial financial contribution towards the capital of the project and in my opinion it gave the people of this State far more than the agreement that we are being asked to ratify this evening.

With those few remarks I will conclude; unfortunately, because of the nature of the Bill—being the ratification of an agreement—I am forced to support it.

**HON. J. M. BERINSON** (North Central Metropolitan—Attorney General) [5.41 p.m.]: Before I discuss the content of the Bill I think I should refer to the procedures which have resulted in its being brought on for discussion today. A number of members have complained about that and the manner in which these items have been brought up at fairly short notice from a lower position on the Notice Paper. To keep that in perspective I think it is worth recording that our normal practice is to introduce a Bill on one day and to allow a week before further discussion of the

second reading. What we have done today is to advance that timetable by one day only. Nonetheless, having said that, and indicated that the advance of the date is not all that dramatic, I think I should add that this change of the order of the Notice Paper is something which is preferably not adopted as a practice. It is desirable that we continue our business in an orderly way, and I can say that with some personal feeling. Speaking for myself, I do not enjoy the move from a fairly substantial Bill to other substantial Bills at very short notice. We would not have proposed that unless there were serious reasons for justifying it.

Those reasons emanated, as I understand it, from the concern of the joint venturers themselves to proceed with their plans and development arrangements. They have felt that their development should not properly proceed until the entire arrangements were in order. With the House not sitting next week there was serious concern over the delays which might arise which could be to the serious detriment of the joint venturers.

Moving to the discussion of the Bill itself, I think it is fair to say that the comments on it have fallen within a fairly narrow scope. The first major complaint about the Bill is that it releases the joint venturers from the obligation to build a town.

In a number of different forms, various members complained about that and said it would have been preferable, for reasons of decentralisation among others, to insist that the town go ahead. In that respect it simply has to be said that none of the affected parties shares that view and certainly none of them shares it with the strength of feeling expressed in this House this afternoon.

The Government, not for financial reasons only but for other reasons related to the problems arising from this sort of small-scale development, came to the conclusion that it would be preferable to accommodate the wishes of the companies to avoid the building of a town. The companies themselves were obviously of that judgment, since the move to avoid the building of a town came initially on their initiative. The local shire raised no objection to that, and it was closely involved in discussions as were the local members for that area. When all is said and done, we reach this position that the parties concerned are not pushing for the building of the town but in fact are arguing against it and that the argument to the contrary is really left to people not so closely concerned with the area. Again, questions of perspective are involved.

The Hon. Ian Medcalf referred to the advantages and the desirable living standards of towns

like Newman and Tom Price, but we are talking about quite a different scale when we discuss towns of that nature as opposed to the town that would have been built had the original plans proceeded. I confess at once my limited knowledge of this area and for that matter of the living conditions there. Nonetheless, as I understand it, in Newman we are talking about a population of some 6 500 and in Tom Price a population of some 8 500. This must be compared with the projected population had this town been built for 800.

It is expected that 380 workers will be involved in the project. Making allowances for a limited number of married couples and a small number of families, we arrive at that number. Although it might be said on the one hand that the smaller the numbers of people the smaller the problems, people who know and understand these things much better than I assure me that it does not work that way and that the effects of isolation added to the limited numbers involved would have the contrary effect. I understand also that this very question was the subject of the most detailed social impact study ever engaged in by a development company in advance of development and that its conclusions were to that effect.

Hon. P. H. Wells: Is that report available to us?

Hon. J. M. BERINSON: It is the company's report and I am not sure whether it was publicly available.

Hon. P. H. Wells: Was it made available to the Government?

Hon. J. M. BERINSON: The conclusions were certainly made available to the Government, and I am informed now that it was widely distributed to the public. The member might obtain a copy from the parliamentary library.

Questions were then raised, perhaps in anticipation of this sort of problem emerging, "Well, why have you not located the work force in Kununurra?" There, I would guess, we come to questions of commercial viability. The problem of commuting in that case would not be one of a staged commuting system over a period, but of a daily commuting project involving the movement of about 400 people by air to and from the mine site every day. The distance and time occupied by road travel would be too great to have engaged in a road commuting system. We then would have had to set up a system involving a capacity to move something like 400 people to and from work by air every day. In that case the judgment was that the commercial viability of a system of that sort put it out of court.

The second line of attack was summarised in the phrase of one member that what this amendment did was to have the Government holding the company to ransom.

Hon. D. J. Wordsworth: Don't you think the problem you describe existed when the first agreement was written, and they had the choice of the longer trip to Perth or a shorter one from Kununurra?

Hon. J. M. BERINSON: I guess the problem was there, but at that time the social impact study had not been made. In any event, from what I understand the company was never very keen on the mine site option. But to return to the question of whether the Government held the company to ransom, I was about to say that was a colourful enough phrase but it did not help the progress of the argument very much.

What this agreement amounts to is the exercise on both sides of a judgment as to what is commercially preferable. The companies have obviously decided that it is commercially preferable, and that is why they are parties to this agreement.

It was then said by a number of speakers, "If the companies preferred not to be there and if the Government preferred that development not to proceed, why should the Government not have just released the companies without looking to the sort of contribution that is involved in this Bill?" I would have thought the answer to that was fairly self-evident. The answer surely is that whether or not the townsite arrangement was the preferable course from the Government's point of view, had it proceeded it would have involved significant economic input into the State and particularly into that area by the developers. If that is to be forgone, it is reasonable for the Government to look for some compensating advantage to the State for that loss.

The Hon. Sandy Lewis asked a number of questions relating to the source and description of this \$50 million. I will try to summarise the position as best I can. The position is that under the agreement, additional royalties of \$50 million will be paid up-front, as the saying goes; \$50 million for practical purposes will be paid now. The member asked whether it was expected that that payment by the companies would be tax deductible for their purposes. That is a matter for the Federal Commissioner of Taxation, but the understanding is that it should be tax deductible.

The next question relates to subsequent offsetting allowances by the State against future royalty commitments of the company. That credit or repayment will take place over a period of years as set out in the schedule. In total those off-

setting figures amount to \$50 million. Calculating that on the period over which those payments are made, it emerges that we are referring to a sum of money with a present value of \$22.5 million. The result of that is that the net financial benefit to the State is \$27.5 million. The Hon. David Wordsworth was helpful enough to read out the relevant passage of my second reading speech. That details the basis of the calculations. The net financial benefit to the State from this arrangement is \$27.5 million. That is not the sum total of the benefit to the State, because there is the additional benefit to the State of now having this lump sum of \$50 million which would not otherwise be available to it. The use of that fund is, on our reckoning, to the substantial benefit of the State.

Hon. I. G. Medcalf: How do you work out that a cash payment of \$50 million is only worth \$27.5 million?

Hon. J. M. BERINSON: No, the cash payment of \$50 million is obviously worth \$50 million; we can agree on that. The payment over the future period outlined in the schedule of \$50 million is calculated to have a present-day value of \$22.5 million. That is because an amount to be paid in whatever the period is—say, 15 years' time—is obviously worth less in terms of present-day values.

Hon. W. G. Atkinson: About 45c in the dollar.

Hon. J. M. BERINSON: Whatever it works out to. That is what it is when a discount rate of 14 per cent, which has been adopted for this purpose, is used. Someone asked: Is this not just mortgaging and limiting the options of future Governments? The answer to that is "No", because the timing and structure of the royalty offsets have been organised in such a way as to ensure that in any future year the total income to the State from royalties plus the income from Northern Mining Corporation NL will not be less than the normal amount of royalties which would otherwise be payable in that year.

Hon. A. A. Lewis: What? You are not dinkum.

Hon. J. M. BERINSON: I am perfectly dinkum.

Hon. A. A. Lewis: Then you are an idiot.

The DEPUTY PRESIDENT (Hon. John Williams): Order!

Hon. J. M. BERINSON: I am sorry if that is the Hon. Sandy Lewis' opinion.

### *Withdrawal of Remark*

The DEPUTY PRESIDENT: Order! I regard that as an unparliamentary remark and I ask the Hon. Sandy Lewis to withdraw it.

Hon. A. A. Lewis: I withdraw the remark.

### *Debate Resumed*

Hon. J. M. BERINSON: It is with great difficulty that I continue, wounded as I am by such an unkind and cutting remark; but, summoning the little reserves I have, I refer to a further line of argument advanced by the Hon. Mick Gayfer. Unfortunately, my daddy did not tell me never to buy a mining share. I count myself as fortunate that even without that very wise paternal advice, I nonetheless do not buy mining shares.

Hon. I. G. Medcalf: A very sensible man.

Hon. J. M. BERINSON: That does not mean that the purchase of mining shares is always a bad idea. Generally it is a matter to be approached with caution because one is often dealing with purely speculative prospects. However, that is hardly the case here where we are dealing with proven reserves capable of producing 40 per cent of the world production of diamonds. It has been subjected to close professional analysis. This really is not one of those penny horrors. This is a venture for which sums very close to the figure in question have previously been paid, anyway, by people very active in the field; the area has been further proved since that time and we are not really dealing with a worthless script or, as Mr Gayfer put it, factory wallpaper. Otherwise I doubt very much whether firms with experience in mining would be proceeding as they are now doing to invest hundreds of millions of dollars in further development.

I agree that CRA is capable of making mistakes, but I think it is likely to make fewer mistakes than either I or Mr Gayfer's daddy would. The prospects are fairly reasonable that, guided by the experience and judgment of these major mining companies, the least that can be said about the proposed purchase of Northern Mining Corporation NL is that it is not a purchase of worthless script or factory wallpaper.

Hon. Neil Oliver: You are putting your money up front, are you?

Hon. H. W. Gayfer: Have you got any shares in it, Mr Berinson?

Hon. J. M. BERINSON: In what?

Hon. H. W. Gayfer: This wildcat venture.

Hon. A. A. Lewis: We all have, because he just told us.

The DEPUTY PRESIDENT: Order!

Hon. J. M. BERINSON: This Bill incorporates an agreement which is to the benefit of all direct parties—the Government and the companies—and the indirect parties—the people of this State—who stand to benefit from the arrangements here made.

I urge the Chamber to support this Bill. I support the second reading.

Question put and passed.

Bill read a second time.

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

## **PAY-ROLL TAX ASSESSMENT AMENDMENT BILL**

### *Receipt and First Reading*

Bill received from the Assembly; and, on motion by the Hon. Peter Dowding (Minister for Mines), read a first time.

### *Second Reading*

HON. PETER DOWDING (North—Minister for Mines) [7.32 p.m.]: I move—

That the Bill be now read a second time.

The principal objective of the Bill is to give effect to the proposal outlined by the Treasurer when presenting the Budget; that is, to grant further relief from pay-roll tax which will be of particular benefit to the many labour-intensive small businesses.

Other matters covered by the Bill include provisions to—

eliminate the “annual minimum deduction” concession presently afforded to employers paying taxable wages in excess of the top of the taper range;

exempt from pay-roll tax wages paid during the first 12 months of employment to probationers and apprentices as defined by the Industrial Training Act 1975.

These proposals are to take effect from 1 January 1984.

At present, taxpayers are entitled to a basic pay-roll tax exemption level of \$124 992. This means that when the total wages for the year do not exceed this amount, no pay-roll tax is payable. If the annual pay-roll is greater than \$124 992 but does not exceed \$255 780, the basic exemption is reduced by \$2 for every \$3 by which the pay-roll exceeds \$124 992 until it tapers to the minimum deduction of \$37 800.

The Government proposes to assist small businesses by increasing the basic pay-roll tax

exemption level for these taxpayers from \$124 992 to \$160 000. This represents an increase of 28 per cent on the present tax exemption for these businesses, more than 2½ times the increase which would have been necessary to maintain the exemption at the same level as last year. The new basic exemption is to be reduced by \$2 for every \$3 by which the pay-roll exceeds \$160 000 until it reaches a zero point at the top of the taper range, which will be \$400 000. The net result of these proposals is that some 1 100 currently registered taxpayers will be relieved of any liability under the Act.

In addition many other employers with pay-rolls falling within the confines of the taper range of \$160 000 to \$340 000 will be the recipients of a considerable reduction in pay-roll tax. For example, a small business with an annual pay-roll of \$185 000 would currently pay tax amounting to \$5 000, whereas under the proposed scale, the tax assessment will be reduced to \$2 084, a reduction of 58 per cent in the tax payable.

Despite the difficult budgetary position facing us this year, the Government has not followed New South Wales and Victorian measures by increasing the pay-roll tax rate on large businesses. Consequently, in Western Australia the maximum rate of pay-roll tax payable by the larger businesses will remain at five per cent compared with six per cent in those other States.

The Government has, however, decided to eliminate the annual minimum deduction presently afforded by the existing law to employers with pay-rolls in excess of the top of the taper range, and follows a policy move previously adopted by the majority of other States and Territories. This means that employers with pay-rolls in excess of the top of the taper range will no longer be eligible to a concessional rebate of \$1 890 per annum. This removes a very minimal assistance to the particular businesses concerned.

The cost to revenue of these pay-roll tax changes is estimated to be \$700 000 in the current year and \$1.7 million in a full year of operation.

The foregoing proposed amendments are in conformity with the Government's election policy that the pay-roll tax burden on small businesses will be reduced by extending the range of concessions thereto.

In accordance with another Government initiative to promote, support and encourage the expansion of apprenticeship training in this State, it is proposed that wages paid during the first year of employment of apprentices, including those apprentices on probation, be exempted for pay-roll tax purposes. The cost to revenue of this particu-

lar commitment is estimated to be \$400 000 in 1983-84 and \$1 million in a full year.

I commend the Bill to the House.

Debate adjourned, on motion by the Hon. I. G. Medcalf (Leader of the Opposition).

## REFERENDUMS BILL

### *Receipt and First Reading*

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

### *Second Reading*

**HON. J. M. BERINSON** (North Central Metropolitan—Attorney General) [7.37 p.m.]: I move—

That the Bill be now read a second time.

This Bill has the purpose of creating standing legislation to provide the machinery for the conduct of referendums and it would apply to any referendums authorised or required to be held by the Parliament.

In the past, *ad hoc* referendums legislation has prescribed that the machinery embodied in the Electoral Act be used and that references to elections in that Act be adapted, as far as they appear to be applicable, to the management of a referendum. The legal position has not always been abundantly clear. Where doubt as to the correct application or interpretation of the Electoral Act existed, the Chief Electoral Officer and various electoral officials have had to determine the question.

The Commonwealth and the State of New South Wales have had specific legislation dealing with referendums for many years. A deficiency in our laws must be rectified.

At a referendum in relation to the electoral system of the Legislative Council, the decision for reform or for retention of the present undemocratic system will be placed in the hands of the electors. Although our State Constitution may not be altered in certain respects—except by referendum—our Statutes have no machinery for the conduct of such a poll.

The Bill has wider application in that its provisions would apply to the holding of a referendum on any subject authorised by Parliament. Referendums may be on a Bill, which could be a constitutional alteration, or be required by an Act—for example, daylight saving. The question put to electors may, in the case of a Bill, omit references to laws and Acts if the question describes the subject matter of the Bill.

The approach adopted in the Bill is to refer to specific sections of the Electoral Act where they are capable of direct application or adaptation. Other matters which have special reference to referendums, and are not clearly provided for in the Electoral Act, are prescribed in detail in the Bill.

Writs will be issued by the Chief Electoral Officer and the result of the referendum promulgated by him as the Bill provides. Public notice of the writ and its contents is required.

Before issuing a warrant for a referendum, the Governor will be called upon to give 14 days' notice of his intention in the *Government Gazette*. This follows the reform already adopted in connection with elections.

The poll cannot be held earlier than 14 days after the issue of the writ. In practical terms, the minimum time would be more like six weeks from the notice of intention of the writ. Unlike an election, there is no maximum time limit set for the return of the referendum writ. This is so because the Constitution itself sets a time frame for Bills.

Eligibility to vote is the same as for parliamentary elections. The existing pattern of district returning officers and their staff and appointed polling places would apply.

Where a referendum is held on the same day as an election, common arrangements would cover both functions.

The Bill authorises appropriate ballot papers to be used according to the nature of the question to be asked. Ballot papers must be marked "Yes" or "No" in the case of Bills, or otherwise if prescribed in the Act requiring the referendum. More than one question may be asked and these may be on one or more ballot papers.

Either House of Parliament may resolve to challenge the result of a referendum. The dispute would be determined by the Supreme Court.

Arguments in favour of or against the referendum question may be prepared on the resolution of both Houses of Parliament in the case of a Bill or by those invited by the Chief Electoral Officer in the case of an Act. Copies of the arguments may be promulgated to all electors via any chosen media. Those responsible for the "for" and "against" arguments may appoint scrutineers.

The enactment of this proposal will establish proper regulatory machinery for the conduct of referendums and remove the uncertainties which have existed to date. Forthcoming referendums on electoral reform and daylight saving require machinery for this democratic decision-making process.

I commend the Bill to the House.

Debate adjourned, on motion by the Hon. Margaret McAleer.

# **NORTHERN MINING CORPORATION (ACQUISITION) BILL**

## *Second Reading*

Debate resumed from 20 October.

**HON. I. G. MEDCALF** (Metropolitan—Leader of the Opposition) [7.42 p.m.]: This Bill is really the second of the Bills which deal with the rather unusual arrangements which have been made in respect of the changes in the agreement for the Ashton Joint Venture. I say it is the second of the Bills because the first is the one we were dealing with in the correct order before the dinner suspension. That Bill authorised a change in the agreement. It is the Diamond (Ashton Joint Venture) Agreement Amendment Bill which provides for an amended agreement and which contains the amended agreement itself in the schedule to the Bill.

It may be that during the course of the debate on that Bill up to the second reading, some members have dealt with issues which rightly speaking, belong to this Bill, and their confusion is understandable—

Hon. J. M. Berinson: But regretted.

**Hon. I. G. MEDCALF**: —because I am informed the Bills were dealt with in the wrong order in the Assembly. The second Bill was dealt with first, and the first Bill was dealt with second. Fortunately, in this House the Leader of the Government saw the error of its ways and reversed the order. As a result we have had the opportunity of dealing with the first Bill first. We have already had the debate on what is the essential prerequisite to a consideration of this Bill—that is to say, the Ashton Joint Venture agreement should be amended so as to enable the joint venture companies to be freed of the obligation of creating a town in the Kimberley, and to be able to arrange for the commuting option. There are of course other matters in that Bill which we have already discussed and which it would be superfluous for me to mention, and probably I would be out of order in doing so.

Having passed that Bill to the second reading stage we have at least agreed in principle to the arrangements made for an amendment to the principal agreement. It is appropriate that one should record that at least we have dealt with the Bills in the right order, even if we have not completed the first Bill.

The Government has seen fit to request the suspension of the debate on the first Bill so that we may now consider the second Bill, evidently because it considers that the acquisition by the Government of the shares in Northern Mining Corporation NL is an important part of its total deal. I can reach no other conclusion, because it would be possible for the Government simply to have the first Bill—that is, the Northern Mining Agreement Bill—passed, and then finalise the amendments which would then have been approved by the Parliament. That would enable the Government to inform the joint venturers that parliamentary approval had been given.

The Government has seen fit, for reasons of its own, to suspend the debate on the agreement amendment Bill so as to debate the question of whether it can invest in shares in Northern Mining, dispose of those shares, give guarantees, and do other things which the second Bill proposes. As I say, that is for reasons best known to the Government because at this particular stage it is clear that the Government could have had the first Bill passed and would then have been in a position to indicate that approval had been given by Parliament to the amended agreement.

Therefore we are now considering the Northern Mining Bill which is to provide the authority for the purchase of shares and the investment in that company. This is necessary because the Government does not have any natural or statutory rights to invest in shares in the company. The Executive Government requires parliamentary approval for this sort of thing. This Bill will give those powers to the Government—that is, power to invest in Northern Mining, power to dispose of the shares, and various ancillary powers relating to the conduct of the business of that company.

This legislation seems to have two major aspects. The first is as to whether the Government has received or will receive value for the money which it proposes to spend in purchasing the shares in Northern Mining. Is it getting value for money? That seems to be the first aspect which we should consider. The second aspect is as to the opinion of the Parliament and our views generally as to whether it is desirable that the Government should, irrespective of value, invest in shares in a mining company. Those seem to be the principal points to which we should address ourselves.

I deal first with the question of investing in a mining company. We heard earlier today the Hon. Mr Gayfer talking about the fatherly advice he received when he was a young fellow about investing in mining shares. Many a young man must have received that kind of advice, which was based on the bitter experience of the 1880s and

1890s when many mining companies went to the wall. That unfortunate situation did not cease in the 1880s and 1890s, and we have seen it happening in modern times.

Mining companies are the most speculative kinds of companies in which anyone can invest and the trustees' provisions for many years have prevented trustees from investing in mining companies. Traditionally, mining companies have been regarded with some suspicion by careful investors, and the reason is obvious. Mining companies, more than any others as part of the mining industry, have had their ups and downs. Sometimes things are very good and large profits are made; at other times things are very bleak, depending on all sorts of factors, not the least of which is whether the minerals are in the ground and whether the market is available to recompense the miners for the cost of digging out those minerals.

Many other vicissitudes can affect mining companies. There is the problem of operating in very remote localities; the problem of capital outlay and the cost of development; the problem of providing carry-on finance during the unproductive period when very little return is being received, quite apart from the vagaries of the market and dependence on external factors over which the mining entrepreneurs have no control. Anyone investing in a mining company should be aware of this; and mining companies generally are aware of it.

As a novice however, one should be extremely careful, and the Western Australian Government is a novice in the matter of investing in the mining industry. While the Government has over many years received royalties from mining it has rarely, if ever, been the owner of a mining venture. There may be examples, but I do not know what they are. Rarely does a Government become a direct owner of a mine or a direct owner of a share in a mine.

Normally the Government has been content to receive royalties from the products of the labours of other people, and that applies particularly here. When times have been good, the Government has received reasonably substantial royalties; when they have been not so good the royalties have declined, but the Government has not been liable for any costs or expenses. Quite apart from the normal ups and downs of mining there is the question of the ongoing liability, the carry-on finance, and the enormous capital costs associated with mining development, particularly today.

I refer to some recent mining ventures which have been carried on by big companies. I heard

the Minister before the dinner suspension talking about this being one of those exceptional mines which have been proved to have tremendous resources and so on. I am not doubting it. Many big companies have been associated with remarkably big ventures with proved reserves which have produced an extremely small return. They do not all operate in exactly the same way and they do not produce the same returns over a period as, say, the mines in Kimberley in South Africa. As an example in Western Australia, we have Hamersley Iron Pty. Ltd. Hamersley has tremendous proved iron ore resources. It is highly capitalised; it has extensive loans that it has obtained from overseas sources; it has excellent management; and in all respects it is a first-rate company; yet its return to shareholders has been regrettably small—in fact it has been extremely small—and in some years, certainly in the early years, I doubt whether a return has been paid.

Let us consider that very well established company, Western Mining Corporation Ltd., another excellent company with a fine record. Both of those companies are comparable to the enterprises that have been carried on in Kimberley. Look at the vicissitudes that have been suffered by the Western Mining Corporation. The price of nickel has declined and the company is hoping it will go up in the current year. It has experienced a very serious downturn. The uranium venture at Yeelirrie has been put on what appears to be almost permanent ice as Government permission to proceed has not been obtained. The partners have temporarily disappeared and they do not have the Government authorities which they had hoped to obtain in order to proceed with that very expensive venture. They are having problems over Roxby Downs, probably the richest uranium deposit in Australia. They are having problems with conservation groups, problems in obtaining firm Government permission for the mining and export of uranium, and so on.

Another very outstanding company, Selection Trust, a British company, runs a company in Western Australia called Seltrust. Its record, in spite of its excellent management, its know-how, and its association with Mt. Isa Mines, has been very poor in the last two or three years in terms of results. It is suffering current losses at its Agnew mine and Teutonic Bore with both nickel and copper; and it is having a very bleak time in spite of its management quality, the strength of the company, and so on.

CRA is producing a moderate return in terms of its capital gearing. Even it, a major mining concern, has problems. Anyone investing in

mining, even in a really big or good concern, or in the companies I have mentioned which are at the top of the mining grade, has to be mighty careful. Of course, the Government is not investing in any of the companies I have mentioned, but it is investing in a joint venture.

The Government is moving into the same area and entering the same field as the companies I have mentioned. The Government will be liable for the same carry-on capital and financing costs as the other companies in its proportionate share of five per cent of the Ashton joint venture. Therefore, the Government must face the same problems as are faced by the other companies.

It does not matter how rich the deposit may be, or how assured we may be that the market will last, or will continue to rise or improve. It is a gamble. No-one can foretell what will be the price of diamonds in one year, two years, five years, or 10 years. While some people might regard this as a good gamble, is it a good gamble for the Government?

If we had the money to put into this venture as private investors, would we do so? I have always believed that the acid test for anyone who acts as a trustee, or who acts as a Minister in a Government or as an adviser to the Government, is, "Would I put my money where I am advising these people to put theirs?"

Frankly I admit that takes a bit of imagination, because one has to have the money to begin with. However, most people have a few hundred dollars in a savings bank or building society account. That money is just as important to them as the millions of dollars the Government may have acquired from various sources. The acid test is still the same, because everything is relative. Would I put my money into that venture? I wonder whether, in his reply, the Minister would tell me whether, if he had any money, he would put in into that venture.

Hon. A. A. Lewis: He does not like shares in mining companies. He told us that.

Hon. I. G. MEDCALF: Would the Minister tell us whether he would invest in that venture? He may not care to answer that question and I do not mind if he does not, but that is the acid test for a trustee. How different is a Minister of the Crown from a trustee? There is only a difference in law, but there is not a moral difference. The same moral constraint applies to a Minister of the Crown, because he has public moneys in his keeping.

It is a cause of astonishment to me from time to time that so few people in positions such as those of Ministers of the Crown really realise that these

public moneys are held in trust for ordinary taxpayers or ordinary people who are not even taxpayers but who are citizens of the country. These people have to apply to their tasks probably higher standards than they would apply to their personal dealings, because they can afford to have a bit of a flutter themselves, but they cannot afford to have a flutter with public moneys. No-one can afford to gamble with public moneys. If one takes on the ownership of an enterprise such as Northern Mining and one is a five per cent owner in a big venture, one has to provide for the debts of the joint venture and be responsible for the mistakes that it makes.

No matter how good a joint venture is, it will make mistakes. Industrial conflict, strikes, and difficulties will occur. A joint venture will have all sorts of problems, because once one becomes involved in any business enterprise dealing with other human beings, particularly a number of contractors, employees, etc., one must inevitably become involved in disputes, debts, and various problems which require one to put out money.

Of course, if one becomes the owner of this enterprise one will also be liable for the royalties and for income tax. One will have to pay income tax to the Commonwealth Government unless one finds some very smart way to avoid it. If one finds a smart way to avoid paying income tax, the time may come when the Commonwealth Parliament passes a retrospective law which six years later says that smart way of avoiding paying income tax is illegal. The Commonwealth Parliament has done that a couple of times already and it proposed to do that again last week. I am not saying it is wrong for the Commonwealth Parliament to find that some fraudulent behaviour should be dealt with retrospectively; but if one is engaging in tax dodges to avoid income tax, one must be careful.

In 1981 we discussed the principal agreement in this House. At that time I distinctly recall comments were made not actually in the House, but in the course of the debates and in the Press that the very high royalties which we imposed on this joint venture of 22.5 per cent with a minimum of 7.5 per cent were taking away from the Commonwealth Government legitimate tax to which it was entitled and that we were robbing Peter to pay Paul; we were stealing taxation money from the Commonwealth in order to receive it for the greedy State Government. Those comments were in fact made.

Now I sincerely trust the Government is not proposing again to use that method of increasing the royalties in some way so as to reduce the share of the tax which one would normally expect

to go to the public of Australia via Commonwealth income tax. When all is said and done, if the Government does not buy the shares in this company, the company will be liable to pay the tax.

If the Government buys the shares in this company, and by some tax avoidance method does not pay the tax, the public of Australia will be deprived of that tax.

So we are back where we started. Is there some elaborate way to avoid tax? If there is not, and perhaps there should not be, then the Government, as the owner of this company, will find that the company has to pay its income tax and other taxes to the Commonwealth Government. It will have to pay all the other taxes including sales tax and that is another liability which must be taken into account. That is just another area one must take on when one enters into business. One must accept responsibility for all these liabilities including income tax, payroll tax, sales tax, and all the other 101 taxes and duties for which the public and companies are liable.

Hon. J. M. Berinson: But at least the major item of income tax is only coming out of profits. It cannot be a burden on the people.

Hon. I. G. MEDCALF: Indeed, but these liabilities all come to a company in business and if the Government owns the shares, the Government's company is liable for those taxes. I am simply pointing out that the Government will be liable for income tax.

In the newspapers suggestions have been made to the Government that by various ways it can avoid paying tax. Indeed, I read that a firm of accountants had been appointed and had produced a report which suggested three methods to avoid tax. That is simply information I read in the Press. I suppose, as a member of Parliament, I would not be entitled to know what was said in that report, but I read it in the Press because fortunately it had a copy of it. If that is relevant, I suppose we should know all about it, should we not, Sir?

If we were shareholders in a public company and it was proposed that there should be some major change in the assets, we would be entitled to question the company at a general meeting. We would be entitled to obtain certain information. Indeed, were the company purchasing a major asset, we would be entitled to receive a report on it and, if we were shareholders in that public company, we would be entitled to receive an independent valuation. That is laid down in the Companies Act. However, I suppose as members of Parliament, we ought to take the same view;

surely we are interested in what the Government is proposing to do. After all, the taxpayers and the residents of this State have asked us to look after their interests. Should we not be making full inquiries? I believe we should.

Really what I am saying is this: It would be better, in my view, for the Government to put this money into something else and to sit back and receive the royalties in accordance with the agreement—the very lucrative royalties which were believed to be very high when the agreement was signed in 1981 and which I believe are still very high by comparative standards.

If we sat back and received those royalties and put that money into something else, we would do better than incurring all the responsibilities which are incurred by the owner of a company who goes out into a business without being experienced in that line of business.

It is very risky to go into business unless one knows what one is doing. No business is more risky than a mining venture. Any Government which goes in for any business enterprise must accept conflicts of interest will occur. Many conflicts of interest could arise. The simplest one is the fact that the Government, as an employer in that business, will be asked to submit various matters concerning employers to arbitration. Industrial conflicts will occur. I hope that will not be the case, but let us face it, there probably will be industrial conflict. There will be all sorts of conflicts in which the Government may find itself in a slightly difficult position.

We—that is, the State of Western Australia—are going into business in a commercial area. We are not doing it from the point of view of social welfare. We are not going into business as does the Public Trustee or some other aspect of government which has a social concern; we are going into business in a commercial area to make money. We must not dismiss lightly and, indeed, we must accept the risk which goes with any business enterprise which sets out to make money; that is, we might make a loss. Do not let us dismiss that. Do not let us be dazzled by diamonds! Diamonds are fine, but if every citizen of Western Australia thinks he will get a bucket of diamonds for Christmas, he will be greatly mistaken.

Hon. H. W. Gayfer: I think that is what they are expecting. They are really getting carried away with that one.

Hon. I. G. MEDCALF: Members should not think I am underrating the fact that CRA has located a diamond mine. That is fantastic! I think that is wonderful and I have been very happy with the success that company has had in the

Kimberley. I hope it has more success and that other companies have success there also. However, they are all involved in the risky enterprise of mining and developing mines. That is all right for them, but it is a different situation altogether for the Government to be involved in this enterprise.

It is very easy for the uninitiated to get mixed up in a business undertaking. Nobody but a person who knows about farming should become a farmer and anybody who has not had any training in a particular line of business should not enter into that business. He might enter into it gradually and pick up his training as he goes, but a Government is not well equipped to go out into a commercial mining venture. There is always the possibility of losses being incurred. The diamond market will not necessarily hold. I hope it does. I do not want to be a prophet of gloom; I am just pointing out the tremendous risks in this area.

Members should look at the number of people who put their money into goldmines saying, "This is fantastic. We cannot lose". At various times people have come to me and said, "I am going to put my money into this or that company. What do you think about it?" I have always been very careful and critical and have advised these people to make sure they know what they are doing, because they might end up losing. But they have a glint in their eyes—a gleam of the fortune they are about to make! I was reminded of it tonight when the Minister was talking about this enterprise as if he had suddenly found King Solomon's Mine. I can assure him there is many a slip 'twixt the cup and the lip when it comes to making a fortune out of a mining enterprise no matter how good it seems to be.

The advice given to Mr Gayfer by his father could not have been better. I am not talking about the advice that he should not interfere between a husband and wife, although that was good advice also; I am referring to the advice, "Don't put your money into mining shares". Mr Gayfer's father knew what he was talking about.

One must be very careful about this. If one wants to have a flutter or to gamble, that is all right if one is gambling with one's own money. If one wants to put money on a horse, that is fine as long as it is one's own money; but do not put Government money on a horse.

I am concerned about the value of the shares. I am not equipped to decide whether a proper value is being paid for the shares in Northern Mining. I admit quite frankly that I am not in a position to say that. The reason I am not in that position is that I do not have the facts or information; there-

fore, I would be very foolish and it would be wrong for me to say—

Hon. H. W. Gayfer: If you did, you would make a fortune.

Hon. I. G. MEDCALF:—this is not the right price, because I have not been supplied with any information. If that information were put before me I would be equipped to judge because I have judged this type of question on many occasions. One must judge it carefully, but one cannot judge until one has all the information.

Hon. H. W. Gayfer: We must be gambling because we have no facts.

Hon. I. G. MEDCALF: One can take all the expert advice in the world, but in the end one must read the information oneself to make the judgment. One must be prepared to dismiss some of the expert advice. With all due respect to the experts, one must listen to what is said, but must not necessarily accept what is said. The final judgment is the one which must be right.

Is the amount of money to go into the venture the right amount to pay? If the Government decides to go into the venture, although I am sure it will, will it pay the right amount? The Government must make that judgment when it has all the information available to it. I do not have the information so I cannot make that decision.

I have been disturbed by some of the reports I have read in *The Australian Financial Review* and *The Australian*, reports which were quoted earlier today. They are of slight academic interest; they are of interest to business people and people involved in financial matters or in public life. I suspect that the majority of the public do not read such reports. It appears that the reports give opinions of commentators on information available, so the reports would be second-hand.

It has been said by some, although I do not know whether it is true, that the Government has paid too much for this share in the company. I would like to know whether that is right. I would not be so silly as to ask the Attorney whether the Government has paid too much. It would be an amateurish question because I know the answer would be, "No".

I am disturbed by reports that the Government has been taken for a bit of a ride, and that the Northern Mining Corporation initially paid too much for the share. I would have liked to see an independent valuation because I am disturbed also by the comments that the valuations, as has been stated by experts in the field, have been made by people who are not independent. I do not wish to cast aspersions on Price Waterhouse because I have the greatest respect for that firm and

I am quite certain any advice or certificates it gave were based on all proper standards of accounting, and so on. However, I have been concerned by statements made recently that the valuations were not prepared by independents. I do not believe these people would have done anything they should not have done, but I would like to see an independent valuation in the way a valuation is carried out under the Companies Act for which there are many examples.

In the case of a takeover independent firms of accountants, merchant bankers and others come in to give certificates as to values and so on. It is often difficult to find an independent firm in these situations because they all act for all sorts of clients. Frequently one or two are completely independent, although in these deals often half a dozen parties have had an interest along the line of the chain of title.

I am first to admit that if something is wanted badly enough a price more than others would pay is paid. We have all been in that position. When we want something badly enough and believe we must have it we will pay more than anyone else. That is the situation which applies at auctions. Usually someone will want something badly enough to pay a bit more than anyone else.

If the Government were absolutely intent on carrying out its election promise to obtain an equity in the diamond industry, it would be prepared to pay whatever price was sought. It is true the Government did want this share badly to get, as has been said, a window into this joint venture. I am surprised at that, because the Government had one already. I thought that agreement did give the Government very comprehensive rights of obtaining information about what was going on in that joint venture. Anyway, that is what I understood when we put the agreement through this House.

Another statement that has been made to justify this purchase is that it would ensure the establishment of a cutting and polishing industry. That surprised me, because I recall very well that the agreement provides that a cutting and polishing industry must be set up in this State by the joint venturer.

That, as I understand it, is one of the terms of the agreement. I would have thought that there was an obligation on the joint venturers to establish a cutting and polishing industry, quite independently of the Government obtaining an equity in the industry itself.

I am not in a position to evaluate the worth of this project, or the propriety of the price that has been agreed. I have no information other than

what appears in *Hansard* in relation to the debates in another place. As a legislator I feel keenly my lack of information concerning an important acquisition by the Government, at the taxpayers' expense. I believe I am entitled to more information and I am rather surprised that no further information has been provided by the Government.

I can understand well the argument put up that a lot of this information is confidential; for example, the price per carat of diamonds and the likely future development of the price as the years go by. I understand it is confidential information, particularly in a competitive industry which has various companies in the diamond trade, such as de Beers, Arslanian Freres and others operating in the industry. I can understand well that those people would not want their information revealed. However, I still believe that we as legislators are entitled to certain basic information. We should be given some concrete evidence of the value of the five per cent share which is being purchased by the Government and of the correctness of the valuation of the shares. If the Government is paying a few million too much, I would like to know. If the Government is paying too little and getting a bargain, I would like to know. If the Government is paying just the right price and has a certificate which says so, I would like to see it.

For those reasons, I cannot accept that we have been provided with the information we should have, and as legislators I express my grave concern about this matter.

I am glad we have this tremendous asset in this State, this diamond mine. I hope we will do well out of this enterprise, but I have grave doubts about it. I do not believe we should be in this kind of enterprise. I do not believe we should be taking on the responsibility of this business enterprise. The risks are great and are those which an uninitiated person would accept without realising the consequences.

I do not accept the estimate of a 14 per cent return, because I do not know on what basis it is worked out. I can only relate to it superficially. Knowing the vagaries of the mining industry, the likelihood of further inflation and costs increasing dramatically year by year in that area, and the cost of development in remote areas, I would much sooner see other people bearing this burden rather than the State Government with its many commitments to the citizens of the State by way of supplying services such as welfare and ordinary administrative services.

I admit everything cannot be put into welfare and, if the Government is hoping to get some

money for welfare out of this, I do not believe it should be taking this gamble.

It has been suggested that this is a Budget Bill, and it may be a Budget Bill in the loose sense. It is not in the strict sense. It is a Bill which causes me great concern. I cannot think of one other Bill which has given me such a feeling of disappointment as this for a long time, and I greatly regret that I have not had more time to examine it.

I appreciate the comment made by the Attorney General that normally we would have about a week to examine these matters, and in this case we have had six days. I appreciate that and I understand the Attorney General said there is a need for haste. One can hasten too quickly sometimes, and sometimes a little pause saves a lot of trouble in the long run.

If one is a little uncertain about something it is often better to pause a while and reassess where one is going. I suggest that course to the Government.

**HON. A. A. LEWIS (Lower Central) [8.28 p.m.]:** I have been told to keep my comments brief, but after hearing the answers given to us before the tea suspension, there is no way that I can do that because this House has been mucked around and influenced out of the control of the Leader of the House, who has been pressured from another place.

I wish to speak on this Bill and any interjector who wishes to tell me to "keep it brief" might as well save his breath, apart from which his action would be disorderly.

I think Mr Hetherington should support his leader and talk to the Press again, because he has not been able to sell this Bill so far. It might be the case that it is like other matters he has sold to the Press in the past: They may be backfiring on him and his Government.

Let us consider the main points of the Bill. We are told that a guarantee of a 14 per cent return is provided, but not an extra job is mentioned in this Bill. Absolutely nothing for the north will come out of this legislation. No extra facilities, other than those that have been provided already, will be made available by the joint venturers.

It may be that the Attorney can give me different advice from that given by the Premier in another place, but I would be extremely interested to hear what he has to say.

Let us look at the supply of diamonds and let us look quickly at the wind up of the previous debate, which should have been debated in conjunction with this Bill, during which the Attorney told us that the money that was credited to the

companies, plus the profit from this venture, would give this State more money than it would receive from royalties if we did not take \$50 million away from the joint venture here and now.

In other words, this Government is doing something that nobody else in the world can do: It has forecast for a number of years, to be exact until the year 2007, the exact price of diamonds. I do not know about the older members in this House but if they believe that, they should go back to their nurseries and to Hans Christian Andersen. Who can believe that any Government can forecast what will be the price of diamonds in 24 or 25 years' time.

**Hon. Peter Dowding:** No more than they can forecast the price of gas in 20 years.

**Hon. A. A. LEWIS:** The Government can estimate it, but it cannot guarantee it.

**Hon. N. F. Moore:** He has just confirmed your argument.

**Hon. A. A. LEWIS:** Of course the Minister has, but I wonder, as the most junior Minister in Cabinet, whether he has confirmed it with his Premier because his Premier gave a guarantee in another place that for 17 years the Government would average over 14 per cent.

Here is the Minister for Mines, a junior Minister, who will not stand up for his own electorate as we noticed earlier this evening, telling us that the Government cannot guarantee it, and that was the Government's argument in regard to the previous Bill—the one which it sold to the media virtually without question. Let us give credit to the Premier because he is a great one for the media until he is caught out and the facts catch up with him. He is great on grabbing headlines and saying what he can do, but when he gets to doing it he is a failure.

Let us look at some of the comments to which we should receive answers from this Government. Are there any extra jobs that would not have been created if Bond Corporation Ltd. had stuck to Northern Mining Corporation? The answer, as I understand it, is "No, there are no extra jobs". What will the Shire of Wyndham-East Kimberley gain from this project? Absolutely nothing. Some people talk about basing certain facilities at Kununurra. Why did not the Government tell us what these facilities will be worth? Firstly, because it does not know and secondly because the joint venturers have not told the Government. The joint venturers would not know to this moment what the project will be worth to places like Kununurra.

Another interesting point is that when we buy a capital share in a business, we incur obligations relating to extra capital and ongoing costs.

The second reading speech is reasonably explicit and I will deal with it thoroughly at a later stage of my remarks. What happens if the joint venturers find diamonds over the border in the Northern Territory? That would be terrible, would it not? We should not profit in this State at the expense of the Northern Territory, should we? We should not become like multinationals and make a profit from someone else. Therefore, we limit the whole venture to one area of Western Australia.

We have heard it mentioned that this project will produce 40 per cent of the world's diamonds, but do we know what the world diamond potential is? Of course we do not. The geniuses in this House will say, "Yes, of course we do", but if the people behind the Iron Curtain are telling the Hon. Peter Dowding and his friends what diamonds they have got I would be extremely surprised.

Hon. I. G. Pratt: Would you?

Hon. A. A. LEWIS: He is as close to them as anybody can get, but I would be extremely surprised if the Russians are telling Mr Dowding what diamonds that country has. I would be surprised if the central selling organisation would talk to Mr Dowding.

Under this legislation we will go it alone and those of us who have read the newspaper would know what has happened in Zaire. We know that it is near bankruptcy because it tried to sell diamonds away from the de Beers Central Selling Organisation. The central selling organisation controls orderly marketing and it tells mines to shut down if it has enough diamonds on the market. It even tells Russia not to put diamonds on the market or the price will fall. However, the State Government of Western Australia thinks it can do better than anyone else. We have heard some members of the Government and the Minister for Mines tell us how much better the Government is than anyone else, but nobody believes it.

Let me refer to a few quotes made by the Premier. He is a man who tells us that the cash flow for diamonds starts next year. Those are the Premier's own words. If it does, let the Minister in this House who is the assistant to the Treasurer tell us what is the estimated cash flow. He got himself into a bit of trouble last night with estimates because he did not expect a certain Bill to be passed through this House. It was passed and the Government had not done anything about obtaining information from a certain organisation to

project what would occur. The Government was caught short. I believe the Government will be caught short again tonight because it does not think things through.

Hon. Mark Nevill: You got caught when you bought shares in Bunbury Foods.

Hon. A. A. LEWIS: That may be so and I take that as a compliment. I thank the Hon. Mark Nevill for his comment. I am glad he has looked at my share portfolio. I will return the compliment to him and the Labor Party in the future, and he may be sorry.

I went into that venture to do something for Western Australia with my money, not with the Government's money or with the taxpayers' money, because I had nothing to do with applying for a Government guarantee or anything else. I was a shareholder and the directors' actions in applying for guarantees had nothing to do with me. If Government members want to go along that line let us talk about Mr Dawkins. Shall we talk about those people who want to take people's credibility—

Hon. Graham Edwards: You lost substance in the argument you were trying to put before.

The DEPUTY PRESIDENT (Hon. D. J. Wordsworth): Order! The member should stick to the Bill.

Hon. A. A. LEWIS: We are talking about a purchasing operation and buying all the shares in a company. That is totally different from buying some of the shares in a company as you would know, Mr Deputy President, because you will not sell me any in your company. It is interesting that the Government takes the attitude that it should act as a private individual. We have heard that from the Hon. Mark Nevill and so the Government must be comparable with an individual. There are some reckless individuals around here who have shot off their mouths and got into trouble. There are others who have spent money and got into trouble. Which one of those types is this Government going to be?

Quite frankly, it will be like the Minister for Mines who shot off his mouth. One day he, the Attorney, Mr Burke and the Cabinet will be crucified on the business cross because of their bad dealings on behalf of this State. Money that could have been put into schools, hospitals, or roads is being invested not in a gold plated, trustee, secure investment, but a speculative investment.

Hon. Garry Kelly: But diamonds are forever.

Hon. A. A. LEWIS: That is very interesting, as long as the member's Russian friends and my South African friends—

Hon. Graham Edwards: I thought the Malaysians had a stake in this venture, not the Russians.

Hon. A. A. LEWIS: You see how dumb they are, Mr Deputy President, and how they squabble among themselves. They do not understand it has nothing to do with the little mine up north which will produce 40 per cent of the world's diamonds. It has to do with what the other people who are selling diamonds—the Russians and the South Africans—decide. The quicker the Labor Party learns something about the fact that we are not in isolation here in Western Australia, and tells the people what price will be paid for the product from the Argyle mine, the quicker the Labor Party will learn something about doing a deal.

I do not know much about high finance in those sorts of things, with CRA and the big boys. I know something about Bunbury Foods Pty. Ltd. a small show that cost me dearly. Because it cost me dearly I wonder whether the Government is doing the right thing now. I wonder whether the Attorney who is assistant to the Treasurer, but does not believe in investment in mining shares—

Hon. J. M. Berinson: In speculative mining shares.

Hon. A. A. LEWIS: He said he did not have Daddy's advice, but he did not believe in speculating—

Hon. Garry Kelly: This is not speculating.

Hon. A. A. LEWIS: I hope *Hansard* records the Hon. Garry Kelly's remark that this is not speculating. Every member of the Opposition who interjects or comments on this—

Hon. Garry Kelly: You mean the Government.

Hon. A. A. LEWIS: I mean my opposition. Everyone on the Government side who wants this deal to go ahead is responsible to the public. Members opposite will be in Government for a short time.

Government members: For a long time.

Hon. A. A. LEWIS: Not in this case; members opposite will be out so fast they will not know they have been in Government.

Hon. D. K. Dans: You should not be bothering to make a speech if you are so confident of our getting the sack and of your being on this side.

Hon. A. A. LEWIS: I am on this side now.

Hon. D. K. Dans: You know I mean on the Treasury benches. You should be supporting the deal.

Hon. A. A. LEWIS: I usually have a say about what I think whether the Hon. Des Dans likes it or not.

Hon. D. K. Dans: I am fully aware of that.

Hon. A. A. LEWIS: The less help Mr Dans gives me with my speech, the quicker I will get through it. Silence prevails!

I put a few questions to the Attorney. I want to know the estimated cash flow from next year onwards. The Premier said he knows the cash flow starts next year; if the Attorney wants me to quote the pages in *Hansard* I will do so.

Hon. J. M. Berinson: How will it help you to know the cash flow in an early year like that?

Hon. A. A. LEWIS: I want the projected cash flow.

Hon. J. M. Berinson: For every year?

Hon. A. A. LEWIS: The Attorney must know it because he gave an assurance during the debate on the previous Bill. A set of figures has been given—the \$50 million advance royalties—and the Attorney referred to them in this House just before the dinner suspension when I unfortunately interrupted him because I felt he was going beyond the pale. The schedule to the Bill mentions a set amount. The Attorney has told us that at no time will the income fall below what the royalties would have been had the Government just taken royalties and not advance royalties.

The Attorney must know the projected figures because he already has two fixed figures. I am not asking for anything he cannot provide because he has already made statements in this House about some figures. I am using what the Attorney has told us. I hope he will answer this point because the crux of the Bill depends on the Attorney's answers. I do not believe he can give them to me; if he can I will be tickled pink because then the public will know what they are in for.

I turn now to the comments made by a few newspapers on this deal. *The Western Mail* stated—

Behind the bluster and back-slapping of the Bond/Burke diamond deal is the unmistakable odour of a dud deal.

Hon. Garry Kelly: That makes it fact, does it, because they said it?

Hon. A. A. LEWIS: The worst smell comes from the \$40.6 million valuation placed on Northern Mining Corporation NL's five per cent share in the Argyle project. The share market says it is too high. It is interesting to note the comments in the *Sunday Independent*, which newspaper was solidly behind the Government on the tobacco issue, as follows—

The negotiated pre-payment of \$50 million in royalties could have been ploughed back into the community directly through a

reduction in Government charges, grants to deserving causes, or however else the Government could have chosen to disperse the money in a more tangible way.

I am one of those who believe the Press is marvellous and that it does a good job.

The Premier must think we are dumb; certainly he has conned the Press. I refer to the famous Price Waterhouse letter; this is the first although I believe another letter is circulating but, as in all other cases, the Government is lax in passing it around.

Hon. Peter Dowding: Which letter are you referring to?

Hon. A. A. LEWIS: It is addressed to L. R. Connell and Partners and dated 20 October 1983. The letter is from Price Waterhouse of Mt. Newman House, 200 St. George's Terrace, Perth, Western Australia. Is that sufficient information for the Minister? Does the Minister have a copy or would he like me to send a copy so he can understand it?

Hon. Peter Dowding: Please proceed.

Hon. A. A. LEWIS: This letter is written to Mr Connell whom I think Mr Gayfer mentioned this morning; that is, L. R. Connell and Partners of 68 St. George's Terrace.

A member interjected.

The PRESIDENT: Order!

Hon. A. A. LEWIS: This is the one who trains horses. He must have taste because he employs my nephew.

I quote from the letter as follows—

In accordance with your commission we have read your report of September 1983 titled "Northern Mining Corporation N.L., Argyle Diamond Mines Joint Venture" which addresses the basis for your assessment of the value of all of the issued shares in Northern Mining Corporation NL (NMC)—

I shall not read the rest of the letter if the Minister has a copy. I am sorry to delay the House but apparently the Minister does not have a copy. The letter continues—

—which the government of the State of Western Australia has agreed in principle to purchase.

So, Price Waterhouse were asked after the event; their view was not sought before. The letter continues as follows—

We have also reviewed an extensive array of information and formal reports concerning the Argyle Diamond Mines Joint Venture and the Ashton Exploration Joint Venture in

each of which NMC has a 5 per cent stake. The information and the reports have been prepared by a number of independent parties, including the managers of the above joint ventures. These parties appear appropriately qualified to comment in an authoritative manner on the economic, financial, physical and operational aspects of the project.

In addition we have examined studies prepared in your office by your senior staff from authoritative source data including the data we have reviewed and which is mentioned in the preceding paragraph.

Which are the studies set up by the joint venturers so they built up the price of the shares? The letter continues—

In any determination of value, and particularly in any determination of value which is dependent on forecasts of future events and trends over a long period of time, which is the necessary context of the valuation of the shares in NMC, assumptions and estimates must be applied to all of the elements and factors incorporated in the computation leading to the final determination of value.

This is the last paragraph, Mr President, and I advise you of that so you will not tick me off for quoting too much, which I am inclined to do. The letter continues:

In our opinion, based on the documentary evidence and, the computations presented to us—

That is, by L. R. Connell and Partners and by the joint venturers. The letter concludes as follows—

—there is nothing to indicate the assumptions and estimates are not within the ranges customarily adopted in such determinations of values and which are not given reasonable credence by the information and the formal reports given to us, to assist in our review and referred to in the first paragraph of the opinion.

I find it remarkable that a Premier should hand out this document suggesting that Price Waterhouse were backing the Premier's actions. I feel sorry for the Attorney General because he has been let down badly by people debating this Bill in another place and people trying to justify their stance. It really is shocking. Virtually, Price Waterhouse have been given the assessments of L. R. Connell and Partners. I do not know Mr Connell but I happen to know he has married into a good family. As I understand it, his job as a merchant banker is to put deals together and one puts deals together to make a buck; that horrible profit motive is involved. I understand he is not

working for the Government for nothing although I do not know about that.

I do not imagine the immense amount of work going into a deal like this is being presented to the Government for nothing; if it is I congratulate Mr Connell on his national pride and the work he is doing. I do not know whether he is doing it for nothing. However, he can send a letter like this and not only con the Government's advisers—I am not calling him a “con man”; perhaps I should change that to “not only sell it” to the Government negotiators, who advise the Premier and the Attorney General as Minister Assisting the Treasurer—but also sell it so well that the Premier lays the paper in the House and says, “There is our proof”. It just shoots holes in the total Government argument. It is fascinating to think a Government would take that letter as proof that the Government is right, the project has a great future and is going marvellously. Not only that, but also the Press pick it up and they think it is marvellous, except for the examples I have quoted. I refer particularly to *The Western Mail* which used to be popular in the ALP, but apparently it has changed its views.

The Attorney must have the projected figures until the year 2007, because he said earlier tonight he had them. I want to know what happens when this company has to go over the border. I want to know what amount of money the Government forecasts must be put into future capital works to develop the project and to cover ongoing costs. It is all very well having a 5 per cent share, but as the Attorney knows, one can keep putting in. That is part of the deal.

A comment was made earlier during debate on the previous Bill about CRA. CRA is an experienced risk venturer. It is not like the Western Australian Government, which is a babe in the wood in respect of these ventures. This has been proved by the Minister's second reading speech. CRA has numerous shareholders who invest in that company knowing that certain amounts of their money will be used as risk capital; but the taxpayer does not pay his taxes thinking that the Government will use that money as risk capital.

We will come to the second reading speech eventually. I know I am not allowed to do this, but in the other place the Premier, within five lines of the commencement of his speech in that magnificent thing called *Hansard*, says, “We have a guarantee of 14 per cent over 17 years”.

The PRESIDENT: Order! The honorable member knows that he is out of order.

Hon. A. A. LEWIS: I will close the horrible book.

The PRESIDENT: He is not to proceed in that way.

Hon. A. A. LEWIS: Five lines further on he says there is no guarantee at all. So in five lines he confuses himself. There is a guarantee and there is not a guarantee. For how long must one speak to take up five lines of *Hansard*? About 30 seconds. That is how much the Premier knows about this.

Let us deal with the second reading speech, because I get very bored trying to teach the Government how to govern. I have spent 11 or 12 years doing it on both sides of the House, so do not take it personally, Mr Attorney, because previous Attorneys have had the same sort of treatment.

The company, according to the Attorney, has arranged for a European consortium bank to meet its obligations amounting to some \$22.5 million for its share of the development costs of the Argyle project. That is \$22.5 million on top of the \$40.6 million, as I understand it.

Hon. J. M. Berinson: What was the first figure?

Hon. A. A. LEWIS: That is from the second reading speech: \$22.5 million. If we add \$40.6 million and \$22.5 million, as I understand it, we get \$63.1 million. The Government has \$50 million of it by a black mark. We are now looking at finding another \$12 million-odd.

I thank the Hon. Mark Nevill for reminding me of this; there are a few overruns in this sort of thing. Even the ordinary householder understands that in most cases when he signs a contract to build a house for \$34 000 he gets a bare house and that is about all. Then there are other things which will mount up on top of that. So one cannot say that the cost is \$34 000.

Let us have a look at that \$63.1 million and add another 10 per cent, because that is a very conservative overrun. I know the Attorney, being a businessman, will agree with me, that one must add the other 10 per cent.

The Attorney says it is to be expected the parent company, the Bond Corporation, from which we will buy this organisation—if we do—is to support the borrowings by providing guarantees, and this obligation will now fall on the Government to the extent that it is necessary. I want to know what those Government guarantees are. I want to know to what extent the Government thinks it will have to guarantee these loans.

This mob has a lot of faith in Bondy, because they believe they are better borrowers than Bondy.

Then the Attorney went on in this way—

These arrangements will need to be reviewed to ensure that the cost of funds to the company is as low as possible, having regard to the strength of the Government's credit which will now stand behind the company.

Quite frankly, if this Bill is passed, the Government's credit in international circles will go straight down.

Hon. J. M. Berinson: That is an irresponsible comment. The truth is that our credit is high and it will remain high. If you think it will be brought into question by the guarantee of \$23 million you have no conception of the extent of our commitments.

Hon. A. A. LEWIS: I must ask the Attorney to back this up by saying anything over \$23 million he will put in out of his own pocket, because that is the sort of comment the Attorney is making. He knows I am not talking about a mere \$23 million.

Hon. J. M. Berinson: What are you talking about?

Hon. A. A. LEWIS: I am talking about the extent to which it is necessary. I quoted the Attorney's own speech. Do not make silly comments. I have had to interrupt the Attorney when I have been on my feet before; sometimes I have not been on my feet. Really the Government is sticking its head in a noose. In the international market, in the world market, where things are considered, where risk capital is considered, if we go into this venture, who will know what will happen in Western Australia? Trust levels in the Government may drop because people do not know what will happen. They do not know whether somebody else will be blackmailed into a deal. They do not know what pressures this Government will put on. Nothing is straightforward, so with that credibility, our credit drops.

The Attorney General said—

The Bill is a short, simple measure—

Simple? He continued—

—which is self-explanatory. It provides for the purchase of any or all of the share capital of the company and for the subsequent sale of all or any of the issued share capital . . .

Are we going to buy all or any? Which way are we going to have it? I thought we were to buy the lot.

We are also authorising the Government to sell its share in the company when it wishes, without coming back to this House. I do not know whether I like that. Will we have an agreement like the one we had earlier—a *fait accompli*? No Government should be allowed to do that.

Here comes the classic quote from the Attorney General's speech—

In this respect, the Premier has already announced the Government's intention to establish a State development corporation and one option would be to transfer some or all of the shareholding in Northern Mining to the corporation, thus enabling greater participation by the Western Australian public in this and other resource developments and potential growth industries.

Are we meant to understand that the Government is to transfer a bit of scrip in a risk venture to a State development corporation and give it backing for borrowing within that corporation? That is the way it reads. A bit more Government guarantee is needed to back that scrip and to back that State development corporation. The Government cannot have it both ways. It cannot have it like the barramundi.

The Attorney General continued—

The Bill also authorises the Treasurer to make advances to the company from the public account with the approval of the Governor—

I understand that is the Cabinet, in Executive Council. He continued—

—should it be decided to utilise the balance of the funds available to provide the company with initial working capital or to meet, from this source, part of its obligations for development of the Argyle project. Provision is included for the Government to provide such guarantees as are necessary for borrowings by the company without which the company could not obtain funds on acceptable terms pending the emergence of cash flows from the main project.

This worries me a little because of the cash flows—the emergent cash flows—next year. The Premier has already announced that. What is the difference in the emergence of cash flows and the amount that the Government might have to borrow? What is the amount the Government has to borrow to cover—let us call it—bridging finance? What is the bridging finance in this particular part of the Bill that the Government has to guarantee? That is interesting. I am sure it is interesting to the Attorney because he has not thought of it before.

Hon. J. M. Berinson: I think you quoted it before.

Hon. A. A. LEWIS: It is a totally different one. The Attorney General should read his second reading speech—

Hon. J. M. Berinson: I have.

Hon. A. A. LEWIS: —and get someone to tell him what it means.

Hon. J. M. Berinson: You seem to be attempting that but you are not succeeding.

Hon. A. A. LEWIS: I have an awful lot of trouble getting it through all the time. I will read it again—

Provision is included for the Government to provide such guarantees as are necessary for borrowings by the company without which the company could not obtain funds on acceptable terms pending the emergence of cash flows from the main project.

It is virtually bridging finance. I am sorry the Minister for Mines will not let the Attorney listen because the Attorney was just beginning to grasp the situation. Now he will be fouled forever.

The second reading speech continued—

It is an integral part of our economic strategy and an extension of the Budget thrust to stimulate a return to economic growth with the Government working in partnership with the private sector.

If the Government wants to work in the private sector, it should be aiming to put people in work. It should be aiming to keep small businesses going with the \$50 million-plus that it has put into this venture. It could probably keep in business and thriving 100 small businesses with seven or eight people, so 600 to 800 jobs would be saved. Instead of that, we have the diamonds, the glitter, the glamour! Maybe one of the members of the Government will get on the board. We have seen what happened with the Auditor General's report. When people go onto boards, they are given trips. One of the Government advisers may get on the board; he may get a motor car. There is not an adviser who does not have one.

Hon. Fred McKenzie: A bit like the Liberals in Queensland?

Hon. A. A. LEWIS: I do not know. I do not know how many advisers they have in Queensland. I am glad Mr McKenzie has raised this, because now I will check it.

Hon. Fred McKenzie interjected.

The PRESIDENT: Order! I ask the member to stop interjecting, and I ask the member on his feet to address the Chair.

Hon. A. A. LEWIS: Certainly, Mr President. I have very little more to say. I am sorry you had to interject at that particular time. I was just about to wind up after I had dealt with Mr McKenzie.

The Government has not given the truth to the Parliament or the public. The Government is perpetrating another con trick. The Government is headline seeking with no interest in the public, no interest in small businesses, and no interest in jobs. Upon their heads, each and every one of them, however lowly to the Leader of the House, rests this Bill for the rest of their lives in this place. May it be a long and happy life and may their numbers grow no greater! The Government will have to be responsible for this for the time it stays here if the public of Western Australia have to put money into it and have to finance it in any shape or form, and if the taxpayers have to dig into their pockets at any stage for other than these odd little bridging finances. We will guarantee \$20 million or \$30 million which I do not believe is being taken into consideration. I would like the Attorney General to tell us what is the cost of bridging finance at this guaranteed 14 per cent return.

Hon. Neil Oliver: Is that all? The Attorney said it was only 14 per cent.

Hon. A. A. LEWIS: No. I have a far better source than the Attorney. I received it from the Premier. It is written in the book.

Hon. Neil Oliver interjected.

The PRESIDENT: Order!

Hon. A. A. LEWIS: I will let the Hon. Neil Oliver deal with the taxation question. I would not like to keep the House waiting much longer.

This is a very simple Bill, as the Attorney said in his second reading speech. However, I am troubled that he did not understand what he said. I am afraid that the Attorney has been pressured by the Government. He is taking far too much pressure. Maybe that is because the other Ministers cannot take it. Maybe he alone is considered as the one who can cope with these things.

I am sure the Attorney will answer these questions. I do not know whether he will be able to do so tonight. However, bearing in mind the advice available to him from people such as the Minister for Mines, I am sure there is a fair chance he will be able to do that. I do not know whether the Attorney will be able to give the House accurate advice on those questions, but he must answer them. The public must know what is going on and we have to know what is going on. If the Attorney cannot answer the questions, he should adjourn the Bill and deal with it in a fortnight's time when the Government has worked out its figures.

### *Tabling of Document*

Hon. FRED McKENZIE: During his speech the member quoted from a document from Price Waterhouse and L. R. Connell and Partners, dated 20 October 1983. I request that that document be tabled.

Hon. A. A. LEWIS: With pleasure, Sir. It is a document the Premier tabled in the House last week.

The PRESIDENT: Order! The member will table the document.

*The document was tabled (see paper No. 397).*

### *Debate Resumed*

HON. I. G. PRATT (Lower West) [9.22 p.m.]: In making my contribution to the debate, I shall not do two things: Firstly, I shall not ask any questions of this Government. The Leader of the Opposition and the Hon. Sandy Lewis have asked questions and I gather other members intend to do so too. However, I am joining the growing number of Western Australians who are coming to the conclusion that we cannot expect to receive any honest and straightforward answers from this Government and that it is a waste of time to ask questions. Secondly, I do not intend in any way to impugn the intentions or successes of Mr Alan Bond and Mr Laurie Connell in this endeavour, because it is their job to do business and they are very successful business people. As Liberal members of this House, we believe in private enterprise. We believe in people with entrepreneurial ability going out and selling things.

However, while we do not in any way impugn them, we must cast very serious doubts on the business acumen of this Government. To suggest to us that it has struck a bargain in dealing with two such able men as Alan Bond and Laurie Connell is ridiculous, because they are not in the business of handing out bargains to anyone. They are in the business of making a profit and maximising that profit, and that is what they are all about.

If this Government believes it can go out into the open marketplace and do business and finish up with a bargain from these men, it shows how naive it is in the realities of business. The Government probably has a great deal of very sound advice behind it, but it is the advice of academics who have not had to test their theories in reality in the marketplace, and just as those academic theories fall on the rocks, so will this Government fall on the rocks of its own naivety and on the rocks of its lack of basic business knowledge.

The two issues about which I shall talk are what the Government has done and what it has not done in relation to its general activities and specifically in respect of the matter before us.

What the Government has done—we must give credit to it—is to create a vintage year. On Federal and State levels, 1983 must surely be a vintage year for the Australian Labor Party, because, after all, has it not in this year won Federal Government; has it not won State Government; has it not invented the Dawkins tax avoidance scheme; and has it not in the same vintage year invented the Burke tax avoidance scheme?

I say the last, because in the Costigan commission two of the mechanisms spelt out in tax avoidance and tax evasion schemes were the prepayment of interest and the prepayment of royalties. That is something this Government has offered to its new partners in this mining venture. By taking prepaid royalties, it has handed them a tax avoidance scheme in the same way as, at the Federal level, the Dawkins scheme set new levels in the capitalisation of interest which was the other matter identified clearly in the Costigan commission's investigations.

Therefore, it is truly a vintage year for this socialist Government which is trying very hard to be capitalistic. Although we must admit that some members of the Government, for instance, Mr Dawkins, and some very prominent members on a high level of the State Labor Party, are very successful capitalists in spite of the way they might present themselves to their electors, the basic belief of this party we are told is a socialistic one where everything is shared, yet they go out and pretend to be mining entrepreneurs on this question. That is what the Labor Party has done. It has established 1983 as a vintage year for tax avoidance.

I turn now to what the Government has not done with the \$50 million that it has blackmailed the joint venturers into giving it in exchange not for—

The PRESIDENT: Order! I ask the member not to use that type of language. It is unparliamentary.

Hon. I. G. PRATT: I will endeavour to find another word which you, Sir, find acceptable which describes what to me is a most unacceptable practice of putting pressure on people to force them to do something which they would not do of their own free will. Perhaps the closest and most acceptable word I can find is just plain and simple "pressure". The joint venturers have been pressured into providing this money to the Government and, as a result, the Government has

\$50 million to spend. What has not the Government done with this \$50 million.

I am sure members of this House such as the Hon. Fred McKenzie, the Hon. Bob Hetherington, the Hon. Lyla Elliott, the Hon. Kay Hallahan, the Hon. Garry Kelly, the Hon. Des Dans, and probably many other members opposite and many members on my side of the House are faced day after day with the spectacle of people coming to their offices in a terrible plight seeking assistance with housing.

As you, Sir, would know—I know you represent a similar area—we hear some terrible stories about the plight of some of these people and at times we have to tell them that, in order to get a State Housing Commission house, they will have to be evicted. At times some of these people who have come to me have had to be put out onto the pavement before they could obtain emergency State Housing Commission accommodation. That is a terrible situation for people to be in in this day and age.

Let us see what this Government which professes to care for people could have done with the \$50 million which it pressured the joint venturers into giving to it. One can buy a rather basic house for \$24 000 which as a package deal costs \$32 000. With the \$50 million, the Government could have built 1 500 homes for the people to whom I have referred. We could have provided 1 500 houses for the people who knock on the doors of our offices every week pleading for accommodation and to whom we must say, "I am sorry. Get onto the list. We cannot help you".

That is what this Government which professes to care about people could have done. It is interesting to see that members on the front benches of the ALP are laughing at this moment. It is very pertinent that we notice that, because it shows how much they care about the plight of these people who do not have roofs over their heads; yet members opposite continue to laugh.

Hon. Fred McKenzie: We have put a great deal more money into housing than your Government did.

Hon. I. G. PRATT: I am glad the Hon. Fred McKenzie chooses to interject, because I guarantee as many people looking for housing and asking for help come to his door as come to mine.

Hon. Fred McKenzie: I am just telling you a fact.

Hon. I. G. PRATT: I guarantee the Hon. Fred McKenzie has to furnish the same answer as I do; that is, "If you are not on the list and you have not been kicked out, you will have to wait".

If we break down that amount of money which I indicated could have been spent on building houses, we can see what this Government could have done about providing jobs. This is a Government that claims to care about the unemployed.

Let us consider what the construction of those houses would do for employment. Directly, this would provide \$25 million for employment. There are two phases to indirect employment and the first involves the supply of material, which would amount to \$15 million. This would provide 12 months' employment for 2 666 unemployed people. Here we have a Government that claims to care about the unemployed, yet when it could have provided employment for 2 666 people for 12 months it chose to speculate in the mining industry.

If we go beyond that we find money would be involved in providing the secondary employment jobs; that is, in the manufacturing of stoves, sinks, doors and other items that a builder buys to put into a house.

This Government claims to care about education, yet this money could have provided 1 000 classrooms. If we linked the 1 000 classrooms that could have been provided from this \$50 million with the \$17 million it has reneged on in the education vote for this year, we would find in these two areas—

Hon. Lyla Elliott: There was an increase.

Hon. I. G. PRATT: The member knows very well that this Government said it would not reduce the percentage of the total Budget spent on education, yet it has reduced the vote by \$17 million.

Hon. Lyla Elliott: It is a two per cent increase in real terms.

Hon. I. G. PRATT: Mr President, after the Government has had the pea and the thimble and shoved them about and come up with a two per cent increase, I suggest it should look at the up-front figures in the Budget which show a \$17 million drop in the education vote, \$17 million less than what the Government promised—but perhaps with this Government we should not take notice of what it promises.

If we consider this deal we realise the Government had the capacity to provide 1 000 classrooms and 1 500 teachers. It could have spread these classrooms and teachers around the State, so fulfilling its promise to reduce class sizes—of course that was only a promise and we are learning very quickly that this Government's promises are not worth very much.

All these areas in which the Government could have done something in a social way with the money it has "pressured" out of the joint venturers are things the Parliament and this State should be aware of, because we know that 12 months ago the previous Government was pressured considerably by the teaching profession and by parents when it put even a slight squeeze on the education system. Here was an opportunity for the Government to do something really strong and constructive in the education field, yet it has said, "No, we will play the share market".

Mr President, when we consider the people who come to our offices every day who are without housing, when we consider the 24 000 people who could have been placed in housing over 12 months, when we consider the 2 666 unemployed people who could have been given 12 months' fulltime employment, and when we consider the other people who would have gained employment as a flow-on, we come to realise just how shallow this Government is, just how stupid it is, and how reckless and irresponsible it is in taking this action.

Members on this side have attempted to obtain answers from Government members, although I do not expect us to receive any answers because I do not believe Government members have the ability or the desire to provide the answers. That is why I have not asked any questions. I really hope that the people outside who have been conned with this glisten and gleam of diamonds will understand when they front up to my office, or Mr McKenzie's office, or Mr Kelly's office that they will not get a house and will know why.

**HON. V. J. FERRY** (South-West) [9.35 p.m.]: This Bill is certainly causing members a great deal of difficulty; it is so difficult, members on the Government side are silent on it. It seems strange to me that if this Bill is so wonderful, Government members have not been on their feet to extol its virtues. To the credit of members on the Opposition benches, despite the sudden rise of the item on the Notice Paper, an action which caught a number of us unawares because we had not completed our research into the subject, we have been prepared to play our part and to examine the proposition. It certainly is not easy and it seems certain that we will not get any satisfactory answers to our questions because the Government is either not in a position to advise the House or it jolly well does not know the answers. Either way we are the losers and therefore the State and the people are losers.

I want to emphasise one point brought out during the Attorney's second reading speech when he said that, "The Bill supplements the proposed ap-

propriation by seeking statutory authority for the purchase of the corporation by the State and such ancillary powers as may be necessary to ensure that the company is able to operate in a normal commercial manner, under State ownership". It is rather extraordinary that he should have used the expression "in a normal commercial manner, under State ownership".

In this State it is certainly not a normal commercial operation for the State to trade in this way. I do not believe it should trade in any of these different ventures except in those where there is a sheer necessity or unique circumstance. This is not a unique circumstance. The Government does not have to trade in diamonds; it does not need to have a share of this arrangement.

**Hon. Garry Kelly:** Do you want the Government to trade only in unprofitable areas?

**Hon. V. J. FERRY:** Governments have a habit of not being able to trade profitably, and this has been proved again and again; therefore I urge caution because it is unlikely to trade profitably in the long term, even though this might seem a good thing in the first flush of looking at it.

I have not had a chance to delve into this at depth, but I have tried to picture the operations of this venture, particularly as it affects the Government.

Let us consider the revenue situation. The venture sells diamonds. The cash flow from those sales would be in US dollars—foreign exchange would be expressed in US dollars. Therefore, to convert this to the Australian monetary system there needs to be a relationship with the Australian dollar; that is not unusual, there is nothing strange about it. The difficulty is the variation between one currency and the other, and this could create some complications. One side of the venture's operations involves marketing, capital expenditure, and exploration costs.

These outgoings would be expressed in this country in the main in Australian dollars. On the one hand we have an inflow expressed in US dollars, and on the other expenses expressed here in Australian dollars.

In order to make the situation viable it is not unusual for the firms to encourage hedging on exchange rates. The Government may be in a position to do that better than private firms. I hope it is. However, I have again a sinking feeling that the Government may not be as competent in this area as are private firms.

**Hon. J. M. Berinson:** I assure you our Treasury has a very high degree of efficiency in hedging operations.

Hon. V. J. FERRY: That may be so, but this area must be watched all the time. It is not unusual to have foreign exchange hedging through the banking system.

I pose this question: What foreign borrowings does the State already have? I imagine the State has some foreign borrowings for some purpose or other. I am not aware of the extent of the borrowings.

Hon. Peter Dowding: It is hundreds of millions of dollars.

Hon. V. J. FERRY: I thank the Minister very much.

Hon. Garry Kelly: What are you going to do with that bit of information you have just got, as a point of interest?

Hon. P. H. Wells: Check it out, double check.

Hon. V. J. FERRY: I will pursue the subject. The Hon. Garry Kelly can make his own contribution if he chooses to do so. At present he chooses just to sit there. It seems we have large foreign borrowings, which I suggest would be in US and other foreign currencies which could be hedged against exchange rate movements. Possibly this hedging will help in regard to the servicing of principal and interest, but one must be careful.

I am grateful for the comment that the Treasury is competent in this field, although it is an area which should be left to the commercial sector to handle. The Government is entering a field which should be left to the private enterprise system, which has the experts, so that all the risks are not thrust upon the Government and, therefore, the people of Western Australia.

Of course, the State makes purchases overseas. If the venture needs to purchase items overseas a similar principle may apply to payments for those purchases. There must be this delicate balance between currencies. This hedging could help the Government, but it could hinder it. Correct hedging is highly desirable, but if someone makes a mistake the whole State will suffer. The results could be disastrous.

Mention was made during the debate of taxation advantages. If the venture can gain taxation advantages as a result of the Government's involvement, advantages which the private sector otherwise does not have, I am sure those advantages will be obtained. It worries me that other resource developments could be scared off by the prospect of the State entering into those developments. No doubt exists about that; it is a real threat indeed.

It has been suggested that the company envisaged by the Government will be used as a vehicle to enter into other resource developments. Whether a public authority or company is used to carry on business a real threat is posed. A company would have far greater advantages by its being owned by the Government than would, perhaps, a development authority. The Government could use a company with devastating effects on other resource developments. It could use its influence, pressure or whatever it might be, to squeeze from private enterprise the expertise and resources brought into the State.

It is all very well for this Government to suggest that this diamond deal will bring benefit to the State, but mark my words, in the long term it is likely to have a converse effect for the reasons I have mentioned. In some cases entrepreneurs will be scared away from the Western Australian scene.

We have the spectacle of what has happened recently in Queensland, a State rich in natural resources with a Government which gives every encouragement to private enterprise. It is not unreasonable to suggest—one does not need to be a Rhodes scholar to work this out—that Queensland holds tremendous advantages in attracting development for the benefit of the people of that State. Certainly that development benefits Australia as a whole, but we in Western Australia will not get the direct and full benefit of that situation because it will be known that big brother in this State, the Government, will be likely to use its influence. Hopefully that influence will be used in the right direction, but likely it will be used to the detriment of private enterprise. No one can convince me otherwise.

We must be careful in this State to ensure we do the right thing. Western Australia has been and still is fortunate to have natural resources to develop. How many countries wish to have resources similar to ours to use to the benefit of their people? When resource development is knocked, people are knocked, because those resources provide people with bread and butter for their families and the ability to enjoy life. When development is knocked, the ability of people to progress and prosper as they would like is knocked.

I emphasise the point that this socialist Government is taking a step fraught with problems and difficulties. The stepping stones will be hazardous indeed. I cannot emphasise too strongly the point that the existence of a progressive, free enterprise Government in a State like Queensland will mean this State will be bypassed by people who wish to help this country to develop its resources.

I have mentioned already the great lack of response in support of this measure from members of the Government, a lack of response which can be attributed only to their being told to shut up—or are they ashamed of this measure? In fact, few of them are in their seats, as happens most of the time in this place. The public should be made aware of such things.

I refer now to the \$50 million or thereabouts that will not be available for projects in the State. Like one or two other speakers I can talk about a number of projects that the money could be spent on for the benefit of our people. I refer particularly to projects in the south-west of the State, which I have the privilege to represent.

Strong recommendations have been made to me recently in regard to improvements needed, for example, at the Bunbury Senior High School. That school needs a hall-gymnasium and prevocational centre. Similarly, the Newton Moore High School, named after a former Premier of this State, requires a hall-gymnasium and other improvements. With the increased population developing, particularly around the periphery of Bunbury, the establishment of a new high school is needed and the site has now been designated in Australind just north of Bunbury. That school has to be established to take the pressure off the Bunbury Senior High School in particular, which school is restricted because of the limited land it has available to it. It is a very small site indeed. The school has a large number of students, approximately 1 100 or 1 200, and their needs are great indeed.

The money the Government is getting from this project could be used more effectively in this regard. It could also be used for a new hospital at Margaret River, where there is presently a very old hospital which needs replacing. However, no mention has been made of the Government's doing those sorts of things to help that community, which is in one of the pioneering districts of this State. Similarly, there is a need to extend the hospital at Augusta. The Government is trying to do something about this urgent matter.

A fishing boat harbour is needed; there is not one fishing boat harbour in the south-west of this State. Provision has been made for one to be constructed at Bunbury over the next few years, but from Bunbury to Albany there is not one fishing boat harbour. In addition to that, there are very few boat harbours or launching places, and these facilities help people either to earn a living or to use their leisure time. I could go on and on and mention many things.

Of course, another matter is the proposed new bridge over the estuary at Mandurah, which affects not only the people of the south-west but also anyone who goes to Mandurah or through it. That is a very vital road link and the money could well be used in that area alone. All the examples I have given indicate that the money which is coming to the Government from this deal could well be spent right now providing employment opportunities and benefits to the community as a whole. I find the deal quite extraordinary.

**HON. N. F. MOORE** (Lower North) [9.53 p.m.]: I do not wish to go into all the details of this deal; I simply wish to place on record my attitude towards this legislation. I want to commence by quoting two newspapers. Firstly, *The Western Mail*, to which the Hon. Sandy Lewis referred, describes the deal as "taking on the unmistakable odour of a dud deal". I also refer to *The Age* of 11 October. I refer to these two newspapers because neither of them could be considered to be right-wing Liberal-conservative-type newspapers. The article in *The Age* reads as follows—

The Bond Corporation was widely regarded as having paid too much for its stake in the Argyle venture and it was happy to sell out without loss.

The other two joint venturers, Ashton Mining, which has 38.2 per cent, and CRA, which has 56.8 per cent, are understood to be furious with the use to which the compensation payment, which they regard as excessive, has been put.

The 5 per cent stake purchased by the Government has always been a thorn in the side of the other two joint venturers.

Having read the debate in the other House, and having listened to my colleagues speaking on the debate in this House, I am becoming more and more convinced that the opinions of those two newspapers are on the right track. My colleagues, the Leader of the Opposition (the Hon. I. G. Medcalf) and the Hon. A. A. Lewis have raised many questions which must be answered before the public of Western Australia can be fully aware of the total consequences arising from the deal in which the Government has become involved.

Opposition members in the other place have asked many questions with and without notice to obtain details of this decision by the Government to become involved in the mining business; but they have been frustrated by the Government's inability or unwillingness to provide even the most elementary answers to most of those questions. I hope the Attorney, who is handling the Bill in this

House, will not treat the questions that have been raised by my colleagues during this debate in the same way that the Premier treated the questions that were raised in the other House. I hope he will not ignore the questions and that he will give full, accurate, clear and concise answers to them; because it is absolutely necessary for us as potential shareholders in a roundabout way in this new deal to know just what we are getting into. Of course, the people of Western Australia need to know all the details of this deal because the Government is using their money.

If the Attorney does not adequately provide answers to the questions that have been raised, we should delay the legislation until the answers are forthcoming. I understand it is not necessary for this Bill to be passed immediately in the same way as the previous legislation was required to be passed immediately, and that there is no problem in delaying this Bill for a couple of weeks.

Hon. D. K. Dans: We think there is.

Hon. N. F. MOORE: My advice is different from that of the Leader of the House, and I suggest he is using the necessity to pass the other Bill to hurry this one through at the same time.

Hon. D. K. Dans: You can think what you like. We know the Bills we want through and the sequence in which we want them to go through.

Hon. N. F. MOORE: I am merely suggesting that the advice the Leader of the House has is different from mine; we will have to agree to differ.

This Bill is so important that we must have the answers to the questions that have been raised by my colleagues in the other place and by the Leader of the Opposition and the Hon. Sandy Lewis in this House. It is incumbent upon the Government to clearly explain the deal that has been done on this matter. It is a gamble to get involved in the mining business. Mr Medcalf made it quite clear that some of the largest mining companies in Australia have suffered very drastic reverses in their profitability because of the varying prices obtained for minerals. To suggest that diamonds are different from any other mineral is quite wrong; the price of diamonds could fluctuate quite widely, depending on a great variety of circumstances that could arise throughout the world.

In today's newspaper, Agnew Mining announced a loss of \$5 million in the last financial year, which was similar to the loss it incurred the previous year. That is a very large international mining company with great expertise, yet it is making losses on resource developments in Western Australia. We should not permit the State Government to use taxpayers' funds to get

involved in activities where financial losses could be made.

Naturally I oppose the legislation on philosophical grounds for the same reasons I opposed the SGIO Bill last night. It is not in the interests of the taxpayers and citizens of Western Australia for the Government to be involved in risky business deals. I accept that in the event that this legislation is passed by this Parliament the Opposition would, in the event of it returning to office, sell the Government's share; in other words, it would rescind any decisions that are made on this matter. In fact, I suggest that for a future Liberal Government to retain its share in this venture would be an abdication of its basic political philosophy.

As the Hon. Vic Ferry clearly pointed out, this legislation is not the end of the Labor Party's sally into private enterprise. In fact, in two days we have had two Bills, both of which are necessary to implement the Government's socialist policy, one to get into insurance and the other to get into the mining industry.

I was interested in the Attorney General's comments during the previous debate when he referred to the Government becoming involved in what appears on the surface to be a very profitable venture. We are getting into the diamond business. I am wondering whether the Western Australian development bank, or whatever institution is to be involved in this sort of project, will become involved in exploration activities or with this sort of mining company which has already a deposit of some sort, even though a risk is attached to it.

Maybe it would not be a bad idea for the Government to get involved in the exploration and business of some mining companies because then it would have some knowledge of the problems in the industry. Over the years the Labor Party has shown a lack of knowledge of the problems associated with the mining industry and its attacks on that industry over many years have led to the industry being wary of anything this Government may have to do with it.

The final matter I wish to raise relates to the points I mentioned in the previous debate. The Attorney General was not kind enough to respond to the questions I asked. The matter relates to an article in *The West Australian* of 12 October, 1983 headed "Argyle Mine—Aboriginal interests protected". It read as follows—

The WA Government will spend \$1 million to set up a social impact and assessment group to protect Aboriginal interests in the development of the Argyle diamond project.

The Government is also negotiating with the joint venturers to provide the group with an extra \$5 million over five years for the long-term solution of social problems among affected Aboriginal communities.

The Premier, Mr Burke, said yesterday that the Government proposed an annual contribution of \$500 000 each from the Government and the joint venturers, indexed to the consumer price index.

After five years the programme would be reassessed.

I asked a question in this House of the Premier in order to find out some details about the expected expenditure of \$3.5 million of taxpayers' money and \$2.5 million of the joint venturers' money. I want to know how that money will be spent and I want to know which Aboriginal communities will require the expenditure of \$500 000 a year to be protected. I want to know which Aboriginal communities live so close to the Argyle mine and need to be paid large sums of money to be compensated for dispossession or some other inconvenience they will suffer.

It is not good enough for the Government to put out a Press statement about future expenditure of \$6 million to protect the interests of Aborigines, without explaining what those interests are and how they need to be protected.

This is all part of the whole big deal we now have where the Government is involved in mining activities and expending \$6 million to protect the interests of Aborigines, without providing any details at all.

I am worried that this deal will set a precedent for future mining ventures where Aboriginal communities are concerned. If any mining industry wants to develop a mine anywhere in Western Australia and it happens to be somewhere near an Aboriginal community, that community will be able to say, "The Argyle deal provided \$6 million, what will you give us?" This action will set the basic principle on which future developments will take place.

I understand the nearest Aboriginal community to the Argyle mine is something like 100 kilometres away. If that community is to be dispossessed to the extent that it will need \$6 million paid to it over five years, the Government should give some clear reasons for this provision.

In conclusion, I hope that the Attorney General will answer my questions because it is important, as far as I am concerned, in making a judgment on this legislation that I know what is being done with the taxpayers' money. We should not proceed with the Bill until such time as answers have

been provided to the questions asked by my colleagues earlier.

It would be a good idea to not take a vote on the second reading tonight and for the Attorney General to go away and come back with the answers to those detailed questions.

**HON. H. W. GAYFER** (Central) [10.05 p.m.]: I am still concerned about this issue because I believe the Government could be getting somewhat out of its depth and could be playing with money and people's future. It could be doing this with State finance, and without any experience in this field.

I do not expect the Government to have a great deal of experience in this field, but I do expect whoever is advising it to have a great deal of experience. Perhaps there are only three reasons for the Government's decision on this matter. The first being because it is part of its policy; the second, because it is an attractive business proposition; and the third because the Government believes that it is for the absolute good of the country.

Since I last spoke I have been trying to fathom exactly in which of those three categories may lie the decision and the impetus which motivated the Government, or Cabinet, to enter into this venture.

I looked into the State election policy speech and associated papers of 1983. I have not read them in great detail, but I have scan read the policy and the associated papers dealing with mining, fuel and energy, housing, etc.

I have been amusing myself—that is hardly the word, but I have been interested—by scan reading these papers because I expected that somewhere in them a reference would be made to decentralisation, but the word has not been used. I could not find a section dealing with decentralisation.

Possibly an argument I used that this move was not in the best interests of decentralisation does not really matter because no decentralisation plank is in the policy. Therefore, it is quite probable that commuting to the metropolitan area, as is envisaged, is well within the ambit of the policy of the Government.

I have been trying to find the reason we adopted the course of opening a mine, taking a share in it, and providing positive impetus, but not using it as a means of populating an area of our State which needs it so much.

The foreword to the ALP State election policy of 1983 stated that the Labor Party team combined an exciting blend of youth and maturity. Is

Mr McKenzie listening? It stated it had a mix of practical and academically qualified strength—I love that word “academic”—the pragmatic and the practical. They are good words; they must be the reason they won an election.

Hon. Robert Hetherington: It is better than academic weakness.

Hon. H. W. GAYFER: Do not start on academic stuff, Mr Hetherington.

In the foreword of the ALP's election policy Brian Burke said that Labor believed that one of the most appealing aspects of its declaration was its emphasis on efficiency in Government; that is, “sound, safe judgment, financial management techniques, and responsible budgeting would be the cornerstone on which Labor would govern”. I find those interesting words when one looks at such a venture as the Government is entering into; but no doubt the research carried out by the Government advisers is such that the Government is satisfied that it is acting on sound, safe judgment, financial management, and techniques of responsible government.

I perused the document to ascertain what it said in the case of regional development. The only part I found that had some bearing is that the Government believed in regional industry, through a system of financial incentives that would have product diversification, employment creation and a contribution to regional growth. Again, I found that something was missing in relation to this matter before us, and that was actual regional growth.

The next section to which I refer deals with stimulating regional employment, and again I find nothing in this venture which deals with the prospect of changing the needs of regional employment.

In the section dealing with health the Labor Party said it would not only review regional and rural health-care services, but would also review access in remote areas to health-care services. I would have thought that the establishment of a town would give remote areas better access to health-care services.

In a section dealing with defence the policy does not refer to anything on the land, but to a patrol boat base as a vital and accepted priority for defence in the north. I cannot find anything in the policy speech, or associated papers, that really made this venture a plank in the Government's policy. Therefore, I must rule out the policy.

I then looked at the second point, that this Bill deals strictly with a business venture which has its attractions. I will not reiterate all that has been said tonight. I have not found, nor has any mem-

ber explained to me, exactly what is so attractive about this venture. Certainly, a yield figure of some 14 per cent has been given to the year 2007 but nothing has been proven. It is just a statement and if it is a statement of fact, the facts must be given to us. I am very loath to admit that it is strictly an attractive business project.

The third point is that the Government believes that this project into which it has entered will be good for the country. If it believes it is doing it for the good of the country, it must have received considerable advice before making its decision; otherwise, as the Leader of the Opposition has said, it would hardly be agreeing with the Trustees Act, although that does not cover the Government's entering such a venture! There is something akin to what it is doing within the framework of the Trustees Act, but there is nothing to say that what it is doing is wrong. I have checked this out.

The Hon. Garry Kelly said that the Government only wants to trade in profitable areas. Those were not his exact words, but that is what he meant.

This Bill really concerns me. Is the Government doing this purely and simply because it believes it is the best thing for Western Australia? If it is, then so be it, but I think it will have a kick-back in the long term and I believe the Government will rue the day that it entered such a venture and spent the enormous amount of \$50 million as the trade-off for a town for shares in a speculative company.

Surely the information that was gained in those early days was available and should have been used in making a decision in respect of this business venture. I understand that one of the advisers present in the Chamber with us and who was also an adviser to the then Minister for Resources (the Hon. Peter Jones) was in the team that went to Antwerp with him. I may be wrong, but I understand that one of the men from whom the Government sought advice concerning the future of the diamond industry in the world was the chairman of one of the most prestigious diamond clubs in Antwerp. His name is Robert De Belder. Now that is seeking advice in the highest quarter.

Robert De Belder had an insight into what was happening in respect of the future of diamonds. He was the chairman of the club which amassed all those people interested in diamonds in the world. I believe he is now bankrupt; if he is not bankrupt he is now severely financially embarrassed through miscalculating the price movement of diamonds throughout the world. I do not know

whether that is a fact, but surely the Government, through its advisers, would know the story. If that is the sort of information that the previous Government had amassed and left on file—if it was not left on file it must be available or must be known to the current Government—I would suggest there is something more radically wrong with this proposition than I had first thought.

Hon. J. M. Berinson: Could you give me an idea of the date of those discussions in Amsterdam?

Hon. H. W. GAYFER: I am sure that the files would show the exact date on which the Minister and his adviser went there. I am not privy to ministerial matters, but the Attorney General may be. I have given the name of the person, the name of the place, Antwerp, and I think the name of the club was the Bourse Club.

A doubt exists in my mind that the advice we have received from people who traffic in this sort of product is not all it should be, and should be viewed with a certain amount of caution. This is on top of the State buying into a diamond project for \$50 million to get 5 per cent of it. The lack of decentralisation is a most worrying aspect to me. I join the Leader of the Opposition and other speakers in voicing genuine apprehension about this project.

The Government is the trustee for so much of the people's future and finances, and everything else—our lives—and appears to be entering into a harum-scarum avenue in order to make some monetary gains. People in the streets already are looking at this with diamonds flashing in their eyes. I am genuinely concerned about the future of this deal, and the more I hear about it as it unfolds in the debate, the more I am worried about what Western Australian Governments may be entering into.

HON. NEIL OLIVER (West) [10.22 p.m.]: I am concerned about this proposal for the same reason as the previous speaker. I suppose I could take the attitude that I should just let this Bill pass without any comment, and let the Government sink in its own incompetence. This Government has shown its arrogance in the manner in which it goes about its business; that is it seems to be a bully. I can only assume that its attitude stems from total and sheer ignorance, and therefore it will receive its just rewards. I question therefore why I should stand here and bother to make a contribution. Why should I not take an irresponsible attitude and let the Government go ahead?

I did not receive answers to questions I asked about the previous Bill, so I do not expect to get any in relation to the comments I may make now.

This Government is the laughing stock of sharebrokers in their leather-lined suites around this country. I have spoken to many of them in Sydney and Melbourne and I say the Government is a laughing stock. I have a responsibility to my electorate to make some statements in this regard.

If the five per cent proportion of the joint venture owned by Northern Mining is as good as is claimed, I would like to know the answer to this point: I have not examined the articles of association or the manner in which the joint venture operates, but in normal business practice the articles of association would contain the general table of articles which would give first right of refusal to the other partners. I believe the Attorney and the Minister sitting next to him would know the articles to which I am referring. I realise we are talking about a joint venture which is a more modern approach than might normally arise in articles of association.

The Minister spoke previously about this great proven resource. It has a proven risk factor, but if that is removed, the mine will be a "goer". I raise the question: When Northern Mining Corporation wished to bail out and give away this magnificent opportunity why did not the other partners in the joint venture, who should have the first right of refusal—and I have not seen the joint venture agreement—take up that option? I ask the Attorney whether that right of refusal was in fact part of the agreement between the partners because the Government, or the taxpayers of Western Australia, are to become part of that agreement.

The Attorney is a qualified legal practitioner, as is the ministerial colleague on his right, and if they have any knowledge of company law or the law of contract, they will know it is a fairly common if not almost an obligatory clause for partners in a commercial venture to have first right of refusal. Did the other partners decide they would not exercise that right of refusal?

I suppose this Bill boils down to the fact that CRA and Ashton Mining, the other joint venturers, are paying \$12.4 million and \$8.3 million respectively to make up for Alan Bond's mistake in paying too much for Northern Mining Corporation two years ago. It will also let the Government enter this business at below market value.

Endeavour Resources took over Northern Mining in 1981 and I am not certain shareholders of Northern Mining have accepted the purchase of those shares. Endeavour paid \$42 million for

Northern Mining in 1981, and in March this year Bond Corporation relieved Endeavour of its Argyle stake for the same price. At the same time the share price of Ashton indicated the value of Northern Mining's five per cent of Argyle was \$26 million.

On paper Bond Corporation was down \$16 million, but it would show that loss only if Northern Mining was actually sold. I can go only on what I read in the Press, and in particular *The Australian Financial Review*. I can presume only that the Government's advisers have been able to make projections that show where the difference of \$16 million comes about. How is it that the price put on the sale when Bond Corporation bought 5 per cent was \$26 million at market value, and it made an error of \$16 million? I can presume only the feasibility study prepared for the Government by Price Waterhouse and some other merchant bankers is based on proved reserves and that since March this year the whole project has become a completely different ball game.

I return to that point: If the project is as good as we are led to believe, it is suprising that the joint venture agreement does not have the normal obligatory commercial practice in contract law of giving the first right of refusal to the other joint venture partners. If I were a joint venture partner, particularly Sir Roderick Carnegie of CRA Limited, I can assure members that for the sum of \$42 million, if I could make a market profit of \$16 million, I would not want to let that share go elsewhere if I had the first right of refusal. I ask the Attorney to indicate by interjection whether it is a normal commercial contract law joint venture agreement or not?

Hon. J. M. Berinson: I will respond to that in my reply.

Hon. NEIL OLIVER: I also want to know how the Government intends to provide additional funds should any calls be made on the joint venture. I understand already preplanned requirements exist for additional funding until the project becomes self-funding in its own right. Along the track other occasions may arise when problems occur.

Hon. J. M. Berinson: A margin has been provided in the borrowing.

Hon. NEIL OLIVER: Yes, contingencies have been made. But does the Attorney consider those arrangements are sufficient based on the risks in the market?

Hon. J. M. Berinson: It is a substantial margin. The borrowing facility has a substantial margin above projected requirements.

Hon. NEIL OLIVER: I have been involved in international trading in the basic commodity of wool which in the past has been a very volatile item, particularly in relation to conflicts such as occurred in Grenada yesterday. Of course, today the market does not respond in quite the same way as it did previously. I am not aware of whether there is commodity trading on futures in diamonds.

Hon. J. M. Berinson: I do not know either.

Hon. NEIL OLIVER: If there is no such trading on diamonds, no ability exists to hedge against sales and take a lower profit, so that at least one gets a profit which is what futures trading is all about. Whenever I am visited by futures brokers they carry with them a very large roll of graphs. It is a continuous roll which vertically shows the indications of the market trend and horizontally the time frame. Because of the inverted situation of the market, the brokers are able to project how they see market trends developing up to 18 months ahead. When these brokers try to convince me that I should be operating in the futures market, I stand in front of a large table and ask them to let me look at the graph. The graph is rolled out to the extent of around seven or eight feet and I then put myself across it and say to them, "You have all that information in front of you there, tell me about market trends". With all the brilliance of those people and with their knowledge they have never been able to answer. I do not know whether the gentleman has passed on, and I would not like to be disrespectful to him, but the Sydney futures exchange was founded by Clive Hall of Clive Hall Futures. He was virtually the grandfather of futures commodity trading. Even he was unable on one occasion to predict a downmarket into a massive boom in prices in under 24 hours.

When one gets into the international business of trading one needs a hedge and one of the biggest problems in this area is devaluation. However, this Government does have an advantage in this area because it will be able to consult with Mr Hawke and will not suddenly be wiped out by a 10 per cent devaluation such as occurred immediately after the last election.

Based on the figures presented, and a 14 per cent profit in this project according to the feasibility put forward by Price Waterhouse, the profit would have been immediately reduced to four per cent if similar devaluation actions took place to those carried out by Mr Hawke after he came into Government last March. Under those circumstances I do not think the State Government would have been very pleased. However, that is the risk one takes in operating in international

markets. Possibly the Attorney might like to comment on that point.

I am particularly interested to know what is the return on capital. Is it an average over the life span of the operation and what is the sinking fund period? What is the life expectancy of the joint venture at this point based on the proved resources? I do not know why the Attorney is in humour; is it because he has all the answers?

Hon. J. M. Berinson: I was distracted by a humorous event.

Hon. NEIL OLIVER: What is the current life span of the proved resources at this point of time? Based on that, how does the Government arrive at 14 per cent? Is the 14 per cent an average over the life span?

Hon. J. M. Berinson: If I remember correctly the 14 per cent is calculated to the year 2007 but that is not necessarily the whole life of the project.

Hon. NEIL OLIVER: Is it based on an indexed period or is it an average anticipated over the life span of the current reserves without any future reserves, so that it would be levelled at 14 per cent?

Hon. J. M. Berinson: My understanding is "averaged". If I am wrong in that, I will correct it later.

Hon. NEIL OLIVER: Therefore, it is based on an increase. It has a price increase inbuilt in the raw materials. If that is so—I am waiting for the Attorney General to give me a reply—

Hon. Peter Dowding: He will reply at the end.

Hon. NEIL OLIVER: That leads to the next question I wanted to ask, but I will leave it at that point. At what point does the revenue peak?

Hon. Peter Dowding: It is averaged.

Hon. NEIL OLIVER: When is it projected that the revenue will peak? In what year or in what decade of the project's lifespan is it anticipated to peak?

These are very difficult questions. The Government can only come up with a feasibility study. I do not wish to place the Government in the situation where I have to refer to *Hansard* when the whole thing has collapsed.

Hon. Peter Dowding: The problem is that the cash flows, which are known to be detailed, must be commercially confidential, so you cannot really expect a substantial response.

Hon. NEIL OLIVER: I could not have a substantial response because it could not be incorporated in *Hansard*, it would be so voluminous with the charts associated with the computerised study. The manner in which a feasibility study is done

means that it would be a most unusual document. In fact, it would not be of a size which could be incorporated into *Hansard*.

When is it anticipated that the revenue will peak? Does the project become self-generating at the peak point, or before the revenue peaks?

Hon. J. M. Berinson: With due respect, what difference does it make for the purpose of your present argument? What point are you trying to make?

Hon. NEIL OLIVER: I want to be certain about the manner in which the Government has gone about this. I am asking only very basic questions. They are so basic that they are at the level of second year accounting for mining companies. I want the answers.

Hon. J. M. Berinson: You could say the Hon. David Wordsworth does not find them basic. He regards them as quite difficult. I am distressed at his obvious embarrassment.

The PRESIDENT: Order!

Hon. NEIL OLIVER: I am not here to embarrass the Attorney General. I impress my sincerity upon him.

I felt I should not even speak at this stage, but I have a responsibility to my constituents. I should know where we are going on this matter. I am not happy about it, and I have already made that clear. However, I want to know something of the basic commercial situation.

Will the project peak in about 1989 to 1992? When will the project become self-generating? When will we start to see a surplus flow into the State Budget?

Hon. J. M. Berinson: I believe from 1986.

The PRESIDENT: Order! Both the member addressing the Chair and the Minister know that the way this place operates is that this is a debate in which the member puts forward his point of view. In the course of putting forward that point of view, he may well raise some questions. The idea is that eventually the Minister will answer the debate and answer the questions.

The member should not ask questions and wait for the Minister to answer. If he does not do that, we will be able to move on without any difficulty.

I suggest that the honourable member asks his questions but does not wait for an answer now. He should wait until later.

Hon. J. M. Berinson: Hear, hear!

Hon. NEIL OLIVER: The reason I followed this line of questioning was that when I rose earlier this evening and asked a series of questions, I received no answers. However, I ap-

preciate your concern, Sir. I have been able to extract a series of answers which I did not receive earlier. I hope that the Attorney General has taken note of your comments. I will now proceed in the manner I would have liked to proceed and he will take notes of the questions that I raise. During the summing up at the end of this second reading debate, he will give me the answers. I appreciate that is the manner in which we should proceed. The only reason I have deviated is because of the situation I faced earlier.

We are talking about 1986 when the project becomes self-generating, and from then we will see an inflow into the State Treasury.

The Attorney General and the Minister for Mines, in their previous capacities as legal practitioners, would have advised clients of the situation when they found themselves facing a conflict of interest. I do not know what part the Attorney General played in the negotiations on this matter, but he would be well aware of the problems faced by a legal practitioner when a conflict of interest arises between his clients. It is a serious situation, and I know exactly what Mr Berinson would do. In fact, I know exactly what the Minister alongside him would do. They would have no choice but to ensure that one party went on its way.

I am concerned that a conflict of interest is involved here. I am not casting aspersions at anybody, but the person who put the deal together happens to be an adviser both to the vendor and to the purchaser. That is unsatisfactory and, in the commercial world, almost an unacceptable situation.

In fact the Attorney General in his capacity as a legal practitioner would not place himself in that situation. The promoter or the merchant banker had that conflict of interest, therefore you, Sir, can understand my concern about this proposal. Putting aside all the other objections I have to the matter and just looking at it as a straight out commercial undertaking, a conflict of interest exists which is a situation the Attorney General, in his profession as a lawyer, would not permit.

However, the conflict of interest does not just stop there. Price Waterhouse is one of the major firms of chartered accountants in Perth. We now have another situation in which Price Waterhouse is the auditor of Bond Corporation Pty. Ltd. I do not know whether it is the auditor of Northern Mining, because I am not fully aware of the relationship of Northern Mining to Bond Corporation. However, if Price Waterhouse is also the auditor of Northern Mining, we have the position of the advisers on the financial feasibility of the

project acting for the vendors and also advising the purchasers. A paper has been tabled here, but I have not had an opportunity to read it. I do not know what it contains; however, it was said to be proposed by Price Waterhouse. I believe the people involved will regret that situation.

It would have been far better for the Government to ask another merchant bank to give it an independent feasibility assessment or an independent opinion. Under the circumstances, it would be advisable for the Government to obtain another independent opinion, quite apart from the opinions it has already.

Where do the vendors and the shareholders stand in the marketplace at this point? Where do the shareholders of Endeavour Resources stand? Has it had an extraordinary general meeting of shareholders which passed a resolution agreeing to the sale of the shares to Northern Mining? Similarly, has Northern Mining conducted an extraordinary general meeting of shareholders which passed a resolution agreeing to the purchase and sale of those shares? I am aware Bond Corporation is a major shareholder in each of those companies and I do not know where the minority shareholders stand, but naturally their views would need to be considered.

I would be interested also to know what statements have been made to the Stock Exchange in relation to the Government's actions. Is the Government in a position now to have its free, unencumbered scrip passed; that is, is the scrip available to the Government at present?

The international market is very intricate. The Hon. Mick Gayfer referred to the ability of the Treasury. I have a great deal of faith in and respect for the Under Treasurer and the Deputy Under Treasurer. However, there was an opportunity on one occasion for a lending institution in this State to buy Australian dollars offshore from Indonesia. No other currency was available—only Australian petrodollars were available from Indonesia. I can assure members that Mr McCarrey would not have a bar of it. I wonder how the Treasury will operate in the new realm of day-to-day marketing of a gemstone in a very volatile market—a market unlike the market for wool which fortunately is a product on which the world is totally dependent. Various contingencies can affect the price of diamonds and they must also compete against the synthetic product.

This is the first Government venture in an area fraught with danger. I can appreciate the great glee and ecstatic satisfaction of some Government members with this deal. I do not refer to the members of this House, but rather to the left-

wing of the Labor Party which this deal will satisfy and which is probably the most ecstatic of all about the Bill.

**HON. W. G. ATKINSON (Central)** [10.57 p.m.]: As a farmer and producer of goods which have to be sold in the marketplace, I have listened to the debate on this Bill with a considerable amount of interest. In my earlier comments this evening I expressed some doubts about the marketing of the diamonds and in the limited time available to look at these Bills, especially bearing in mind the way in which the Notice Paper was reorganised and the Bills were brought before the House today with a certain degree of haste, unfortunately adequate time has not been available to prepare fully for debate on the issue.

I shall deal with the production and marketing of the diamonds and the competition they shall meet in the marketplace. Initially I shall refer briefly to the Attorney General's second reading speech in which he said—

The Government's pre-election policy statements included a commitment to seek an equity in the diamond industry and to work towards a marketing and valuation system to ensure market value is obtained for diamonds recovered. A further key aim is the establishment of a cutting and polishing industry in Western Australia.

Further on in his speech the Attorney General said—

Arrangements have already been made for the corporation's diamonds to be marketed through Arslanian Freres of Antwerp and prices obtained to date are significantly higher than could be obtained by following the marketing course taken by its joint venture partners.

The Government does not intend to disturb that arrangement, but will, of course, be looking to the corporation to work towards establishing arrangements for cutting and polishing gem quality diamonds in Western Australia.

So far in the debate no-one has referred to the quality and quantity of the diamonds which will be produced in this venture. We can get some idea of what the Argyle Diamond Mine Joint Venture will mean to the world production of diamonds, and consequently its effect on prices within the world market, by reference to the Argyle Diamond Mine Joint Venture project briefing.

I refer to page 76 of the report and quote as follows—

Argyle diamond quality is low by world standards, but AK-1 reserves are of exceptionally high grade. With production of 25 million carats, Argyle is forecast to make the following increases in predicted 1985 natural diamond supply:

	Increase in World Supply	
	Carats %	Value %
Gem .....	8	2
Cheap Gem.....	25	10
Industrial .....	75	60
	40	4

It is very clear from those figures that the Argyle project will certainly put a strain on the world market.

Let us consider now the quality of the diamonds rather than the quantity. I quote from page 86 of the report as follows—

The following table shows the best estimate of the average diamond qualities contained in the Argyle alluvial and AK-1 deposits. Diamond quality will vary markedly within each deposit.

Estimated Average Diamond Quality

	Alluvials	AK-1
<b>WEIGHT (%)</b>		
Gem .....	10	5
Cheap Gem.....	35	25
Industrial .....	55	70

So we can see that the largest part of the production will be in the industrial grade of diamonds.

I quote now from page 87 of the report—

Argyle quality is low by world standards. Most of the production is of below average quality in each category.

About five per cent of Argyle diamonds are sufficiently free of inclusions and cracks to be classified as gem. A characteristic of Argyle diamonds is that the coloured diamonds, the proportion of which is comparatively high, have fewer inclusions than the white diamonds. A further characteristic is that the average quality of large stones is better than that of smaller stones. This characteristic is quite unusual.

Diamonds are generally thought of in terms of luxury jewellery, but some 50 per cent of Argyle diamonds will be crushed for industrial grits, and a further 20 per cent will be used for other industrial applications.

So we have some 70 per cent of the Argyle diamonds entering a very competitive section of the market.

I move now to discuss synthetic diamonds and I quote from page 85 of the report—

The industrial diamond market has been increasingly dominated by synthetic diamonds. In recent times, the price of boart, the lowest quality of natural diamond, has fallen from about US\$3.00 per carat to US\$1.25 per carat. In the future, it is likely that natural industrial diamond prices will decline more gradually in real terms, reflecting declining synthetic diamond production costs and prices.

The advent of synthetic composite diamond tools has meant that industrial stone prices will also now decline with the production costs of synthetic alternatives.

So it can be seen that a big question mark hangs over the predictions of the prices to be received from the Argyle venture's production, in particular the prices received for the production of the section the Government is taking over. The largest part of that will not be going on to the Central Selling Organisation where the price is relatively controlled; rather, it will be entering the free market.

In my brief research tonight I came across a rather interesting transcript of an interview with Mr Ken Marsten by a Mr Colvin, presumably of the BBC. Mr Marsten is the Mining Editor of the London *Financial Times*. Although this report is dated 18 October 1981, I think it is relevant to the debate tonight. I quote from page 3 of the report—

**MARK COLVIN:** Some people might think that if they're going to be producing such an enormous quantity they'll be able to command a lot of power in the marketplace?

**KEN MARSTEN:** No, I should think it'll work to the reverse, because at the moment the market is saturated with diamonds. And you see one of the problems Ashton may have to face is that because of the big cost of the infrastructure for that mine in a very remote region of the world, it's going to have to produce a great many diamonds to be a payable proposition. It'll certainly make good money, but it's got to produce a lot, and if you're producing a lot of something in a world that's well supplied, it's difficult. Remember the Ashton potential production in 1985 onwards is equivalent to half the world's total production at this moment, not in terms of value, but in caratage.

So there we have the situation with the market and the problems that the production of the Argyle venture will cause.

Lastly, I turn to synthetic diamond production, an area which I believe will create a lot of doubt about the value of the investment in this project. An interesting article appeared in the *Australian Business* magazine of 18 March 1982 wherein can be found an article headed "New Threat to Argyle Diamonds". The article deals with two Australians who have further developed the techniques of manufacturing synthetic diamonds so that they are larger and more even. This is important to the debate because the Argyle diamonds will be entering a very competitive field in terms of price and quantity. The gentleman who has developed this refinement of the technique used by De Beers and the General Electric Corporation is a Mr Dickason. I refer to page 15 of the magazine and quote as follows—

Mr Dickason says it is possible that within a few years about 12 million carats of synthetic diamonds could be produced worldwide through joint ventures or licensing, which would be equal to about one-eighth of the current annual production of synthetic diamonds.

Twelve million carats would also be equal to the lower-end estimate of the amount of industrial-quality diamonds to be produced annually from the Argyle diamond deposit after 1986.

The Melbourne venture highlights the problems facing the Ashton Joint Venture (AJV) partners given the vast number of industrial-quality diamonds they will be producing.

At least 50 per cent of the indicated 24 million carat annual production from Argyle will be industrials, but this percentage could range as high as 80 per cent of total output.

Whether the higher or lower figure is used, the result will be a dramatic increase in the current world annual production of natural industrial diamonds, which is now around 30 million carats.

It continues—

The problem for the AJV partners, and for the natural industrial diamond producers generally, is that synthetic diamonds have the lion's share of the industrial market. One hundred million carats of synthetics are sold each year, of which General Electric produces around 46 million carats and De Beers produces 26 million, with smaller quantities

being made in Japan, the USSR and the East European countries.

While the demand for synthetics has been growing at a compounded rate of 10 per cent a year, industrial uses of natural diamonds have not been growing as rapidly. Synthetics are more predictable in size, grading and strength than industrial-quality diamonds.

The only area of demand in which natural diamonds have an advantage over synthetics is in the drilling industry, where the larger-sized natural diamonds have not, until now, been challenged by synthetics. Even this is now changing.

Mr Dickason says that his company has produced laboratory test quantities of synthetics and is now gearing up to produce commercial quantities. The diamonds will be between 38 and 600 microns in size, and will sell at a price ranging from \$1.50 to \$6 a carat.

The article concludes with this statement—

Mr Dickason says he can not foresee any slackening in the growth of demand for synthetic diamonds, because of the role of diamonds in modern high technology. But he is pessimistic about the outlook for the natural industrial diamonds from Argyle.

"I believe that the Argyle industrial diamonds will add something like 40 or 50 per cent to the existing quantity of natural industrials," he says, "and I can't see how they can avoid creating a glut in the market."

Considering the figures I have quoted of production and quantity, the references I have made to the certain competition the venture will run into with synthetic diamonds, and the fact that no doubt the current state of technology in that synthetic diamonds industry will improve, I seriously question the figures put to the House on the cash flow for this venture to the year 2007, and the Government's claim that this venture will provide a 14 per cent return.

I am disappointed in one respect, and pleased in another that the Hon. Mark Nevill has come back into the Chamber. He will hear at least part of this debate; but it is a pity the one man on the Government side who could give us quite an insight into the mining industry has not taken part in this debate. It has been left almost entirely to Opposition members to raise these points. I trust that the questions put by other honourable members will be able to be answered satisfactorily by the Attorney.

**HON. J. M. BERINSON** (North Central Metropolitan—Attorney General) [11.13 p.m.]: This has been a lengthy debate. I guess no one can complain about that, given the importance of the issues involved. Despite the number and length of speeches I doubt whether we move away tonight from the first two questions put to the House by the Hon. Ian Medcalf. Firstly, he asked: Will the Government receive value for money? Secondly, he asked: Is it desirable irrespective of value for a Government to invest in a mining venture?

I will go as he did to the second question first. He suggested this sort of venture is bad in principle, and it is the sort of thing Governments should not do. The first comment that might be appropriate in response is that what the Government proposes to do is neither radical nor unusual. On the contrary, the participation of national Governments in mining and oil exploration is quite widespread. Already, as was pointed out, we have an example of that in the Argyle project. The Malaysian Government holds a 15 per cent share of Argyle Diamond Mines Pty. Ltd., which translates into an 8.5 per cent interest in the venture overall, an interest which compares with the proposed 5 per cent interest by our Government. In oil exploration we know of El Aquitain with French Government equity; IEDC with equity held by the Government of Kuwait; and Seveca with Belgian Government equity. Petrocorp, which is active in oil exploration and development in New Zealand, involves the New Zealand Government as an equity participant. BP has a substantial holding by the United Kingdom Government. I believe I am right in recalling that Seltrust was one of the major groups to which the Hon. Ian Medcalf referred. That group has a 35 per cent holding in BP, which in turn involves the United Kingdom Government's interest in Seltrust. Is that involvement contrary to the interests of the corporation? The intention of this Government to participate as a partner in this mining venture is not radical or unusual.

This point perhaps should be linked with a comment later in the debate by the Hon. Vic Ferry, who suggested that this sort of activity by the Government would scare off private investment. The examples I have given constitute an answer to that fear as well. Of course it will not scare off investment, no more than is the case with those other companies I have mentioned. Indeed, if one considers the position of companies in less stable areas than those I have mentioned—I think of South America and South Africa in particular—one realises that the participation of Governments has not scared off private en-

terprise, although on ordinary objective criteria they might very well have been scared off.

One other comment is relevant in this context. When all is said and done it is not just a matter of the form of Government risk-taking, but the fact of Government risk-taking. If one moves away from the form to the fact we have a very serious precedent in our State. In Western Australia we have the historic position of earlier Governments, and particularly earlier Liberal Governments, making quite risky commercial decisions entertaining what can only be regarded as dramatic commercial risks. That is nowhere better illustrated than in the previous Government's agreement to enter into a take-or-pay arrangement with the North-West Shelf developers which amounted to a \$1 billion guarantee of a venture which was not in production, in which the Government had no equity, in the profits of which it would not share, on the board of which it would not participate, and in the commercial decisions of which it was to be an outsider.

When one compares that sort of risk-taking with what is proposed in the current Bill, it would not be difficult to come to the conclusion that if the Government is to be criticised at all, it is perhaps to be criticised for being too timid.

Moving from Mr Medcalf's second question, I refer to his first: Will the Government receive value for money? Mr Medcalf says that novices should be careful. That is self-evident; of course novices should be careful. Without conceding necessarily that the Government is indeed a novice in this or in any other area, the Government has been very careful; it has been extremely cautious; in fact it has been as cautious as one would want it to be given the nature and the cost of the enterprise. The expression of its caution is found in its reliance on professional and expert advice from many impressive quarters. Among the sources of advice, some of which preceded the Government's interest in these projects, was Baring Brothers, L. R. Connell and Partners, and Price Waterhouse—a firm of international repute. What has been mentioned less often in the course of debate is that the Government, in its consideration, also had available to it pre-existing advice by consultants to the project managers. Whatever Mr Oliver might have to worry about in terms of conflicts of interest, and so on—all of which were relevant questions—there can clearly be no doubt that the advice of the consultants to the project managers could not remotely fall into that category.

As is to be expected of a project manager—and one way or another that comes back to CRA—the consultants were of international standing; the

Boston consultant group. It was the function of this group to report on the range and valuation of Argyle diamonds. The report to the project manager—a report, I repeat, which was entirely unconnected with the provisions embodied in this Bill—lends further important and independent support to the other advice available to the Government.

Last, but certainly not least, are the reports and the advice available from the Government's own authorities—the Treasury and the Mines Department. The Mines Department has been in a position to offer significant advice on this matter due to its need to engage a diamond valuer to protect the interests of the State so far as its royalty entitlements on current production are concerned.

It can clearly be seen that the Government has been careful and cautious, and the expression of that is to be found in the many sources of advice to which it has turned.

It seems to be my fate in life in this House to be constantly pounded with questions. My experience has been that no matter how many questions I answer, I finish up being condemned for those I do not answer and I have a suspicion that I will not be able to answer many of the questions which were asked tonight. Part of my inability to do so is due to the sheer volume of them. Mr Deputy President (Hon. I. G. Pratt) before you came to my protection earlier tonight, I was in something of a quandary as to whether I was a participant in a quiz game or a witness under cross-examination. I did appreciate the protection you afforded me by your interruption of that process.

Hon. N. F. Moore: Perhaps you should have provided the information in your second reading speech so we did not have to ask questions.

Hon. J. M. BERINSON: I did not answer some of the questions simply because of the impossibility of dealing with the huge numbers that were put to me; others were in a category which simply did not lend themselves to an answer.

Hon. P. H. Wells: You could come back tomorrow.

Hon. J. M. BERINSON: It does not matter if I come back next week, they still will not be answered, and the reason for that in respect of the matters to which I am referring is the need for commercial confidentiality. Throughout this debate very important questions were put to me in one form or another. They relate to production levels, the value of production, and the timing and availability of the product. These are all matters of great commercial sensitivity. As I think the Premier said in another context, the Government cannot be seen to do two things at the one time:

on the one hand, to behave in a proper commercial manner and, on the other hand—

Hon. W. G. Atkinson: Maybe you should not have got into it in the first place.

Hon. J. M. BERINSON: —to reveal commercially sensitive information.

Hon. N. F. Moore: You are dealing with taxpayers' money.

Hon. J. M. BERINSON: If one is in the commercial arena, one must act commercially. That will explain, not so much my inability, but the undesirability of providing responses to questions of the sort I have just detailed.

Hon. N. F. Moore: The taxpayers are entitled to know the answers.

Hon. J. M. BERINSON: I think the Hon. Sandy Lewis asked whether the Government anticipated that it could avoid Commonwealth income tax.

Hon. A. A. Lewis: It was not me.

Hon. J. M. BERINSON: Another member then asked whether we could avoid Commonwealth income tax on the proceeds obtained from this venture. The short or interim answer to that is that professional advice exists to suggest that that might be possible. I add at once that all projections on the viability of the project have proceeded on the basis that Commonwealth company tax would be payable. To the extent that the payment of company tax is not required, that would increase the profitability of the project.

Just in passing I will take up the little piece of moralising that was offered by one or more members to the effect that it would be improper for the State to arrange its affairs so as to minimise its obligations for company tax. I find that proposition confusing, especially within the framework of our earlier discussions this week.

We have discussed the position of the SGIO and equated it with the position of the R & I Bank. So far as I am aware, whatever the difference between us on those two institutions there is clearly agreement that it is really a great idea that it should not be paying Commonwealth tax and that the equivalent of that should go to the State.

I am not sure why a line should be drawn below the R & I Bank and the SGIO and some different situation be applied to another commercial venture.

Mr Moore asked both in this debate and an earlier one about the \$1 million provided for a social impact study. Yes, that is a commitment by the Government for a study. There is no commitment to a further \$1 million a year to which he

referred. On my understanding, what the Premier has said is that he proposes to discuss with the joint venturers a contribution amounting to \$1 million from the Government and the joint venturers to be applied for social impact purposes, over a period of five years. If agreement on that proposal is reached I point out that it would absorb the amount of only \$300 000 a year as made available already by the joint venturers on what I think is called a good neighbour programme or a good neighbour policy.

Hon. N. F. Moore: It is called compensation, really.

Hon. J. M. BERINSON: Mr Gayfer mentioned that the previous Government took advice last year from a person who was the chairman of the Amsterdam diamond club—as he described it—and said his concern was that this prominent personality in the diamond trade subsequently went bankrupt. I have no knowledge of his going bankrupt, but if that is correct then there is hardly a doubt that he would have been a victim of the slump in diamond prices preceding those discussions which I am told were held about June or July of last year.

All the projections to which I have referred and all the professional advice on the anticipated values have been provided in the period subsequent to the slump and they have been updated to the present time. So whatever the significance of this individual's misfortune in other spheres, I think we can safely say it is not a significant tear in this case.

Mr Oliver was anxious to know whether the joint venture agreement included a first right of refusal in the event that one of the partners wished to sell out. The short answer to that is that I do not know, but I suggest to him that the question is rather misdirected because there is no question of one of the partners selling out. The partners in the venture remain the same; that is, in this case Northern Mining. What has changed is the shareholding of the partner. The question is not relevant in this context.

I opened the second reading debate on this matter by suggesting that the Bill constituted the most important new initiative by the Government in the 1983-84 Budget. I think that was an accurate description. The fact that it has given rise to considerable inquiry and concern no doubt reflects a recognition that it is important. The Government is satisfied that it has made all proper inquiries and taken all proper precautions and that it is in the interests of the State that this proposal should proceed.

Among other things, this proposal offers to the State the ability to maximise its income from a significant State resource. That is achieved in a number of ways: Firstly, by an increase in the anticipated income to this State, over and above the anticipated royalty income. Secondly, it offers what is often called a window on the industry; that is, an assurance that in this difficult field we do have an inside view of the values of production on which royalties are based. Thirdly, it offers the ability to the State to maximise the prospects of further processing.

Here it is true enough, as members have commented, that the agreement by the State with the joint venturers calls for local processing. It will be noted, though, that the agreement calls for a penalty in the event that processing is not carried out in this State. In other words, the agreement itself contemplates that in spite of the requirements, the processing may not occur here.

A second provision exists which would permit the processing to be avoided in this State, if the Government is satisfied that it is reasonable to do so.

The Government's interest in this project will be accompanied by the maximum possible concern to ensure that local processing does take place so that the benefits to the State arising from this important resource can be maximised in all of those ways.

I can only repeat again that this Bill constitutes a most important new initiative by the Government, and I urge the House to support the second reading.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Deputy Chairman of Committees (Hon. John Williams) in the Chair; Hon. J. M. Berinson (Attorney General) in charge of the Bill.

Clause 1: Short title—

Hon. A. A. LEWIS: Tonight we have probably heard the worst ever reply to a second reading debate that has gone on for a number of hours.

As I understand the position, the main points made by the Opposition in the debate have not been answered by the Attorney. We will sit here until we receive some satisfactory answers. I intend to outline those points again. I am sorry if I am delaying some members and keeping them from their beds, but I want to find out something about this Bill.

Let us see whether, in his reply, the Attorney General addressed the question of jobs. No, he did

not—he said nothing about jobs to be provided as a result of this Bill. He did not even answer several of our questions about jobs. He did not admit it because there is no answer. No extra jobs will be provided by anyone.

We asked about financial projections. The Attorney General skated around the outside of projections, yet in his reply to the debate on a previous Bill, he told us that they would not fall below certain levels. Let us see what these projections are.

Hon. J. M. Berinson: I told you why you could not have those projections. There is no point in your keeping on asking the same question. It is commercially sensitive material and it will not be released to you.

Hon. A. A. LEWIS: That is very sweet of the Attorney General and I thank him for putting it in so plain a term.

Hon. Robert Hetherington: He said that before.

Hon. A. A. LEWIS: He did not, and if the Hon. Robert Hetherington listened—

Hon. Robert Hetherington: I did listen and I heard him say it.

Hon. A. A. LEWIS: Obviously, voices do not carry to the back of the Chamber as well as—

Hon. Garry Kelly: He may be going deaf.

Hon. A. A. LEWIS: Unfortunately, I can hear the Hon. Garry Kelly.

We heard the Attorney General talk about the Government's participation in other ventures. In the main, he was talking about ventures that would give people of other countries financial security for the future, but he cannot claim that this venture will give the people of Western Australia the type of investment that could be equated with Kuwait's oil receipts.

However, the five per cent share that the Government is buying in the diamond mine equates with Kuwait's diminishing oil reserves which it is developing outside. As I understand it, Kuwait is receiving more money from interest on investments than from its oil receipts.

Hon. J. M. Berinson: How do you fit in the New Zealand Government's investment in oil exploration? Surely it is more risky than the purchase of a producing diamond mine.

Hon. A. A. LEWIS: If the Attorney General will let me continue, I will tell him what I think. New Zealand was one of the last examples and I see by the look on the Attorney's face that he does not want me to go through all the examples. New Zealand is in so much trouble that it does not really matter. It has had all these socialistic

schemes to prop up industry throughout the country. Why does not the New Zealand Government enter into a similar type of venture, as it has with the lotteries, to get itself out of trouble? If this State handled such a scheme, it would get only half the proceeds.

Sound reasons are given why other countries make these decisions. A sound reason has not been given in regard to this Bill. We are not told that the Bill will increase employment in this State. We are not allowed to have the projected figures, but we are guaranteed a 14 per cent return over 17 years.

Hon. D. K. Dans: This is not a second reading speech.

Hon. A. A. LEWIS: I will continue until we get a reply.

Hon. D. K. Dans: We will remain here.

Hon. A. A. LEWIS: I am sure the Leader of the House will remain here because he is dedicated.

Hon. J. M. Berinson: I can assure you you will get a reply, but it will not be as long as your question.

Hon. A. A. LEWIS: The Attorney General's Premier guaranteed there would be a 14 per cent return over 17 years.

Hon. J. M. Berinson: He advised you that the professional advice indicated that that is the return to be anticipated.

Hon. A. A. LEWIS: I suggest to the Attorney General that he reads *Hansard* and sees where the Premier guarantees it. Does the Premier speak the truth, or does he not, because three or four lines after his initial statement, he says it is not a guarantee?

Hon. J. M. Berinson: Who can guarantee returns on these ventures?

Hon. A. A. LEWIS: Why does the Attorney General's Premier make this statement?

Hon. D. K. Dans: I do not think he is making any statement of the kind to which you refer. It is an estimation, not a guarantee.

Hon. A. A. LEWIS: I am not allowed to read from *Hansard*.

Hon. D. K. Dans: I will not object if you do.

Hon. A. A. LEWIS: If the Leader of the House picks up his copy of *Hansard* and reads it, I am sure that he will find that, during Mr Hassell's speech, the Premier made these statements. I see that the Leader of the House has left the Chamber in horror. However, this is a question which was not answered.

Perhaps Price Waterhouse has put forward some other conditions of which we have not been informed. The Attorney General sells us short if he expects us to believe that the information contained in Price Waterhouse's letter indicates it is doing nothing but saying to Mr Connell that the figures that have been provided are agreed to under certain terms and conditions. I think the Attorney would agree with me that that is what is meant in the letter. There is no hard and fast accountancy procedure so that Price Waterhouse can give a guarantee that what the Attorney said is right. I believe that it is impractical to start using other consultants or accountants in this way. I am sure the Attorney General would not have done it in his own business because he would have wanted the hard core facts of the deal. The Hon. Mark Nevill, as a professional man, would have wanted core samples and actual facts behind him. Unfortunately, that letter does not deal with anything except the material the accounting firm has been given.

I wonder about the window into the industry being one of the reasons for distrust of the joint venturers. I wonder whether they are scared the joint venturers will not declare what they have to declare. If they are going to be crooks, they will be crooks; they are not because they have too good a reputation.

The Attorney did not make any attempt to answer what I called the "bridging finance" aspect, and tell us what he thought that amount of money would be. Either he and his advisers do not know, or they cannot make a guesstimate of what the finance is.

Hon. J. M. BERINSON: The Hon. Sandy Lewis asked how many extra jobs would be created by the Government's purchase of this company. Of course, the venture will give rise to a great many jobs, but this Bill is irrelevant to this question. There will be no extra jobs because the purchase of this share does not change the nature of the project. That should not come as a surprise to the Hon. Sandy Lewis since the Bill has never been put forward as a job creation venture.

The second question related to the provision of certain facts. I have already indicated that those sought by the honourable member are not available because they constitute commercially sensitive material. A second reason they cannot be made available which I should perhaps have indicated, is that the information involved is not the property of the Government. We have not yet purchased the company and the information is therefore still the property of the proposed vendors. That creates the further reason that it would

be commercially improper, apart from commercially imprudent, to release details of that kind.

The honourable member referred to the inadequacy of the Price Waterhouse report from which he quoted and which was subsequently tabled. As a report, that letter certainly is inadequate if only for the reason that it is not a report. As the honourable member will understand from reading that document again, it is simply a covering letter to the report and that will explain why the details and analysis which obviously would be in the report are not available in the two pages he has.

In the course of the second reading debate, the honourable member raised one question. I indicated in my speech that the Government has arranged borrowings through a European consortium bank to meet its obligations amounting to some \$22.5 million for its share of the development costs of the Argyle project. Further on in my speech, I said that provision is included for the Government to provide such guarantees as are necessary for borrowings by the company without which the company could not obtain funds on acceptable terms pending the emergence of cash flows from the main project.

I believe the Hon. Sandy Lewis understood those two comments to refer to different sums of money; in fact, they refer to the same sum. The second reference found its way into the speech because in that part of my comments I was detailing the effect of the various clauses of the Bill. My first comment related to what the Government proposed to do; the second related to the clause of the Bill which enabled that object to be achieved.

Hon. I. G. MEDCALF: I would like to comment on one or two matters to which the Attorney referred when he replied. It is appropriate I do so because he appears to have slightly misunderstood some of the points I made.

The first matter concerns the reports. I did say I would have been much more comforted had the Chamber had presented to it some independent valuation in relation to this transaction. For the Minister to quote the report made some months ago for Endeavour Resources, or for the shareholders of that company, by Baring Brothers is no answer to the matter I raised. That report is referred to in *The Australian* newspaper of 11 October as follows—

Barings' concluded that \$42 million was a fair price for the sale by Endeavour; it reported no conclusions for Bond holders to rely upon as to whether it was a fair price to pay for the assets.

In fact, Barings included a declaration that its report was prepared solely for the benefit of those entitled to receive a copy (Endeavour shareholders) and was not intended that it should be used for any other purpose.

In like vein, a statement yesterday from the WA Department of the Premier and Cabinet said that business and financial consultants appointed by the Government for this transaction and "consultants appointed by Endeavour Resources for the June deal have both described the price as fair".

As outlined by Endeavour's consultant, Barings confined its fair price conclusion to Endeavour holders.

Further on it states—

A careful reading indicates that Barings felt Endeavour holders were doing well to receive \$42 million. It considered the price represented "not less than" the net present value of Northern Mining's discounted after tax cash flows plus an "additional value" for the future net worth of exploration interests.

It follows that if Bond Corp receives almost the same price for the sale of the assets, then Bond shareholders have also done well, and that the WA Government may have paid a generous price.

I do not know anything about the details of that valuation, but it was made for a particular purpose for particular people who were selling their shares. That does not necessarily mean the purchaser of the shares one or two transactions later is necessarily able to rely on that valuation. I am aware the Minister referred to other reports received and I do not propose to comment again on the report of the international accountants. I have already dealt sufficiently with that. I make that observation to indicate I believe an independent evaluation obtained for this particular purpose would have been a wise and proper precaution on the part of the State Government.

I also comment on the question of the Government's acting as an owner. The remark I made was not to say that Governments do not sometimes act as owners, but to say I was not aware of the Western Australian Government's having previously acted as an owner of such an enterprise. It is possible that it has done, but I am not aware of it. I am aware that various European Governments and others have from time to time had an interest in mining projects.

Hon. J. M. Berinson: I thought the point you were making was more general; namely, that it

was undesirable for Governments in general to participate in this sort of investment.

Hon. I. G. MEDCALF: Yes, I did make that point. But in relation to previous ownership arrangements of this type, I said I was not aware of the Western Australian Government's having previously had an interest. I am aware that other Governments have and I still believe it is undesirable. I am not aware of those other Governments having made vast profits. In fact, I can recollect reading from time to time of the views of the British Government on its investment in BP, particularly when it was making substantial losses some years ago. The British Government did not have happy thoughts about BP. I take it from the Minister's comments that BP is still owned to some extent by the British Government although I understand there has been much change in the ownership. However, I think this is academic and a side issue.

Hon. D. K. Dans: The holding in BP is to ensure Royal Navy requirements.

Hon. I. G. MEDCALF: I think it is a side issue.

I refer to the matter of income tax because I raised the question of income tax and tax avoidance. I think it is relevant to consider that at the time of the 1981 agreement, these very same comments were made by members of the Labor Party. They expressed some concern that the Government was extracting such high royalties from a joint venture in that it would be depriving the Commonwealth of income tax because those royalties would be a tax deduction. Such comments as these, of course, indicate the difference in point of view between Governments and Oppositors.

Hon. J. M. Berinson: We have come across several examples of those lately, haven't we?

Hon. I. G. MEDCALF: I believe that this question of tax avoidance in relation to the SGIO is quite a separate matter because the SGIO is, and always has been, a Government-owned enterprise. It was never a private undertaking, but was always Government-owned whereas this is a private enterprise company which is now turning into a Government enterprise. I think that is the significant difference on the tax question.

Clause put and passed.

Clause 2: Interpretation—

Hon. A. A. LEWIS: I raise a query with regard to the company, Northern Mining Corporation NL, about which it is said—

A company which was at the date on which this Act came into operation incorporated in the State of Victoria.

Later in the Bill it is stated the Government will be purchasing the company. Then, for some unknown reason, reference is made to purchasing all or any of the share capital.

Hon. J. M. Berinson: I can only say that the intention is to purchase all the shares. Whether that phrase was incorporated to make it consistent with clause 3(b) where reference is made to the sale of all or any, I do not know. I do confirm that the intention of the Government is to purchase all shares in the company.

Clause put and passed.

Clause 3: Treasurer may acquire, dispose of, and exercise powers attaching to, share capital of Company—

Hon. A. A. LEWIS: I wish to clear up the question of all or any of the share capital. I want to know why that phrase is contained in paragraph (a) and in paragraph (b). If the Government is committed to this project, why would it want to sell any part of it or have the powers in this Bill to do so? If it will be such a great income earner for the State, why is the clause necessary? I also refer to subclause (2) which I imagine gives the Government the power to sell the shares. I am not keen on either the Government or the Treasurer—I do not give two hoots about whether it is the Treasurer of the present colour or one of my persuasion—being given the power to dispose of these shares without the matter coming back to this place.

It seems to me that in subclauses (1)(a) and (2) the whole argument put forward by the Government about the great benefits of this venture is shot down in flames. If the venture is so good the Government would want to keep it and I hope that any Government that wanted to alter the position would return to the Parliament before it did so.

Hon. J. M. BERINSON: The Government is looking for some flexibility in its future arrangements. One suggestion to which I referred earlier was the possibility that some or all of the shares might go to the WA development corporation. It would be premature to make provisions of that kind now as the WA development corporation has not been established. Another possibility to which the Premier has referred from time to time is that of the sale of shares to the public.

The Government believes it is sensible to keep its options open in this respect as would a commercial venture and that is the reason for this clause.

Hon. NEIL OLIVER: The point I was making was that the sale of Endeavour Resources Ltd. to Northern Mining Corporation was the subject of

a request by the Perth Stock Exchange that it be ratified, because Bond Corporation, which is the main shareholder, did not vote at the meeting. I understand a meeting will be held in November to ratify the purchase of the shares by Northern Mining Corporation.

The point I wish to ascertain is whether the sale and purchase of the shares has been approved by the shareholders. The Perth Stock Exchange says it has not, and I understand a direction has been made that a meeting be held in November to put that into effect.

Therefore, I ask: Are we dealing with legislation which may be in jeopardy or is it a fact that the Bond Corporation holds a substantial majority of the shares of Northern Mining and thus, if the legislation is passed, it will take effect?

I do not know whether the Government has made any commitments at this stage, but I am sure a provision exists somewhere that payment be made by 1 November.

Hon. J. M. BERINSON: I cannot directly answer the question as to the actual holders of the scrip at the moment. The position is that the beneficial owner of all the shares of Northern Mining Corporation is Amerstat Pty. Ltd. which, in turn, is wholly owned by Bond Corporation Holdings Ltd. The agreement by the Government is with Amerstat Pty. Ltd. as the beneficial owner of all the shares.

Hon. A. A. LEWIS: If the Bill were to be passed in its present form it seems to me that the Government could pass over to the WA development corporation the equity in Northern Mining. It could sell shares to the public or to anyone else if it wished without coming back to the House.

On the one hand, the Government has told us the way in which it will use the money to purchase this company and then, on the other hand, it seeks the power to dispose of that equity without reporting to the House in any way except perhaps in the Budget papers. In other words, the Government would be able to operate as a single entity without any responsibility to the Parliament or the public.

Hon. J. M. BERINSON: That is the position. I think that is in line with the explanation I gave earlier; so all I can say to the Hon. Sandy Lewis is that he has understood me correctly.

Hon. NEIL OLIVER: I hope there is an opportunity to sell this equity and that it is sold at a fair price before we get back into Government, because otherwise we shall stand criticised and condemned forever and *Hansard* will be quoted specifically on every possible occasion.

In his reply to the Hon. A. A. Lewis, the Attorney General referred to the WA development corporation. He said that flexibility is required; and, if the Government intends to proceed with its socialistic investment, naturally it must have freedom to move with the market hour by hour.

Where does the WA development corporation fit into this? I have not researched fully the situation in respect of Endeavour Resources Ltd. but the previous agreement states clearly that Northern Mining Corporation NL was an original signatory to the agreement, so I presume Northern Mining is a subsidiary of Endeavour Resources Ltd. Where does the WA development corporation fit into this? Is the Government proposing that Northern Mining should become a subsidiary of the corporation? The Attorney has not answered my questions about the joint venture arrangement. I assume the Government does not intend to supplement the WA development corporation for Northern Mining in the joint venture. Will the arrangement operate in such a way that WA development corporation is a holding company and Northern Mining, which is listed on the Stock Exchange, will become a subsidiary of the corporation? It is a complex matter. I do not know how a subsidiary can be listed on a stock exchange while the holding company is not so listed.

Hon. J. M. BERINSON: The Hon. Neil Oliver has indicated that he really does not understand how the system will work, and I am at one with him. The fact is that the Western Australian development corporation has not been formed and the Government has not reached the stage of specifying in detail the provisions that should go into the Bill creating it. The reference to the corporation in the debate so far is merely an indication of one of the possibilities.

If the development corporation emerges in a form that would make it a suitable holding vehicle for a Government investment, it would be used and that is the way it would go. For example, if we had the development corporation functioning and in funds, we could well say on a Bill of this sort that the development corporation is authorised to make a purchase of this nature in the interests of the State and to hold it on behalf of the State.

However, it is impossible to go into detail because the nature and function of the development corporation have simply not been determined. This will not happen soon. When the Bill for the development corporation comes to the Parliament, we will be able to see whether it constitutes the sort of vehicle that could be used with some flexibility in dealing with an investment of this type.

The DEPUTY CHAIRMAN (Hon. John Williams): Before I call on the Hon. Neil Oliver, I advise him that I am finding it difficult to link his remarks with clause 3. The clause is an enabling one, not a mandatory one. The explanation by the Attorney General that the development corporation has not been formed, means that we are moving into the realm of hypothetical questions. I ask the member to be very careful how he phrases his point.

Hon. NEIL OLIVER: The Attorney mentioned the possibility of the corporation's acquiring the interest, which would place the corporation in a situation requiring it to be a publicly listed company. I am referring now to clause 3(1)(b). It would have to be a publicly listed company; but I do not think that is the Government's intention.

Hon. A. A. LEWIS: I suggest that the words "or any" in line 17 be removed, and that the subclause be concluded, with the normal tidying up, after the word "capital" in line 20. The business of being able to move assets around without coming back to the Chamber worries me, and it should worry the Attorney. The other clauses in the Bill permit enough financial movement—borrowing, guarantees, and that sort of thing.

When we were in Government, the then Opposition suggested often that these matters should come back to be reviewed by the Parliament; and as the Attorney is a very fair man, he may accept that.

I suggest that those words be deleted and that the clause be rewritten.

The DEPUTY CHAIRMAN: Is the Hon. A. A. Lewis moving that as an amendment?

Hon. A. A. LEWIS: I am just asking. It is no use my writing for three or four minutes if the Attorney rejects it out of hand. The Government is committed to this sort of thing, and we know where it stands. I am asking the Attorney to consider that. It is a reasonable request, and he probably regards it as such.

Hon. J. M. BERINSON: I am unable to accept this. Let me make sure that I understand what the honourable member is suggesting. He is asking for the deletion of the words "or any" in line 17, and then the deletion of the word "and" in paragraph (b)?

Hon. A. A. Lewis: And subclause (2) as well. You do not need it.

Hon. J. M. BERINSON: I could not accept an amendment of that kind.

I am less confident about the first proposal—the deletion of the two words. However, I

would not be prepared to accept an amendment because the honourable member has given no reason for the deletion. The intention is to purchase all the share capital; but no harm is done by the inclusion of those words. I am not authorised to accept an amendment; and I cannot see any point in the deletion of those words.

The deletion of the other two parts of the clause are significant to the sale or other disposal. I am sure the Hon. Norman Moore would not be very happy about the deletion of paragraph (b). If his earlier intention was serious, this would provide him with an ideal opportunity at some future time.

Hon. N. F. Moore: You could always bring an Act in.

Hon. J. M. BERINSON: I have indicated that, in a commercial venture, a degree of flexibility is desirable; and that must be retained. The fact that the Government would not be required to come back to the Parliament before disposing, in one way or another, of all or part of the shares, does not mean that it would not be accountable. We would not be in the situation in which we could flog off \$1 million or several million dollars worth of shares, let alone give them away, without anybody noticing. It would be a visible part of the Government's investment in the State. What happened to it, and the way it was handled, would be noticed.

Any Government that tried to play ducks and drakes with this sort of thing—for example, selling for an inadequate value or for inadequate reasons—would be putting itself on the line. It would be at least as accountable in that way as in the more formal method of parliamentary debate.

The fact is that we are not dealing with the normal sort of Government instrumentality. We are dealing with a commercial operation; and that requires the degree of flexibility which this clause provides.

Hon. A. A. LEWIS: I register my protest. I do not protest at the Attorney, because he is obviously under instructions as to what he can say. I protest at the fact that the Government will not consider my remarks. If the Government were going bad and this is left as it is, under the lending and borrowing powers the other clauses give to the Treasurer, with adjustments of royalties and other things, a fiddle could be kept under wraps for anything up to three or four years. The Government will be talking only to the joint venturer or one of its management people, and it could have an onsite agreement which this Bill would allow, and the Government would have absolutely no responsibility to the Parliament until it

was found out. I do not believe the Attorney's Government would do this sort of financial fiddling, but this could happen.

Clause put and passed.

Clause 4: Treasurer may make advances to Company—

Hon. A. A. LEWIS: Is there any particular limit on the Treasurer; can he make unlimited advances?

Hon. J. M. BERINSON: The clause is in an open form and no limits are included. Obviously it would be limited by the purposes of the company.

Hon. A. A. LEWIS: It is interesting that we talked earlier about what I called the bridging finance clause involving the \$22.5 million which was originally guaranteed by the Bond Corporation and is now to be guaranteed by the Government. The Government then has the \$8 million surplus. Having paid out \$42 million for the shares in Northern Mining, adding both together gives \$30.5 million. As I understand it, the next stage, which I think is stage two, involves an estimate in last year's figures of something in the order of \$380 million which has now escalated to \$450 million.

The Government has purchased five per cent of the operation, so if we look at \$30 million and multiply it by 20, we get \$600 million. With \$450 million without any problem we are left with \$150 million. So the Government has \$7.5 million left of its \$30.5 million.

Hon. J. M. BERINSON: I think we are getting a few concepts mixed. There is no proposal to borrow \$22.5 million. The proposal is to secure a borrowing facility of \$22.5 million. It is not a matter of having \$22.5 million plus \$8 million—\$30 million in the kitty for these proposals. That \$22.5 million will be drawn on to the extent it is necessary. It may not all be necessary if some of the \$8 million difference between the \$42 million and the \$50 million is available for that purpose.

Hon. A. A. LEWIS: But as I understand it the Government already has \$22.5 million with that figure of \$450 million.

Hon. J. M. Berinson: Correct.

Hon. A. A. LEWIS: And that is without escalations.

Hon. J. M. Berinson: That is with escalations.

Hon. A. A. LEWIS: Calculated as now?

Hon. J. M. Berinson: No, calculated from the construction period of stage two.

Hon. A. A. LEWIS: What about the further development from then on—where does the money come from?

Hon. J. M. BERINSON: I am advised there are no further capital commitments on the company beyond 1986. The figures we have been talking about so far will cover the full capital commitment.

Hon. A. A. LEWIS: I thank the Attorney.

Clause put and passed.

Clause 5: Treasurer may guarantee financial obligations of Company—

Hon. A. A. LEWIS: The Attorney said that the estimate for the completion of stage two up to 1986 is \$450 million—that is as far as the company is bound. The \$22 million to which I have referred and which may be made up of part of the facility the Government has guaranteed on the \$8 million surplus I therefore suspect is already committed. Therefore, why do we want the State "or elsewhere" mentioned in this clause? I realise the Government will buy out of the State, but its commitment will be made in the State to purchase this.

Hon. J. M. BERINSON: This relates to the overseas borrowing commitments or for that matter to interstate borrowings.

Hon. A. A. LEWIS: In other words, this clause covers the \$22.5 million?

Hon. J. M. BERINSON: Yes.

Hon. A. A. Lewis: Is it covered anywhere else?

Hon. J. M. BERINSON: Perhaps the honourable member could clarify his question further.

Hon. A. A. LEWIS: We have talked about the facility for borrowing, and the guarantee the Government will give on that facility. Does this clause cover the \$22.5 million in borrowings?

Hon. J. M. BERINSON: It covers the ability of the Government generally to guarantee the company's borrowings. The \$22.5 million is the borrowing we know about.

Clause put and passed.

Clause 6: Ancillary powers of Treasurer—

Hon. A. A. LEWIS: Why in clause (2) (b) are we to authorise another person to execute agreements or instruments of guarantee? I wonder whether this is a usual provision. I thought we authorised the Treasurer to do these things.

Hon. J. M. BERINSON: This merely reflects a common requirement for an ability by the State to allow persons other than the Minister or even the Treasurer to enter into commitments on our behalf. The Agent General in London, for example, has been authorised to represent the State in taking on loans in London without the necessity for a Minister or the Treasurer to go to London for that purpose. I believe the State's rep-

representative in Tokyo also has been authorised to do the same thing.

Hon. A. A. Lewis: Isn't that automatic under the Constitution?

Hon. J. M. BERINSON: I am not aware whether it is covered more generally, but what I have said represents the nature of the provision.

Clause put and passed.

Title put and passed.

### *Report*

Bill reported, without amendment, and the report adopted.

### *Third Reading*

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

## **DIAMOND (ASHTON JOINT VENTURE) AGREEMENT AMENDMENT BILL**

### *In Committee*

The Deputy Chairman of Committees (Hon. John Williams) in the Chair; Hon. J. M. Berinson (Attorney General) in charge of the Bill.

Clause 1: Short title—

Hon. A. A. LEWIS: This is the only clause on which I will speak. Although I was not satisfied with the Attorney's reply to the second reading debate, unfortunately I tore out my detailed notes when I gave other material to *Hansard*. The Attorney is off the hook again and will have an easy night.

We cannot argue against the agreement except to say that we hope the Government will not lose too much money. It has worried me that the Attorney has given the assurance that, according to the schedules set out in front of us, there will be a balance of more than the royalties that would have been obtained. I hope he is right, because if he is not, the Government will go down in history as the greatest loser of all time.

We heard about the Hon. Mick Gayfer's daddy, who advised about mining shares, and we have heard the Hon. Mark Nevill talk about my money going down the gurgler. I am awfully worried about the Government's money going down the gurgler.

I thank the Attorney for being so patient with me all night.

Clause put and passed.

Clauses 2 to 6 put and passed.

Clause 7: Schedule 3 added—

Hon. D. J. WORDSWORTH: I ask the Attorney to explain why there are fluctuations in the quarterly amount from \$1 million to \$2 million, then down to \$1.5 million and up to \$2 million again. The Hon. Neil Oliver referred to the peak of quantifiables. It appears from this clause there are several peaks.

Hon. J. M. BERINSON: I have previously explained it is one of the objects of the arrangement to ensure the State will not in any year receive less from the venture than it would have received from royalties alone. That is after taking account of all these offsetting amounts. The scale of repayments has been adjusted to ensure that that is achieved.

Hon. D. J. WORDSWORTH: It is rather interesting that it does, shall we say, peak in 1989 and then goes down in 1990 only to rise again in 1992. One would think that the business would rise to a peak and stay there. Why the sudden drop in 1991, only to rise again the following year?

Hon. J. M. BERINSON: The repayments are based on the estimated royalties in each year, and the differences are caused by the different stages of development of the mine.

Hon. D. J. WORDSWORTH: One cannot help but note that in those two years it drops considerably by 25 per cent. One would wonder how, having developed a mine, one would suddenly lose 25 per cent of one's profitability for a couple of years.

Hon. J. M. BERINSON: I do not know how satisfactorily I can pursue the answer, but among the calculations involved in this are future estimates as to the accessibility of various parts of the ore body in the particular years we are dealing with. This scale is based on the projections which take into account the different accessibility of the diamonds at different levels of the development of the mine.

Clause put and passed.

Title put and passed.

*Report*

Bill reported, without amendment, and the report adopted.

*Third Reading*

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

**QUESTIONS**

Questions were taken at this stage.

**ADJOURNMENT OF THE HOUSE: SPECIAL**

**HON. D. K. DANS** (South Metropolitan—Leader of the House) [12.56 a.m.]: I move—

That the House at its rising adjourn until 11.30 a.m. today (Thursday).

Question put and passed.

*House adjourned at 12.57 a.m. (Thursday).*

### QUESTIONS ON NOTICE

612 and 613. *These questions were postponed.*

#### EDUCATION: HIGH SCHOOL

##### *Northampton District: Upgrading*

614. Hon. MARGARET McALEER, to the Attorney General representing the Minister for Education:

- (1) Could the Minister advise me when he will be in a position to indicate his decision on the manner in which the Northampton high school is to be upgraded?
- (2) In view of the extensive nature of the upgrading needed and the amount of money allocated in the Budget for this purpose, will the Minister be giving serious consideration to funding the project over more than one year?

Hon. J. M. BERINSON replied:

- (1) Planning is proceeding and the member will be kept informed of the proposals.
- (2) This suggestion is one which will receive due consideration.

615. *This question was postponed.*

#### EDUCATION

##### *High School: Roleystone*

616. Hon. NEIL OLIVER, to the Attorney General representing the Minister for Education:

I refer to question 455 of Tuesday, 27 September 1983, in respect of the Roleystone district high school—

- (1) What is the total cost of all works completed to date?
- (2) What is the estimated cost of the next stage?
- (3) When can it be anticipated a decision will be made as to commencement of these works?

Hon. J. M. BERINSON replied:

- (1) \$3 135 500.
- (2) and (3) Decisions on the provision of a further building stage are dependent on future enrolments and the availability of funds.

### INDUSTRIAL SAFETY

#### *Penalties*

617. Hon. P. G. PENDAL, to the Minister for Industrial Relations:

- (1) Are the penalties contained in safety and welfare Statutes, under the Minister's control, currently the subject of review?
- (2) If so, is the review confined to the Construction Safety Act, the Factories and Shops Act, and the Machinery Safety Act?
- (3) If not, what other Statutes are involved?
- (4) If "Yes" to (1), when are the proposed new penalties likely to come before the Parliament?

Hon. D. K. DANS replied:

- (1) and (2) Yes.
- (3) Not applicable. See (2) above.
- (4) Proposed new penalties are currently under consideration and will be tabled at the appropriate time.

618. *This question was postponed.*

### EMPLOYMENT AND UNEMPLOYMENT

#### *Penalty Rates, Holiday Loadings and Workers' Compensation Insurance*

619. Hon. P. G. PENDAL, to the Minister for Industrial Relations:

- (1) Does the Minister agree with the remarks of the Federal Minister for Industry and Commerce that costs such as penalty rates, holiday loadings, and workers' compensation insurance are a heavy and significant burden on industry?
- (2) Does he also agree with Senator Button's comment that Governments need to abandon their entrenched attitudes towards changes in such areas "if we are to progress in the future"?
- (3) What action does he propose to remove some of these burdens from employers as an employment-creation measure?

Hon. D. K. DANS replied:

- (1) The costs associated with penalty rates and holiday loadings are matters for the parties concerned and should be addressed through the conciliation and arbitration processes available. In regard to workers' compensation, the State Government's policy to establish a single

insurer would result in a significant reduction in premiums paid by Western Australian employers.

- (2) and (3) Progress in respect of employment is expressed as the main objective of the prices and incomes accord, which is supported in principle by the State Government.

## EDUCATION

### *Primary School: Gidgegannup*

620. Hon. NEIL OLIVER, to the Attorney General representing the Minister for Education:

- (1) Has the Minister visited Gidgegannup for discussions with parents regarding the establishment of a school in Gidgegannup?
- (2) If so, where and when was the meeting conducted, and how many parents were present?
- (3) Is the Government intending to establish a primary school at Gidgegannup?
- (4) If so, when?
- (5) Has a survey conducted among parents indicated approximately 138 primary children enrolments for the proposal?

Hon. J. M. BERINSON replied:

- (1) Yes.
- (2) The meeting with the Gidgegannup agricultural society was held at 9.00 a.m. on Monday, 19 September 1983, at the Shell Garage, Gidgegannup. Members of the progress association committee were present.
- (3) and (4) No decision has been made.
- (5) Thirty-five out of the 47 parents who returned the survey questionnaire were in favour of establishing a primary school in Gidgegannup. Those in favour had 41 primary school aged, 7 pre-primary school aged, and 39 younger children.

## HOUSING: BUILDING SOCIETIES

### *District: Funds*

621. Hon. P. H. LOCKYER, to the Minister for Mines representing the Minister for Housing:

- (1) When does the Minister expect funds to be available for district building societies for housing assistance to low income earners?
- (2) What is the total amount of funds outstanding for this assistance?

Hon. PETER DOWDING replied:

- (1) An allocation for 1983-84 of \$9 456 000 of concessional interest rate funds has been made from the home purchase assistance account to terminating building societies to make loans to families from the loan priority list.

Of this amount, 28 per cent has been allotted to districts outside the metropolitan area.

- (2) A preliminary allocation of \$5 million was made in June 1983, and the balance of \$4 456 000 is presently being processed by the terminating building societies.

622. *This question was postponed.*

## ABORIGINES

### *Aboriginal Lands Trust: Henley Brook Property*

623. Hon. NEIL OLIVER, to the Minister for Mines representing the Minister for Aboriginal Affairs:

I refer to question 556 of Wednesday, 19 October 1983, with respect to land owned by the Aboriginal Lands Trust in Saunders Street, off West Swan Road, Henley Brook—

- (1) Is it proposed to construct further residential units on this property in the immediate future?
- (2) If so, how many dwellings are proposed?
- (3) If "Yes" to (1), how many residents will these further dwellings be planned to accommodate, and when will construction commence?
- (4) Are there any other renovations planned, or proposals for additions to the existing properties?

Hon. PETER DOWDING replied:

- (1) Preliminary discussions have been held with the Shire of Swan to consider the community's need to have the Saunders Street property rezoned to allow for the development of housing, recreational, and cultivational usage. A meeting between the community and the shire will be held when Mr R. Bropho, spokesperson for the group, is available. Planning for housing, etc., cannot pro-

ceed until the current zoning restrictions are lifted.

(2) Not determined.

(3) Unknown.

(4) No.

624 and 625. *These questions were postponed.*

#### WATER RESOURCES: CATCHMENT AREAS

##### *Vermin and Noxious Weeds*

626. Hon. W. N. STRETCH, to the Leader of the House representing the Minister for Works:

With reference to resumed and reforested land in the Wellington Dam catchment area—

(1) Has the Public Works Department received any complaints about its control programme for vermin and noxious weeds?

(2) Have these complaints been lodged by—

(a) other departments;

(b) farmers;

(c) other bodies?

(3) Does the Minister's department accept responsibility for such control programmes on resumed land?

Hon. D. K. DANS replied:

(1) No.

(2) (a) to (c) Not applicable.

(3) The Public Works Department has not resumed land in the Wellington Dam catchment area, but has purchased land for reforestation and/or exchange purposes. On land which it has so acquired and subsequently leased, the lessee is responsible for vermin and noxious weed control under the terms of the lease agreement. On the remaining land which it has retained, the department accepts responsibility for such controls.

#### EMPLOYMENT AND UNEMPLOYMENT

##### *Holiday Loadings*

627. Hon. P. G. PENDAL, to the Minister for Industrial Relations:

(1) Is it correct that the 17½ per cent holiday leave loading would, if abolished, free up the equivalent of the wages for 10 000 new jobs across Australia?

(2) How many such jobs would be provided in Western Australia?

(3) Does the Minister intend to review the Government's previous stance in the light of Senator Button's comments in *The Australian* of 25 October 1983?

Hon. D. K. DANS replied:

(1) to (3) In the present wage fixing climate arrived at by consensus, there is no scope to make changes of the nature suggested as parties have agreed and tribunals ordered that there will be strict control of changes in labour costs. The move to a centralised wage system is based on the need for labour cost restraint. The Western Australian Industrial Commission has also stated that employer claims to worsen present employee conditions would be viewed in accordance with the State wage and conditions principles.

#### ANIMALS

##### *Dogs: Baiting*

628. Hon. P. H. LOCKYER, to the Leader of the House representing the Minister for Agriculture:

(1) To whom was the contract awarded for the aerial dog-baiting of crown land and national parks in—

(a) Gascoyne;

(b) Pilbara; and

(c) Kimberley?

(2) How many persons or firms tendered for these jobs?

(3) What was the criteria for the contracts?

Hon. D. K. DANS replied:

(1) (a) No contract awarded;

(b) Paggi's Aviation;

(c) no contract sought or awarded.

(2) Two.

(3) The aircraft specified was a Britten Norman Islander. Because of the high cost neither tender specified for the Pilbara was accepted and the use of a cheaper aircraft was negotiated by the Tender Board.

# ROAD: FREEWAY

## *Mitchell: On/off Ramps*

629. Hon. P. H. WELLS, to the Minister for Mines representing the Minister for Transport:

- (1) What are the on/off ramps planned for stage 4 and stage 5 of the northern extension of the Mitchell Freeway?
- (2) Are there any other on/off ramps under consideration, and when is it expected that a decision on these ramps will be made?

Hon. PETER DOWDING replied:

- (1) On/off ramps are planned as follows—  
Hutton Street  
Cedric Street  
Karrinyup Road  
Erindale Road (to and from the south only)  
North Perimeter Road (future ramps)  
Warwick Road  
and for buses only at the Beach Road transfer station.
- (2) Representations have been received by the Main Roads Department for a further connection at Beach Road and this has been under discussion between council and departmental officers. The Main Roads Department has concluded that the connection is not feasible. In addition, it is contrary to the metropolitan region scheme. It cannot be achieved without compromising freeway design standards and hence safety, and also an option to provide separate space in the central median for a future public transport rapid transit system. To overcome the central median problem and while still compromising design standards a much greater width of freeway reserve would be required involving the resumption of some 15 new houses.

# LAND: NATIONAL PARK

## *Shannon River: Public Meeting*

630. Hon. W. N. STRETCH, to the Leader of the House representing the Minister for Forests:

What organisation invited the Minister to Manjimup on the evening of Thursday, 13 October 1983, to discuss the closure of the Shannon Basin for saw-log production and other matters?

Hon. D. K. DANS replied:

The Manjimup Shire Council.

# HEALTH

## *Asbestos: Regulations*

631. Hon. P. G. PENDAL, to the Minister for Industrial Relations:

- (1) Is the Minister intending shortly to table new regulations relating to asbestos-removal work?
- (2) If so, can he give an indication of when this might be?

Hon. D. K. DANS replied:

- (1) Yes.
  - (2) Draft regulations under the Construction Safety Act are currently under consideration. Regulations under the Factories and Shops Act are being reviewed. Both sets of regulations will be tabled at the appropriate time.
632. *This question was postponed.*

# RIVER

## *Swan: Foreshore Protection*

633. Hon. P. G. PENDAL, to the Leader of the House representing the Minister for Works:

I refer to the Estimates of Expenditure for 1983-84 and ask—

- (1) Will the Minister give details of the work proposed to be carried out under the \$28 000 allocation for Swan River foreshore protection at South Perth?
- (2) When is the work expected to be completed?

Hon. D. K. DANS replied:

- (1) The allocation of \$28 000 is carry over expenditure related to works commenced in 1982-83 financial year.
- (2) The work is now completed and has involved the replacement of a concrete foreshore wall and footpath for a length of 243 metres west of the Narrows Bridge.

## RAILWAYS

*Bokal-Bowelling: Reopening*

634. Hon. W. N. STRETCH, to the Minister for Mines representing the Minister for Transport:

- (1) What is the latest cost projection for the re-opening of the Bowelling-Bokal railway line, and at what date was the estimate prepared?
- (2) Will the re-opening of the line be accompanied by further regulation of goods onto rail transport?

Hon. PETER DOWDING replied:

- (1) \$150 000 in January 1982 and reconfirmed in September 1983.
- (2) No. However, the re-opening of the Bowelling-Bokal railway will result in the withdrawal of temporary road transport freedoms extended to specific users in the area for the cartage of wool and grain. Those freedoms were introduced pending a decision on the future of the line.

Following re-opening of the line, the provisions of the Government's land freight transport policy will again prevail in the Wagin-Bowelling region.

## LOTTERIES: INSTANT

*Distributions: Amounts*

635. Hon. P. H. WELLS, to the Attorney General representing the Treasurer:

- (1) What is the date and amount of each entry in the Treasury "sports-culture instant lottery account" since 22 July 1983?
- (2) What portion of the final balance of this account is available for allocation to arts and culture?

Hon. J. M. BERINSON replied:

- (1) The date and amount of each entry in the "sports-culture instant lottery account" since 22 July 1983 is detailed as follows—

Date	Debit \$	Credit \$	Balance \$
	Balance brought forward		3 752 923
01.08.83	48 090		3 704 833
24.08.83	17 940		3 686 893
24.08.83	17 250		3 669 643
31.08.83	60 000		3 609 643
08.09.83		2 200 000	5 809 643
08.09.83	250 000		5 559 643
12.09.83	292 086		5 267 557
22.09.83	231 475		5 036 082

28.09.83	56 316	4 979 766
28.09.83	10 990	4 968 776
28.09.83	10 000	9 958 776
04.10.83	15 000	9 943 776
07.10.83	30 465	4 913 311
14.10.83	5 750	4 907 561
14.10.83	34 145	4 873 416
19.10.83	11 382	4 862 034
20.10.83	1 000	4 861 034
25.10.83	4 000	4 857 034
25.10.93	52 500	4 804 534
25.10.83	94 307	4 710 227

- (2) The proportion of the current balance of the account available for allocation to cultural bodies is \$1 777 129.

## STATE FORESTS: PINE

*Planting Programme: Commitments*

636. Hon. A. A. LEWIS, to the Leader of the House representing the Minister for Forests:

When will the further study into pine planting programme commitments affected by clearing bans be started?

Hon. D. K. DANS replied:

The question of pine planting on areas affected by clearing bans is being considered.

## HEALTH: TOBACCO

*Advertising: Government Campaign*

637. Hon. P. H. WELLS, to the Attorney General representing the Minister for Health:

- (1) What were the number of radio advertisements with each individual radio station used by the Government in its antismoking campaign?
- (2) What was the total cost of these advertisements for each radio station?
- (3) What additional allocation is there for additional antismoking advertisements on radio?

Hon. J. M. BERINSON replied:

- (1) and (2)

	Advert. Secs	Cost \$
6PM	150 x 30	3 775
96FM	150 x 30	3 958
6KY	150 x 30	3 624
6IX	90 x 30	1 980
6GE	150 x 30	1 057
6PZ/NA/CI	170 x 30	2 764
6VA/MD/WB/BY	20 x 30	520
6VA & WB	110 x 30	1 584

- (3) While it is intended to continue the Government's antismoking educational programme, specific allocation for radio advertisements is not yet known.

638. *This question was postponed.*

**HEALTH: TOBACCO**

*Community Programme*

639. Hon. P. H. WELLS, to the Attorney General representing the Minister for Health:

- (1) Is the Government going to introduce a community antismoking health programme?
- (2) Will such a programme use both the written media and the electronic media?
- (3) What form will such a programme take, and when will it commence?
- (4) What allocation of funds has been made for any such programme?

Hon. J. M. BERINSON replied:

(1) and (2) Yes.

(3) The programme will include the opening of a healthy lifestyle shop (within three months), a major media awareness campaign directed at adults (March, April 1984), preparation of educational kits for health professionals and community groups (February 1984) and an extension of the current schools programme, and a Statewide schools smoking prevention programme has already been launched. "Quit for Life" stop-smoking kits are now available.

(4) \$1.6 million.

