Legislative Assembly

Tuesday, 30 October 1984

THE SPEAKER (Mr Harman) took the Chair at 2.15 p.m., and read prayers.

ACTS AMENDMENT AND REPEAL (DISQUALIFICATION FOR PARLIAMENT) BILL

Second Reading

MR GRILL (Esperance-Dundas—Minister for Transport) [2.20 p.m.]: I move—

That the Bill be now read a second time.

Western Australia inherited the British constitutional principle that the Executive should not be able to influence members of Parliament by entering into contractual relations with them, or by offering them offices of profit within its disposition. As a result, the law in this State prevents persons who hold offices of profit, or who enjoy the benefit of a contract with the Crown, from sitting in Parliament.

The present position may be summarised as follows: The holder of an office of profit is not disqualified from becoming a member but, if elected, is deemed to have vacated the office on taking the oath. A member who accepts an office from the Crown vacates his seat. With various exceptions and qualifications, a person is disqualified from becoming a member during the time he is interested in the execution or enjoyment of a contract with the Western Australian Government. A member who undertakes a disqualifying contract vacates his seat.

A member does not vacate his seat by reason only of accepting payments of prescribed expenses if appointed to a Royal Commission or a Select Committee, or as an Honorary Minister, or a representative of either House or of the Commonwealth Parliamentary Association.

A person who sits or votes while disqualified is liable to forfeit the sum of $400 and this may be recovered by any person who sues for it in the Supreme Court by way of a common informer procedure.

The law in this State has for many years been regarded as unsatisfactory. In 1971 the Law Reform Committee—now the Law Reform Commission—reported that the law was defective, obscure, and too rigid. It recommended substantial change.

In particular, the Committee recommended that a contract with the Crown should no longer disqualify a person from membership of Parliament, and that disqualifying offices be listed by name in a Statute.

Holders of offices—other than judicial offices—should be able to stand for election without resigning and a disqualifying office should automatically be vacated upon the taking of the member's oath.

Under other recommendations of the committee, persons holding an office from or under the Crown in right of any other State or the Commonwealth would be disqualified in the same way as persons holding similar listed disqualifying offices from or under the Crown in right of Western Australia. Membership of the Parliament of any other State or the Commonwealth would disqualify from membership of the Western Australian Parliament, and the common informer procedure would be repealed. However, any person, on providing security for costs, would be entitled to apply to the Supreme Court for a declaration that a particular member had forfeited his office or vacated his seat.

In May 1979 the then Attorney General introduced into the Parliament the Acts Amendment and Repeal (Disqualification for Parliament) Bill 1979. The Bill followed the Law Reform Committee's approach. It provided that the holding of a contract with the Crown was no longer to disqualify from membership, and disqualifying offices were to be listed by name in a schedule. Any amendment to that list was to be by Order-in-Council. The acceptance of a disqualified office was to cause a seat to be vacated.

Except for judicial officers, who were to be disqualified from election, the holders of offices were to stand for Parliament without being compelled to resign. Members of the Parliaments of the Commonwealth, a Territory, or another State were to be disqualified for election as members of the Western Australian Parliament. Persons holding office in the service of the Commonwealth, a Territory, or another State were to lose the seats to which they had been elected unless they resigned the office within 21 sitting days of the House to which they had been returned. Listed statutory officers and public servants in Western Australia were to be held to have vacated their office if elected and sworn as members of either House. The common informer procedure was to be repealed and replaced, on the giving of security for costs, by an application to the Supreme Court for a declaration in respect of disqualification for Parliament.

The Bill lapsed on prorogation.

In October 1980, the Parliament established a Joint Select Committee to inquire into the law relating to offices of profit and contracts with the Crown, with particular reference to the Law Reform Committee's report and the 1979 Bill.

The committee reported in October 1982, and generally accepted the proposals set out in the 1979 Bill. The present Bill substantially follows the 1979 Bill, but is modified to adopt a number of the Select Committee's recommendations. A summary of the modified proposals follows.

It is proposed to implement the Select Committee's recommendation that the seat of a person holding office under the Commonwealth, another State or a Territory, who is elected to the Legislative Council at a general election, be considered vacant if that person has not resigned from his office by the time prescribed for the commencement of his membership of the Council. The 1979 Bill provided a 21-day period in this respect. It is also proposed to implement the recommendation that the seat of such a person who is elected to the Legislative Assembly be considered vacant if he has not resigned his office within 21 days of the declaration of the poll.

The Select Committee recommended that the list of disqualifying offices be amended only by Order-in-Council pursuant to a resolution of both Houses. The Bill implements this recommendation.

The Select Committee also recommended that the Auditor General, the Parliamentary Commissioner, the Commissioner of Police, and the Clerks of the Legislative Council and the Legislative Assembly be disqualified for membership of either House in the same way as judicial officers. Acceptance of such office by a member shall cause his seat to be declared vacant. The Bill implements this recommendation.

It is proposed to implement the Select Committee's recommendation that all permanent heads of Government departments and those of equivalent status in other instrumentalities and agencies of Government be disqualified from election to Parliament. This is contrary to the 1979 Bill which provided that these positions be subject to automatic vacation upon election and oath of office. The Bill lists the permanent heads and those of equivalent status. The holder of such a position will therefore be required to resign the position before standing for election.

The Select Committee recommended that those Western Australian office holders who can be elected without resigning should vacate their office on the declaration of the poll. The Bill implements this recommendation.

The Select Committee also recommended that Western Australian office holders standing for election should be required to take leave from the close of nominations. The Bill implements this recommendation and provides for the making of regulations in respect of leave.

It is also proposed to accept the Select Committee's recommendation that by application to the Supreme Court any person or member should be able to seek a declaration as to disqualification.

The Select Committee recommended that with the abolition of the restrictions on contract with the Crown, the question of conflict of interest be the subject of specific Standing Orders in each House. The Government will pursue this question separately.

Mr Blaikie: That was a very good Select Committee, some quite eminent people were on it.

Mr GRILL: Let us hope the Opposition supports our recommendation.

I do not intend to detail the Bill on a clause by clause basis. It is a technical and rather complex document and the Attorney General has arranged for an explanatory memorandum to be prepared by Parliamentary Counsel. This will shortly be circulated to all members.

In conclusion, this Bill seeks to resolve difficulties which have been recognised for a number of years. These should not be allowed to continue.

I commend the Bill to the House.

Debate adjourned, on motion by Mr Mensaros.

CONSERVATION AND LAND MANAGEMENT BILL

Personal Explanation

MR EVANS (Warren—Minister for Agriculture) [2.29 p.m.]: I seek leave to make a personal explanation to the House.

Leave granted.

Mr EVANS: During the third reading debate on the Conservation and Land Management Bill last week I quoted figures to demonstrate that the new department, which would be created, would certainly not be a mega department as the Opposition claimed. I inadvertently quoted several inaccurate figures and would like to correct these.

The staff of the three sections which would comprise the new department would total be 1 249, as follows—

Forests Department	1 077
National parks	102
Wildlife section of Department of Fisheries and Wildlife	70
	1 249

By way of contrast, the Department of Agriculture with the APB totals 1 710; Prisons Department, 1 269; Police Department, 4 373; Public Works Department and building management, 4 732; and the Education Department, 21 413.

However, the essential point, that the new department when compared by any standards cannot be termed a mega department, is still just as valid, as those figures indicate.

RURAL AND INDUSTRIES BANK AMENDMENT BILL

Second Reading

Debate resumed from 18 October.

MR HASSELL (Cottesloe—Leader of the Opposition) [2.31 p.m.]: I indicate at the outset that the Opposition does not intend to oppose this legislation. However, we do have a number of questions to raise with the Premier as Minister responsible for the Bill. In part those questions arise because of the relatively short time which has been available to the Opposition to prepare a response to the legislation and to seek external advice about it. I ask the Premier to give us as many replies as he can to those questions because I think when he hears them he will realise they are substantive questions and are directed at elucidating and finding out the intentions of the bank and the Government, and the direction in which we are heading with this very important State Government enterprise.

In summary, the Bill contains four proposed changes. Firstly, it contains a provision to allow the bank to offer and issue stock to the public and private sectors. The most fundamental question which arises here is where the stock is intended to be issued. Obviously the bank officer who has with the Premier's consent given some advice to the Opposition was not able to tell us all of the intentions of the bank and the Government. In broad terms, the Government has a duty to inform the Parliament and through it the public of what is proposed. Is the bank intending to raise capital through issues of stock to predominantly the private sector or the public sector, and in particular if it is to the public sector, what part of that sector? Is it to be the State Government Insurance Office, the Metropolitan Water Authority, the SEC, or some other instrumentality?

The second change proposed in the Bill is to allow the conditions governing savings bank operations to be set by regulation. I believe this can be seen as pretty much a machinery proposal, although it is undoubtedly important. I take it that the Government's intention here is to satisfy a desire on the part of the bank to be able to operate in a normal commercial environment; that is, to have all the powers, discretions, authorities, and opportunities which are available in the private banking sector, and to offer the various kinds of accounts and competitive arrangements which appeal to customers. It seems to be substantially a machinery provision, although an important one.

Thirdly, the Bill proposes to repeal a provision dating back to the Agricultural Bank of Western Australia which effectively required the R & I Bank to bank with the Treasury. It is my understanding that that provision has never been complied with over the years, and could not be complied with in practice, and I imagine it is a common desire to remove such an impracticable provision from the legislation. There will not be much discussion about that unless the Premier has something to say which indicates the provision is different from what I assume it to be.

Fourthly, the Bill provides that the Treasurer may declare such capital profits as may be made by the bank, and as he sees fit, not to be net profits in terms of the requirements of section 96A. That section requires 50 per cent of net profits to be paid into the Consolidated Revenue Fund, so it would appear on the face of it—and these are the sorts of points we would have liked to examine in more detail—that the bank is in fact subject to a capital gains tax at the moment of 50 per cent.

It is ironic that while the Premier's colleagues in Canberra are carefully concealing their plans for a capital gains tax in the hope that they will be able to get away with the application of that tax on a general basis throughout the community should they be elected—and that cannot be assumed—

Mr Gordon Hill: Rubbish!

Mr HASSELL: —the State Government is seeking to relieve the State bank from the apparent existence of a capital gains tax. Once again, unless the Premier says there is more in the provision than my simple summary draws out of it, we really do not have any dispute with it, and we will not seek to go into any great detail on that aspect.

It seems to us to be a reasonable proposition that the bank should not be subject to a 50 per cent capital gains tax, if it is a genuine tax, and presumably the reason for giving the Treasurer a discretion as to whether to exempt the bank from paying that tax is reasonable, bearing in mind that the bank is involved in a multitude of different activities including land development where questions may well arise in a normal tax situation as to whether the bank's gain was a capital gain or an

income gain. For practical purposes it is probably best resolved by allowing the Treasurer the discretion he suggests in this Bill.

The Rural and Industries Bank probably has been the most successful and profitable of State Government instrumentalities. It has an unbroken record of profitability and growth. Its growth record in terms of business assets, profits and reserves is set out in its annual report, and it is quite remarkable.

In 1983-84, the bank contributed almost $12 million to the Consolidated Revenue Fund for a capital investment on the part of the State of some $22 million. If one looks at page 19 of the 1984 annual report, one sees the remarkable growth record set out. I realise the dollars have not been converted to take into account the effects of inflation, but nevertheless a significant growth is indicated on a yearly basis.

Between 1975 and 1984, deposits increased from $345.942 million to $1 914.835 million. The total assets increased from some $493.991 million to $2 417.555 million. Profits have gone up in similar ratios.

The assets' growth is more dramatically illustrated on page 12 of the annual report, with a pictorial presentation of piles of coins of some kind or another demonstrating the growth rates. They show that there has been a remarkable growth in assets over the years.

What is significant about it is not so much, necessarily, the actual growth as the fact that it has been consistent through the past years and it has been significant through the bad years and the good. In fact, the bank, perhaps in common with other banks, seems to have done better in the poorer economic times than the rest of the business sector. So it is not surprising that, in those circumstances, the bank should not want to have its wings clipped by what it probably sees as artificial restrictions on its activities.

In seeking this legislation—we understand that it is legislation that the bank has sought rather than something that has been proposed by the Government—it is not surprising that, with the implementation of broad policies of deregulation and expansion in the banking and finance sector, these questions should be responded to as they have been, although, as I say, there are questions which arise.

We note that this Bill comes in the context of other legislation before the House to greatly expand the capacity of the building societies to enter into activities of the nature of banking. We are aware also—I am aware, in particular, as the former Minister with responsibility in that area—of the credit unions' desire to deregulate or decontrol their activities to allow them to expand.

I do not see any disadvantage for Western Australia in that. In fact, I see advantages because we see the growth of financial institutions of considerable sophistication and capacity in this State, the encouragement of the maintenance of Western Australian money in this State, and the opportunities being taken which are in the interests of this State, as being advantages to this State.

I turn now to the question of capital stock and some of the questions and issues which arise there will emerge. One of the immediate concerns of the bank, as I understand it, is to allow it to improve its ratio of capital assets of 1:20. That, of course, is the ratio between its capital—not just its paid-up capital—and its total assets. This is in line with the requirements, although they are not strictly binding on the R & I Bank, of the Reserve Bank in relation to the banking system.

The R & I Bank is guaranteed by the Western Australian Department of Treasury. Because of this, in the past it was argued that the capital assets ratio shortfall did not matter because of the guarantee. However, in the very context to which I have just referred of a freeing-up of the system in the sense that other financial institutions are, so to speak, moving into banking, the Reserve Bank of Australia has tightened up on its requirements, and is seeking, properly, to ensure that guidelines and rules are adhered to so that the security and stability of the banking and financial system is maintained.

While, in strict terms, a State bank does not need to adhere to Reserve Bank requirements, sound business practice dictates that it should do so. Nevertheless, the R & I Bank has a very long way to go if it is to catch up on that.

Under the current legislation, capitalisation can be increased only through growth in reserves or in the injection of funds from the General Loan Fund of the State. There is a reluctance on the part of the Government to do that because of the other pressures placed upon the General Loan Fund and the need for the State to use its available loan moneys for those purposes.

Capitalisation, through funds provided by the Government, has remained static at $22 million over the past 10 years. In that period, the bank's assets have grown from just under $500 million to $2 500 million. By June 1985, the growth is expected to increase to close to $3 000 million and continued growth is expected in the future.

It is clear that there is an ongoing need for funds to meet the capital assets ratio and the

Government really is saying that this can come only from public subscriptions in some form or another.

That takes me back to the question that I raised at the outset, which was: What is to be the form of that public subscription? The capital stock, as it is called, to be issued will attract a return only if the bank is profitable. Unlike the diamond trust where the State and the taxpayers have guaranteed a return to investors, in the case of the R & I Bank there is no direct guarantee of income return. As the bank enjoys already a guarantee of its financial survival, perhaps it was considered that a second guarantee was not necessary or perhaps it is just a fact that this is so much more stable and solid as a business proposition, that the kind of high jinks indulged in in the diamond deal were not considered necessary.

Of course, it follows from normal financial considerations that the greater the capital stock on issue, the lower will be the profit payments into the Consolidated Revenue Fund. That, in turn, leads to the question: What kind of investment is the Government expecting will be made in the R & I Bank? Will it be investment from the public sector or investment from the private sector?

If it is from the public sector, from what part of the public sector will it be made and are we going to see a reduction in the capacity of some public sector utilities which might be induced to invest in the R & I Bank to turn over their money and to put it to account quickly as they do now through the use of the short-term money market and other financial transactions of that kind?

The third characteristic of the capital stock is that stockholders will have no rights in relation to the direct management and control of the bank. I suppose that is why it is referred to as capital stock rather than shares, because it is different from the shareholder situation, and, subject to the Governor's approval, the stock can be guaranteed by the Treasurer and liability met by the Consolidated Revenue Fund.

The intentions of the Government are critical in this area, as are the intentions of the bank, because it is natural that the question should arise in our minds and in the public's minds as to what really is going on. Is the Government seeking, albeit it has presented this Bill as a Bill belonging to the bank or springing from the bank, to extend, through this legislation, its broad plans to increase public sector activities, and to make public sector activities more broadly based and get the publicly-owned businesses involved in more and more things?

We see in this Bill questions arising as to the independence of the R & I Bank because there will be a capacity on the part of the bank to raise, through its methods, vast sums of money each year and there is no limit on the amount it may raise. If, for example, the bank were able, overnight, to meet a ratio of 1:20 it could theoretically still go beyond it.

As I mentioned, it will take a long time for the bank to catch up, but the fact is that it will be able to use this issue of capital stock to raise considerable sums of money which will be very good money for the bank to have in its possession in terms of investment. It will be money which, in a broad sense, is under the direction of the Government.

Mr Brian Burke: I do not think you can follow it. It can do that now.

Mr HASSELL: It can do what now?

Mr Brian Burke: It can raise as much money as it wants to.

Mr HASSELL: We are not questioning that.

Mr Brian Burke: It can raise as much as it wants to. It can borrow money.

Mr Court: It borrows voluntarily from the Reserve Bank.

Mr Brian Burke: You are saying that it can raise a lot more money. What I am saying is that it can raise as much money as possible, but what it cannot do is raise capital stock as is proposed under this Bill.

Mr HASSELL: This is what I am talking about. This money is money for which the bank has no immediate liability.

Mr Brian Burke: It is to pay a return.

Mr HASSELL: That depends on its profitability.

Mr Brian Burke: In the same way as it borrows money, it has an obligation to repay it.

Mr HASSELL: Firstly, it has to repay the capital of the money it borrows, but this, it never has to repay.

Mr Brian Burke: The R & I Bank is guaranteed by the State and presumably the obligation will fall somewhere, whether on the State or the bank. It has access to amounts of money to which you are referring. There is no difference.

Mr HASSELL: There is a difference between the money it borrows and capital stock.

Mr Brian Burke: This Bill originated from the bank without my knowledge.

Mr HASSELL: The Treasurer is responsible for the Bill.

Mr Brian Burke: Of course, because you cannot satisfy Reserve Bank capital assets by borrowing money which adds to assets.

Mr HASSELL: I have no argument about that. I am asking the question as to whether we can be satisfied; maybe we can, but I want an answer in a formal way. Does the Government see the bank as being totally independent because there is a capacity, under this Bill, for the bank to raise very considerable sums of money not by way of borrowing, but by way of capital which, in a sense, is free money because there is no built-in obligation to pay interest on it? Whether that money becomes money that is available in a broad sense to the Government depends on how much closer the Government is moving to the R & I Bank? The Treasurer may say, "No closer than it is now"—

Mr Brian Burke: Absolutely.

Mr HASSELL: —and that it will not be involved in any way in the use of money, the disbursement of money, investments made, or any other activities of the bank. If that is what the Treasurer says, that answer will be satisfying as far as the Opposition is concerned.

Mr Brian Burke: It is absolutely true.

Mr HASSELL: The Opposition would be concerned if it were to see the bank being politicised in any way or its enormous assets, or more particularly in this case its enormous asset potential, being applied for any of the Government's projects for the time being—

Mr Brian Burke: That has never been the case.

Mr HASSELL: —or development corporations, or whatever the case may be.

Mr Brian Burke: If we prescribed money from the GLF you would have been able to make a more cogent argument about the fact that we would have some control, but it is once removed from that situation.

Mr HASSELL: Is the Treasurer saying that the bank will maintain total independence in terms of investment and capital stock?

Mr Brian Burke: Absolutely. This amending Bill sprang from the bosom of the bank.

Mr HASSELL: I know, the Treasurer has already said that and I do not dispute it. However, whether it has sprung from the bosom of the bank there are still some questions to be answered. When the Opposition sees some of the financial dealings proposed along with the development corporations it asks questions, and the Government should answer them. That is fine, especially if the answers are clear and unequivocal.

Under the legislation there are significant powers for the Government in relation to the bank. The commissioners are subject to the Government in the following ways—

Section 19(1)(e)—

Borrowings to receive the consent of the Governor and must have the Treasurer's approval (see also section 30(2)).

Section 19(1)(f)—

Subjects the bank's Government Agency Department to the Minister.

Section 19(2)—

Land dealings need Governor's approval.

Section 35(1)—

Requires preference to investment in Government corporations.

Section 35(2)—

Subjects investments to prior approval from the Treasurer.

Section 31(3)—

Subject to consent of the Governor funds may be invested in share capital of any corporation incorporated in Australia and registered as a foreign company.

Section 59—

Maximum interest rate to be paid by borrowers subject to Governor's approval.

Minister may approve interest rate variations.

Section 90—

Treasurer must approve waiver of interest or postponement of payment of advances.

Section 90A—

Treasurer must approve interest-free loans.

Section 93—

Power to write down over capitalised securities subject to Treasurer.

Section 94—

Ditto—re-consolidation of securities.

Therefore, there is a considerable measure of ministerial control in the areas where those issues do arise.

The other matter to which I would like to refer is the question of the independence of the bank or the equation of the bank with the private sector. The bank is being given further opportunities as a result of this legislation to compete in the market-

place for business and to expand and grow as part of the private sector.

I would like the Treasurer, when he responds, to give his comments on what he sees as the extent to which the R & I Bank enjoys a privileged position in the marketplace by being a Government corporation. Is it subject to all the same rates, taxes, charges and liabilities as those to which the private banks are subject? Is it subject to the same legislation as other banks? We know that it is not subject to Commonwealth control in the way that other banks are because it is a State bank within the meaning of the Commonwealth Constitution and, the Commonwealth does not have power over State banks. However, in terms of various requirements, can it really be said that the bank is equated to the private sector or is it growing at the expense of the private sector because of its privileged position?

That question arises if the Government is seeking to expand the role of the bank in the broad way that it is here. I would like to hear the Premier's response to that point.

Those are the main points I wish to raise in the course of indicating that the Opposition does not propose to oppose this legislation. I simply want to make it quite clear that we have been concerned to ensure that we have reassurances by the Premier as to the total independence of the bank. I would like to have similar reassurance as to his belief that the bank should operate in an environment of equality with the private sector. The other questions which arise are: Where the new capital will be drawn from; how precisely it will be raised; and whether the Government is really seeking to have the R & I Bank listed on the Stock Exchange or whether it is not doing that at all and is merely bringing in outside people in small numbers on a selected basis. In doing that what compliance will there be with the general law related to the raising of capital?

With those remarks I indicate that we do not propose to oppose this legislation but are interested in the issues raised. We commend the bank for its progress and we see a reasonable approach by the bank to allow it to continue with the same level of progress as it has in the past.

MR COURT (Nedlands) [3.02 p.m.]: I support the comments of the Leader of the Opposition. This Bill is being debated in something of a hurry and I would appreciate the Premier's explanation for the rush to get the Bill through.

Last week we asked the Premier for a briefing from the bank and he was good enough to arrange this for us. We could not speak to the chairman because he was overseas and I understand that he was due to return yesterday or today. We had a briefing from Mr Phillips yesterday which was appreciated. I am sure that there is no sinister reason for it but I would ask the Premier to explain why we are rushing through this legislation. We understand that the bank is very keen to widen its capital base and that may well be the reason. It may be under pressure and need the new capital quickly.

When giving consideration to this Bill, it is important not to look at it in isolation; the Credit Unions Amendment Bill has been passed and the Building Societies Amendment Bill will be debated shortly, and these should be looked at in conjunction with the Rural and Industries Bank Amendment Bill. It can be seen from these Bills that some very interesting changes are taking place in the structure of financial institutions not only in this State but also Australia-wide. When considering this Bill we have also considered the overall effect of this rapid deregulation on the financial institutions in this State. It can be seen that the banks have been a little worried about the widened activities of building societies but overall, the deregulation, in line with the recommendations of the Campbell report, is a healthy sign. However, it must be carried out in a careful fashion.

The Rural & Industries Bank has an interesting history. It appears that it came into existence not so much as an agricultural bank but more as an agricultural relief agency. It was given the job of handling many of the funny bits of legislation; the original Act states that the bank shall administer the following Acts: The Industries Assistance Act, the Discharged Soldiers Settlement Act, the Group Settlement Act, the Group Settlers' Advances Act, and the Wire and Wire Netting Act. It was not until after the war that a small team of people were brought in from the private sector banks to help set up the structure of the bank which is basically the structure under which it operates today. They set the ground rules.

The bank has a history of demonstrating good sense and it has certainly respected the role of the Reserve Bank in controlling the banking system in Australia even though it does not directly come under its control. It is important for this attitude to continue.

For many years the R & I Bank did not have to make payment to the Government on its profits. However, when its reserves were in good shape it was decided that it should contribute half of its profits to the Government. One of the features of this legislation is the definition of capital "profits" and what payments will be made to the Govern-

ment in future. I will refer to that point at a later stage.

Over the years the management of the R & I Bank has gained a very sound reputation. The only complaint I have heard in recent years, which was relatively minor, was in connection with the introduction of the financial institutions duty. Soon after the introduction of that tax the R & I Bank placed an advertisement advising people how they could avoid payment of FID through some of its accounts. It was a strange situation with a Government bank advertising how to avoid payment of a State Government tax.

The Bill before us has four main areas, as was pointed out by the Premier in his second reading speech and in the comments made by the Leader of the Opposition. The first part of the Bill tidies up sections 65C to 65R and sections 65T and 65U. It changes those sections by allowing regulations to be used to establish the types of accounts which the bank can operate. I think that these changes are important to allow the bank to operate on equal terms with other trading banks in Australia. They give the bank flexibility in providing the types of accounts required in a competitive ranking environment.

It is proposed to repeal section 27 of the Act; it was always physically impossible to comply with this requirement that the funds should be kept in a special account at the Treasury. There is no harm in repealing that section.

The area of capital profits is an interesting one. This part of the Bill is rather loose and I ask the Premier to give assurances as to how this section will be handled. Under section 96A half of the capital profits were paid to the Treasury. The proposed change is that the Treasurer shall be given discretion with regard to how much of certain capital profits will be required to be paid to the Treasury. We should be advised under what circumstances those profits will not be taxed and whether it will use a similar interpretation of the capital profits or capital gains laws to that applying under the Federal tax laws.

We know that the bank has a large trading section, particularly dealing with land. It has not been suggested that the bank will not pay tax relating to profits in this area. However, this clause leaves the option open for the Treasurer to say that the bank will not be required to pay a share of the profits on these particular trading transactions. Under this clause he would have the discretion to nominate that any amount, or no amount, be paid.

Mr Brian Burke: There are two things to be said about that. The first is that those transactions you referred to will involve trading stock, not capital stock. The second is that the discretion left to the Treasurer quite clearly permits the flexibility which the bank wants itself.

Mr COURT: I think the Premier has me wrong. We are talking about capital profits.

Mr Brian Burke: You are talking about land sales.

Mr COURT: It is capital profits coming from a trading operation. Under the Federal tax law, one would be paying tax on that. If the R & I Bank sold its head office, and it were a private trading bank, it would have to pay tax on that profit.

Mr Brian Burke: That is right.

Mr COURT: If it were buying and selling office buildings all the time, it would be in a trading situation.

Mr Brian Burke: The example you used there was land sales.

Mr COURT: Yes.

Mr Brian Burke: What I am saying is, those land transactions would be liable to a tax under section 96.

Mr COURT: It is up to the Treasurer's discretion.

Mr Brian Burke: There is a difference between selling a head office building and trading in land.

Mr COURT: That is the difference which many people would like explained. This is what all the arguments over the Federal tax law are about. When is it capital profit? When does the Taxation Department say, "You are in a trading situation with those sales"? The R & I Bank might have held the land for five years before starting trading in that land. This is a loose area. The Treasurer has the discretion.

Mr Brian Burke: That is the second point I am making. In any case, you are looking at a situation where they are obliged presently to pay 50 per cent of profits, capital or otherwise.

Mr COURT: I think the Treasurer will agree that this is a loose part of it.

Mr Brian Burke: I know it is probably not the intention. They have said it is not.

Mr COURT: That is not to pay tax on those trading operations; but it does leave the opening there.

The fourth area of widening the capital base has been mentioned. The bank has been growing; its growth was 30 per cent last year and around 20 per cent this year. Like any other business, it needs expanding capital. It makes sense for the Government not to be continually putting in additional capital if it has other ways of widening

this capital base. In this way it widens the capital base but retains all the voting powers. It is not a bad way to do it if one can get away with it, and the Government bank can get away with it.

The Reserve Bank has been tightening up and asking banks to become more prudent. The reason for this is largely the introduction in the year ahead of new foreign banks. I am sure the Reserve Bank wants to keep control of the banking system. Australia has a very good track record, and we want to keep it that way.

Private trading banks have to carry certain reserves, and most of them carry 18 per cent in Government securities and 7 per cent in statutory Government reserve deposits, and on those they earn only five per cent. Until recently I do not think they were paid anything on those deposits, but now they earn only a small amount on those sums.

A newer bank, the Australian Bank, must carry an additional five per cent under the liquid Government security section.

The R & I Bank has reserves in Government securities, but without the same restrictions as those imposed on private banks. That gives it an advantage in that it earns more funds on those reserves than do private trading banks. The main reason that we have this Bill is to expand the capital of the bank, and because the Reserve Bank wants a ratio of capital to assets of 20:1. Some of the private trading banks work on a lower ratio. They might set their own targets at 18:1. The R & I Bank is currently running at 23:1. We are told that the Commonwealth Bank was operating at 40:1, but changes have been made in its capital base to bring it down to the level which the Reserve Bank requires.

The R & I Bank has argued, and rightly so, that it has Government guarantees behind it, and that certainly gives it security. The Premier might want to clarify this for us, but we are told that the Reserve Bank said that the new capital must have certain qualities, and those qualities were, first of all, the capital does not have to be repayable, and it must not be subject to a charge on profit, regardless of the bank's trading results. I do not know whether I have understood that correctly. Obviously this capital stock meets those requirements.

Some of the questions we would like answered are similar to those the Leader of the Opposition has outlined. I would like to know to what type of Government authority, and under what terms it is intended to give that stock. I would like to know how the return they will receive on those shares is specified. Will it be tied to the profit levels of the bank, or will it be a guaranteed income over a certain period of time? I think it is under section 6(3) that the conditions for that stock can be determined. If the Premier could give us some indication of what type of conditions would relate to that stock I would be grateful.

I would also be interested to know whether the bank intends to bring in an employee scheme using this capital stock, and if so, how would that scheme operate? The possibility of listing stock publicly has been mentioned. Is it intended to do that with a few institutions initially? Perhaps it is not intended to go to the trouble of having a wide spread of shareholders.

When we talk about capital stock, the type of capital stock which can be issued is set by regulations. The bank has far less controls over its capital-raising activities than a normal, private bank, or any private corporation, which is subject to stringent controls. The Bill is generous in its controls over capital-raising activities for the bank.

In the years ahead the financial industry will see some exciting and perhaps dangerous times. There will be a lot more competition. The R & I Bank has a commendable track record, and I sincerely hope it can maintain this record in the face of the competitive environment in which it will be operating.

The State Government must be very careful when setting many of the controls over the new breed of building societies and credit unions and their activities, as I mentioned during the debate on the credit union Bill. It is important that there are enough controls to protect the public who invest their funds in these different operations. Such financial institutions are striving to earn more and more money and they do not want to invest to the point where they are putting their funds at risk.

With those comments, I support this piece of legislation to enable the R & I Bank to further expand its activities, and I would appreciate the Premier's attempting to answer some of these questions.

MR BRIAN BURKE (Balga—Premier) [3.21 p.m.]: The R & I Bank is really a jewel in the crown of this State's financial heritage and I am very proud to say that it was essentially a product or the child of one of our predecessor Labor Governments. I think that the R & I Bank has demonstrated by its performance that authorities established in the public ownership by Governments are perfectly capable of performing satisfactorily and profitably. I venture to say in respect of the Western Australian Development Corporation that its establishment will be looked back on

in years to come as the establishment of a corporation that parallels in terms of performance and profitability that to which all of us are today paying tribute when we talk about the R & I Bank. Certainly, the Government is very pleased with the way in which the commissioners of the R & I Bank operate their bank and with the return to this State that flows from the operation of the bank.

Both members of the Opposition who spoke—the Leader of the Opposition and the member for Nedlands—referred to a rush that they saw attached to the passage of this legislation. I want to make it perfectly clear that in the view of the Government that is simply not the case.

Mr Court: That is what you said to us.

Mr BRIAN BURKE: There is no rush at all.

Mr Court: Last week you said you wanted to get this Bill through very quickly and that is why you made arrangements at such short notice.

Mr BRIAN BURKE: I am sorry if the member for Nedlands misunderstood me. As far as I am personally concerned there is no rush attached to this legislation. It was introduced 12 days ago. The general rule is that Bills are introduced and laid over for a week and after that time they are debated. This is not a very difficult piece of legislation. It was introduced 12 days ago and I do not know that there is any rush attached to it, apart from the normal sorts of considerations attaching to Bills as the session begins to wind down. As far as that is concerned, I think the Opposition has been treated very generously; certainly the request that was made of me for an opportunity for Opposition members to talk with commissioners or a commissioner of the bank was attended to with some alacrity.

Secondly, I want to deal with the question of direction of the R & I Bank that was alluded to or hinted at by both Opposition speakers. I give the Parliament an assurance that absolutely no direction is given to the R & I Bank about its operations. As the Minister responsible for the bank I suppose it is true to say I would speak to the commissioners individually or collectively on no more than two or three occasions each year. Certainly, most of those occasions are at social functions. So as far as this Government is concerned there is no scintilla of evidence to support the belief or misconception that any direction is imposed upon the R & I Bank.

In respect of the example raised by the member for Nedlands, which was the financial institutions duty and the R & I Bank's decision to develop ways in which people could avoid paying that duty, that is something for which I give the bank credit. As far as I am concerned it followed on from a decision of one of the bigger credit unions to advertise to depositers or customers of that union that they would be freed from paying the financial institutions duty. It is good competitive commonsense for the R & I Bank to exploit every competitive avenue open to it to entice customers and to improve its performance.

Certainly, there could be no parallel between the way in which this Government views the R & I Bank and the way in which the previous Government viewed the Bank and how it should operate under its directions. Members—perhaps not the member for Nedlands but members with more experience than he—will recall the small business equity propositions in which the R & I Bank was to be involved under the previous Government. It was an open secret in the business circles in Perth that the R & I Bank was a most unwilling participant in that proposal; nevertheless the Government framed the proposal and announced it as part of its election policy with the participation of the R & I Bank as being a major part of that policy and proposal.

Mr Court: That was to enable equity to go into small businesses. When you established the WADC you put up a similar proposition that it would provide equity and long-term loans for small businesses. When is that going to happen?

Mr BRIAN BURKE: I am not sure whether the member for Nedlands is deliberately trying to sidetrack me; he knows I am easily sidetracked. Let me go back to the first point which is this: The points made by the Leader of the Opposition and the member for Nedlands about the Government perhaps directing the R & I Bank certainly do not stand up against any of the evidence that is in this case not produced but any of the evidence which might be produced to support the proposition. The truth is and it is quite clear that the previous Government caused the R & I Bank to publicly become involved in a particular proposition to which it took exception and with which it disagreed.

Mr Hassell: That is not accurate.

Mr BRIAN BURKE: If it is not accurate, I stand corrected. I understand that the R & I Bank considered the proposal, put forward by the previous Government during the run-up to the election, that would involve the R & I Bank in taking equity in business as a means of assisting small business, and I understand it was a proposal with which the bank disagreed.

Having said that I would like to thank both of the members for their general support of the Bill

and to now attempt to answer some of the questions that have been raised.

Firstly, I refer to the question of to whom the stock would be issued and whether or not it would be issued to the public sector or the private sector, and if so on what terms and conditions the stock might be issued. I discussed this matter with one of the commissioners of the R & I Bank today because it is not a province in which I think the Government should rightly be involved, in determining for the commissioners, the institutions or public corporations, statutory bodies or private bodies to whom stocks should be issued. That is essentially a matter for the commissioners of the R & I Bank to decide themselves.

While I was talking to a commissioner of the R & I Bank this morning, he indicated to me that the possibilities were that stock might be issued to a small number of privately-owned institutions which would be interested in taking what might be considered a gilt-edged security; or the bank might approach statutory authorities considered as suitable investors in the stock concerned. The guidelines that the bank would be looking to meet include, primarily, the placing of the stock with as small a number of investors as possible—that is, it does not want a widely dispersed stockholding. It would not seek to issue stock broadly to the public, it is my impression, certainly in the first instance. That is as far as I have taken it with the commissioner to whom I spoke, and that is about as far as it is legitimate for me to take the question of the identity of the organisations or people to whom stock might be issued.

As I said, one cannot have it both ways. One cannot have a hands-off approach by the Government at the same time as demanding from the bank the sorts of commercial details that are rightly the province of the bank if it is to operate independently.

As at this morning, my information from the commissioner to whom I spoke is that the stock may be issued privately to institutional investors; alternatively, to a statutory authority considered to be a suitable investor or security; but that the primary guideline would be to restrict the number of holders of the stock to a very small number so that the situation would not become one in which widely-dispersed stock was held and in which there might be some greater managerial problems for the bank.

The second matter was raised later during the speech by the member for Nedlands and it related to the conditions that would attach to the stock and how those conditions would be decided. All I can say is that it is essentially a matter for the bank to decide. Obviously it would be looking to offer rates of interest—I would presume fixed rates—that were sufficientlyly attractive to cause people to take up the stock. At the same time, I understand that there is no intention to list the R & I Bank on the Stock Exchange, and I have not had any information conveyed to me about any actual scheme to permit banking employees to take up stock.

The market conditions prevailing at the time the stock is issued and the negotiations that take place between the banks and those to whom the stock might be issued will be the determinants of the conditions attaching to the stock.

The other point raised concurrently by the member for Nedlands about the necessity for the stock to meet the requirements of the Reserve Bank was answered by himself as he continued to explain the point. It does meet the requirements of the Reserve Bank in respect of the expansion of the capital base of the R & I Bank.

The general question raised by both the Opposition speakers related to the competitive position, favoured or otherwise, of the R & I Bank. I should draw to the attention of members that while the liquid Government securities and statutory reserve deposits ratios are not obligatory so far as the operations of the R & I Bank are concerned, the truth is that the R & I Bank does not have a banking licence, and there is considerable doubt about the ability of the R & I Bank to operate in markets where the banking licence holders are very competitive and profitably involved. So, there is a downside to the fact that the Reserve Bank requires liquid Government securities and statutory reserve deposits; and the downside is that a State bank without a banking licence does not have the flexibility in the marketplace that the private banks have.

Mr Court: What are some areas where it cannot operate?

Mr BRIAN BURKE: There is considerable legal doubt about its ability to carry on certain interstate transactions, for example.

Mr Court: But it gets around that by having a close relationship with other State banks.

Mr BRIAN BURKE: No, not to my understanding. I do not understand that to be the case at all. In fact, there is a serious legal question about the R & I Bank even being present in some other States.

Although I do not know whether it is true, one can perhaps explain away some colleague arrangement with another State bank to handle a particular transaction, but it is a much more serious implication not to be able to operate in that State as

an entity. As I understand it, that is one of the serious problems facing a State bank in its lack of a banking licence.

Mr Court: You go along with an R & I savings account to the State Bank of New South Wales, and they will operate on that account for you.

Mr BRIAN BURKE: That does not detract from the less competitive nature of not being able to open an R & I Bank in New South Wales. The point I am trying to make is that the Westpac Banking Corporation, the Commonwealth Bank, or any of the other licence holders have certain advantages that State banks do not have. As a result, while one may talk about the advantages of State banks in respect of liquid Government securities and the statutory reserve deposits requirements of the Reserve Bank, there are other inhibitions on the State banks.

As far as I know, the R & I Bank has no competitive advantage in respect of any State law. In fact, as a result of the imposition of the 50 per cent take-up rule in respect of the capital profits, the R & I Bank has been operating at a serious disadvantage in respect of its profits as compared with the private sector. The Leader of the Opposition was perfectly right when he said that the 50 per cent profit requirement relating to capital profits amounted to a capital gains tax imposed upon the R & I Bank.

While I do not share the view about the forthcoming Federal election, this move reflects the Government's belief that it is not appropriate to apply the capital profits of the R & I Bank in some cases to the 50 per cent tax to which the trading profits of the bank are subjected.

The member for Nedlands adequately dealt with the question of the ratio of capital assets, which is 1:23. It is hoped that the bank will reduce the ratio to 1:20. That ratio is not a Commonwealth Treasury ratio, but a Reserve Bank requirement. It is not a requirement on State banks; but as I understand it the R & I Bank, as a State bank, does like to comply with the requirements of the Reserve Bank because, as the member for Nedlands pointed out, there is a state of flux presently in the financial industry.

One of the things that the banking industry is intent on doing is maintaining its own credibility. As it comes under legitimate competitive attack from building societies and credit unions, one of the ways in which it can maintain some competitive advantage is by maintaining its credibility and its security, and by making sure that there are no delinquent members which, in default, reflect upon banks in general.

This is one of the main reasons the R & I Bank likes to comply with the Reserve Bank requirements on private banks. We certainly support that. Although there is no need for the R & I Bank to comply with the requirements of the Reserve Bank, the Government believes that it is wise for it to do so.

The second point to which the Leader of the Opposition referred dealt with the operation of the regulation. He said it was substantially a machinery provision, and he was perfectly right. The need for such a machinery provision is reflected in some of the things said by the member for Nedlands because certain changes have been made.

The R & I Bank needs to be able to react very quickly to changed situations and to the deregulation that seems to be proceeding. I support the deregulation that the present Federal Government has initiated and is proceeding to implement, but I am not about to see the R & I disadvantaged by not being able to react promptly to changed circumstances and I understand that is exactly what the bank is seeking to be able to do; that is, to respond quickly to changed market circumstances.

As far as the declaration of capital profits is concerned, and the ability of the bank to make capital profits which are not subject to the payment of 50 per cent of their extent to the State in some areas of its operations that might be called capital profit areas, the first thing I have to say is that the exclusion of certain profits from the regulation that 50 per cent of their extent be paid into State Treasury is at the discretion of the Treasurer. That is entirely appropriate, because after all it is the Treasurer who guarantees the State bank. Secondly—and I have been searching my mind to try to think of areas in which there might be this conflict as between trading versus capital profit—the only area in which I can quickly see that there might be some conflict is that to do with the R & I Bank's land sales, that is, the home and land development department. I would regard the activities carried on in that department as essentially trading activities subject to the payment of the 50 per cent tax rate, if one likes to call it that.

Mr Mensaros interjected.

Mr BRIAN BURKE: In talking about that point, the bank said, in effect, "The profits arising in this department would be regarded as trading profits and, therefore, by their nature, they would be excluded from the provisions of this section." That is what the bank itself said, so I can certainly give the undertaking that that is not to be excluded from the payment to the State Treasury

of the 50 per cent tax rate. Although I call it a "tax rate", that is not strictly true.

As far as the other points are concerned, the only other major issue outstanding is that of the return on the capital stock and how that return is to be financed. It is to be financed entirely from the performance or profitability of the R & I Bank and that will be an added incentive to the bank to continue to be as profitable as it has been, and its profitability and the projections about its profitability will determine the terms and conditions on which the stock is prudently able to be offered to institutions, to the public, or to whomsoever the bank thinks might be interested in taking the stock, as limited as it is in its control over the operations of the bank. However, it will be related to the profitability of the R & I Bank and, of course, that is going to be the incentive to which I referred earlier.

It is interesting to note also that, with the dilution of the capital share contributed to the total capital by the taxpayer, it is likely that the percentage return on that reduced or diluted capital share to the taxpayer will be greater. The R & I Bank has been crying out for increased capital for a number of years, not just during the period that this Government has been in office. I understand it has been crying out for increased capital over the last 10 years. The R & I has been repeatedly stressing its need for an injection of capital to be able to operate successfully and continue to grow.

As was pointed out by the member for Nedlands, this is a way for that requirement to be met and, as far as the Government is concerned, it seems to be an admirable method to meet that requirement.

In conclusion, I stress that we have not tried to rush the legislation. We try to accommodate the Opposition. Indeed, I understand the Opposition requested a further week's delay before we deal with the controversial legislation affecting the Police Force, complaints against the Police Force, and the investigation of those complaints. We have agreed that the Opposition should have an extra week following the second reading stage, so we shall take that piece of legislation to the second reading and then the Committee stage will be adjourned for a week to give the Opposition extra time.

We try to provide the Opposition with the assistance that it requires. On this occasion we attempted to provide the assistance required and there is an obligation on the Government and the Opposition to, as assiduously as possible, attend to each of its requirements to be able to debate some of these matters.

There was one other point and that was the maintenance of a bank account with the Treasury by the R & I. In fact, the R & I maintains an account with the State Treasury, but it is a very minor account and it is used mainly in relation to interdepartmental transactions

It is rarely in very much credit and whenever it is in credit, it is usually the subject of a transfer of funds from the Treasury account. So the R & I does maintain an account with the State Treasury, but the Leader of the Opposition was perfectly correct. It was never initiated in the form envisaged; it fell into further disrepair; and, it has languished along as a very minor account to facilitate interdepartmental transactions and not for any other reason.

I think that answers most of the points which have been raised and I thank the Opposition for its support of the legislation.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Barnett) in the Chair; Mr Brian Burke (Premier) in charge of the Bill.

Clauses 1 to 5 put and passed.

Clause 6: Section 29A inserted—

Mr COURT: We are talking here about capital stock and we asked a question which the Treasurer answered in connection with the conditions under which this stock is issued. He said that the return of the stock is related to the profitability of the bank. It is not really related to the profitability of the bank, is it? The bank issues the stock with a certain return and if the bank is making losses, it still has to meet that return.

Mr Brian Burke: Yes, but you asked the terms and conditions on which it would be offered. Those terms and conditions would depend on two things: The market at the time and the bank's ability to meet the requirements of the market when it looks at its own profits, because that is where the return will be coming from. That is what I was trying to say.

Mr COURT: The Premier is saying that, if the bank has a good track record and has had good profits, it will be able to get a more attractive interest rate on the capital it has out. By "more attractive" I mean a lower interest rate will be paid.

Mr Brian Burke: It would certainly have a leading edge, but it may well be that it can issue the stock at a lower interest rate than it can subsequently earn through its own performance,

so what I am trying to say is that the bank's profitability and the State's profitability may be increased, because if it issues stock at, say, 13.5 per cent, its own operations may generate an effective return of 15 per cent.

Mr COURT: Are there limitations on the amount of new capital stock that can be issued?

Mr Brian Burke: That is not my information. It certainly cannot change the conditions of the stock that is issued on the first occasion.

Mr COURT: But it can change the conditions—

Mr Brian Burke: Each time it issues new stock. But I am not aware of any total restriction on the stock that can be issued.

Mr COURT: I am sure no-one would be stupid over this, but I would appreciate being advised. I do not think there is anything here that provides for an upper limit.

Mr Brian Burke: I am not aware of any limit placed on new stock issued, but it is clear that the bank believes it has to maintain a 20:1 ratio.

Mr COURT: The Reserve Bank is saying that it has to try to maintain a 20:1 ratio. But it might go down to 18:1, and I think some banks try to use a 17.5:1 ratio.

My first question is answered, but perhaps the Treasurer could find out whether there is any limit to how much new capital stock the bank can issue. I suppose that is also a question of the ratio of its contingent liabilities to its direct liabilities; perhaps that would fit in with that. It would be a help if the Treasurer could provide information on that, otherwise I could place a question on notice.

Mr BRIAN BURKE: I do not know the answer to the second question.

As to the first question, I know of no limit that is placed by this amending Bill on the amount of capital stock the bank can issue. I do know that the bank maintains that it should abide by the 20:1 ratio the Reserve Bank recommends. If the member says that a ratio of 18:1 is a practice followed by some of the private banks, I suppose that the R & I Bank might either differ in its view of the consideration, considering the State Government guarantee to be more effective, or for some other reason be satisfied with the 20:1 ratio. On that basis I would suspect that the intention is to issue stock that is both supportive of abiding by that ratio, and that can be supported by the bank's profitability. The bank cannot just keep issuing capital stock without some support in terms of profitability that lets it pay whatever charge is borne by that capital stock.

Clause put and passed.

Clause 7: Sections 65C to 65R, 65T and 65U repealed and section 65C substituted—

Mr COURT: The Treasurer mentioned previously that one of the restrictions on the R & I Bank was its not having a banking licence which would allow it to operate in other States. Is there any talk of the State banks getting together to obtain a banking licence so they could provide their services on a national basis?

Mr BRIAN BURKE: There is a State Banks Association that consistently talks about matters like this, but I do not know of any move by the State banks, jointly or severally, to apply for a banking licence. I would think it was a very fine balance that determined whether the advantages of escaping the strictures of the Commonwealth Banking Act and the Commonwealth Taxation Act outweighed the benefits to be gained by a State bank's transforming itself into a licence holder and thus being able to enjoy all the benefits of having a banking licence.

Certainly the R & I Bank has not indicated to the Government that it is seeking, in concert with anyone else or by itself, to obtain a banking licence.

Clause put and passed.

Clause 8: Section 96A amended—

Mr COURT: The Treasurer gave the example of the bank's trading activities in land and said that certainly the Federal Taxation Commissioner would rule that the bank would have to pay tax on the profits made from those transactions. That is a clear-cut case; but the problems arise not so much from that sort of case but with, for example, the decision by the bank perhaps to sell the headquarters it has been in for some years and to shift to its new building which is to be built.

In that instance I would not expect that it would have to pay so-called tax on the capital profit from the sale of its old building. But if the bank had made a decision to have its head office somewhere else—I think it owns two sites in St. George's Terrace, the Prudential Building and the bank next door—and if it had purchased those buildings and then made a decision not to build there but to build over the road, then under the Federal tax laws would it not be involved in a dispute about whether it had to pay tax on the capital profits from the sale of the two St. George's Terrace properties, which had to be sold to help fund the new building?

It is this sort of borderline case I had in mind previously where the Treasurer would have a discretion. It is nice to see this clause fitted into one simple paragraph, but I would like the Treasurer

to comment on the concern I have about this clause.

Mr BRIAN BURKE: There is one essential difference when we consider the R & I Bank *vis-a-vis* those private trading entities and those people who might exercise the patience and the elasticity of the taxation laws in this matter, and that is that the R & I Bank, the taxing authority and the tax are really one and the same.

The R & I Bank is a publicly owned entity. The discretion on capital profits resides in the owner of the entity that is seeking to exploit that discretion—if it is seeking to exploit that discretion.

To use the example given by the member for Nedlands, if I were Treasurer it would be a matter in the first instance of a recommendation coming to me from Treasury after an application had been received from the R & I Bank, and provided that advice was married to my assessment of the honesty of the proposition put by the bank—that is, it was clearly not a trading situation of which it was trying to take advantage—I would appropriately exempt that profit from the capital profits requirement that presently exists. I would exempt that profit from the obligation the bank has to pay 50 per cent of its profits to the State Treasury.

Mr Court interjected.

Mr BRIAN BURKE: I am not sure unless we look at every case individually and all of the details surrounding each of them what decision I would make as Treasurer.

Mr Court interjected.

Mr BRIAN BURKE: I would suspect that I would refer the matter to Treasury in the first instance. Whether the member likes it or not he seems to be suggesting that we should adopt the Commonwealth situation.

Mr Court: I am saying the problem which is now arising is that the Auditor General has given a ruling that the bank has to pay the 50 per cent of all its capital profits even when it has sold its long term assets such as—

Mr BRIAN BURKE: I do not know that it was as a result of the Auditor General's ruling at all.

Mr Court: It was in the second reading speech.

Mr BRIAN BURKE: Yes, but I understand that was simply the case from the time when the legislation requiring the 50 per cent payment was introduced. I do not think there was a period of murkiness surrounding it.

Mr Court: I think there was a bit of—not a dispute—a matter of difference between the bank and the Auditor General, and that is why the amendment is here.

Mr BRIAN BURKE: No, I think the amendment is before us because there is no murkiness surrounding the present situation at all. Quite clearly, capital profits are treated as trading profits for the purpose of the 50 per cent requirement. The bank is saying that it should not be treated as the same, and the Bill is before us so there is no doubt about it.

Mr Court: They disputed it with the Auditor General.

Mr BRIAN BURKE: I think the bank made application for extension. There was no dispute. The Auditor General was perfectly correct. That is why the Bill is before us. All I can say in answer to the member's question is that if the capital profits rose without any trading intent, and if the bank put forward a reasonable proposition I would probably on the advice of Treasury, if it was concurrent advice, agree to its proposition. But the main difference is that we are not talking about a transfer of money from one person to another person; we are talking about a transfer from one body to another body.

Mr Court: Except you go to great lengths to say it will be a distinctly separate entity.

Mr BRIAN BURKE: That is one of the reasons that I cannot say *carte blanche* that every single profit one might imagine to be a capital profit will be exempt from the 50 per cent rate.

Mr Court: Except the capital stock to be issued to private people, and that is the case now. In the future it could well be that the majority of capital in the bank is owned by private people even though they do not have the voting powers associated with those shares, so it is not going from one body to the other. It is private people—private shareholders.

Mr BRIAN BURKE: The member is assuming that the rate of return on the capital stock will be a variable rate of return.

Mr Court: No, I am saying there will be lots of different types of capital issues.

Mr BRIAN BURKE: All I am saying is that if the requirement of the capital stock is that 14.25 per cent interest be paid, that is what the case is. It does not really matter whether one taxes the alternative case as a trading profit case or whether one frees it from the obligation of a capital profit case. The capital stock still demands the 14.25 per cent interest.

Mr Court: Yes, but do you understand the point I am making? The capital structure of the bank could change quite dramatically under this Bill, so you are not necessarily dealing with something

that is wholly owned by the Government or Government authorities.

Mr BRIAN BURKE: I understand that, but in terms of returns to the capital stockholders—let us assume 95 per cent of them are private and the Government's capital is valued at five per cent of the total—95 per cent of them will earn a rate of interest which is known to them at the time of their investment. So the purpose is that the bank has to fulfil a requirement on that interest rate. If we in fact allow the bank to retain all of its profits as capital profits by putting them under the name of land trading department as well—

Mr Court: It is an attractive investment.

Mr BRIAN BURKE: The member is missing the whole point because the 14.25 per cent which the bank pays on its stock—

Mr Court: Yes, but when it issues its next lot of capital it is getting an extra special profit. It will be easier for the bank to sell its capital, won't it?

Mr BRIAN BURKE: It may be easier, yes.

Mr Court: That is the only point I am making.

Mr BRIAN BURKE: All I am saying is that the position as to the taxable nature of the capital profit does not impinge upon the return of the capital stockholder, private or public, when that return is predetermined at the time of issuing the stock.

Mr Court: Yes, but in future issues of stock it does make a difference. It must.

Mr BRIAN BURKE: I cannot see that it does. The bank would simply set the next interest rate at whatever level it liked and, provided it could justify it and pay the rate, what decision it made about the capital or trading nature of a particular venture would not really matter.

Clause put and passed.

Clause 9 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr Brian Burke (Premier), and transmitted to the Council.

STAMP AMENDMENT BILL

Second Reading

Debate resumed from 15 August.

MR HASSELL (Cottesloe—Leader of the Opposition) [4.07 p.m.]: I have here a considerable amount of material in relation to this Bill which I have had in various forms for the months since the Bill first came onto the Notice Paper. Two or three times I have prepared the detail to deal with the Bill in the House, but it has not reached the stage of being dealt with. Then unilaterally the Government decided to amend the Bill itself and to introduce some amendments of which the Premier informed me; so, all in all, it has been a long and tortuous path to get the legislation dealt with.

In the meantime also one of the issues that I intended to raise when this Bill came to be dealt with was the issue of the transfer of units in a unit trust. However, that matter has been resolved because of an announcement made by the Treasurer in his Budget speech that legislation would be brought forward to deal with that matter. So all in all, despite very considerable preparation and consideration, the broad situation is that the Bill does what the Premier said it would do when he introduced it into the House. It does not present any difficulties to the Opposition and we support the legislation.

However, I would like to make one or two comments. The first is that in the presentation of the Bill, because it is a complex piece of legislation, it would have been of assistance to us and to people outside who are interested in the legislation had the Government followed the usual practice and issued an explanatory memorandum on each of the amendments. That certainly would have made things a lot easier in regard to consideration of the legislation.

This Act is a complex piece of legislation and it would be desirable for a consolidated Act to be issued as soon as possible. Indications received from people affected by the operation of the legislation are that they have no complaints with any of the provisions of the Bill. In a number of ways the Bill does set out to make it easier for the taxpayer to comply, to make the tax fairer, and to make it easier for a taxpayer to seek a remedy for assessments he thinks are unjust.

That is in sharp contrast with the relatively recent circular of the Commissioner of State Taxation as to the fines for late payment of payroll tax. We are at a loss to see any justification for the 100 per cent fines which are to be imposed for late payment. In that respect we have carried out considerable investigation with business houses, as to their experiences, and we have received quite a number of replies. Without exception, they have been concerned about the new measures and that concern has been expressed to us very clearly,

because of the attitude which has been represented on the part of the Treasury.

In a reply to a letter, the Minister for Budget Management, Hon. Joe Berinson, said this—

> Prompt Lodgment of Payroll Tax Returns
>
> Your letter to the Premier of 24 May has been passed to me for reply.
>
> The following detail may help to put the matter into context. There are approximately 6 000 employers in this State who are liable for payroll tax. Of these, about 5 000 have been consistently meeting their obligations on time and 1 000 have not. About 500 have regularly been more than a month late and, in substantial numbers, several months late.
>
> You will appreciate that the delays in compliance are not only costly to the revenue, but add considerably to administrative costs. There is the additional factor that where a proportion of firms is permitted a de facto extension of time, there is a lack of equity as between the treatment of those firms and the majority who comply with the Act in all respects.
>
> I am confident that the Commissioner will enforce the guidelines established by the Act reasonably, so as to minimise as far as possible any early difficulties which some firms might have in meeting the proper timetable.

I do not think that is necessarily the final answer on that issue. I was responsible for sending some advice to a number of firms as to the new provisions and pointed out to them the provisions contained in the commissioner's circular. My advice to certain business houses was as follows—

> A recent circular letter from the Commissioner of State Taxation warns of a firmer stance to be adopted with respect to the imposition of penal and additional tax where employers overstep the time limits for payment provided for in the Payroll Tax Assessment Act.
>
> The Commissioner says in his letter:
>
> > ". . . The purpose of this letter is to give clear warning that, commencing in June 1984, consideration will be given to the application of penal tax or additional tax, as the case requires, on each occasion on which a return is submitted, or payroll tax paid, outside the prescribed time.
> >
> > The extent to which any such tax may be remitted, will depend on the length of time for which the return or the payment; remains outstanding, as well as the past record of the employer concerned.
> >
> > Employers should particularly note that it is not proposed to allow total remissions in any instances where returns or payments are made beyond twenty-one days after the close of the relevant month . . . "

My letter went on—

> The effect of his decision is to impose a discretionary fine of up to 100 per cent for payments which are 1-13 days late and a mandatory fine of 100 per cent for payments overdue for 14 days or more.
>
> The Opposition believes this approach to be excessively harsh and seeks your views on the matter prior to determining what action it should take. Your comments and particularly, any examples of how the Commissioner's decision is being implemented, would be appreciated.

We received a flood of replies from different bodies about the matter, and almost without exception they expressed the view that the approach being taken by the Commissioner of State Taxation was harsh and unreasonable, because basically in many cases it was impracticable. What they were saying was that there are many cases where the companies concerned simply cannot comply with the requirement to lodge their returns and pay the money within the time allotted. Some of these companies have not been at all pleased with the proposal. For example one comment from a major company was—

> We are of the view that the proposed policy of the Commissioner does not make any allowance for unintentional administrative mistakes or unforeseen circumstances which may result in the late payment of payroll tax to the Commissioner. In particular we are most concerned that under the proposed policy a mandatory fine of 100 per cent is to be imposed for payroll tax payments overdue for more than 14 days.
>
> As you are aware if a policy of mandatory fines is adopted the Commissioner will not be able to take into consideration any unintentional or unforeseeable circumstances which may occur such as for example the letter enclosing a payment being misplaced or lost either by the Company or by the postal service or by officers of the Commissioner.

There are other letters. As I said, we received quite a bundle of them and different groups were concerned, not only in a broad sense with the penalties which they believed were harsh, but also

with the requirements which they said were not capable of being complied with in a practical sense. Not all those requirements are the responsibility of this Government, and I am not taking up this matter in that way at all. It is just that some of the aspects in the letters we received dealt with the circular sent out by the Commissioner of State Taxation, and the writers felt some of the conditions were unreasonable.

I think the Government would be well advised to take note of that fact and to review what the commissioner has done about the collection of stamp duty.

The other aspects of this legislation, as I have indicated, are not of concern to us. A report has been prepared by various people outside the Government, and I have no doubt the Government has a copy of that report which seeks a review of the whole procedure for making appeals. I have no doubt that report is under consideration. There is room for a more uniform system of appeals to be applied to the treatment of State revenue obligations. That is a matter which is again broader in its context and allows room for some review of the law.

Having taken the opportunity to refer to the broader issue of collections of one form of State taxation in the context of this Bill, I indicate that the Opposition supports the legislation.

MR I. F. TAYLOR (Kalgoorlie) [4.21 p.m.]: I thank the Opposition for its indication of support for the legislation. As the Leader of the Opposition would be well aware, this Bill basically arises out of the work of an expert committee established in 1979 by the then Government. The members of that committee were Mr D. Brown, Assistant Crown Solicitor, Crown Law Department; Mr M. A. Lewi, a lawyer of Jackson McDonald & Co., solicitors; Mr W. J. Lightbody, Assistant Commissioner (Stamp Duties) in the State Taxation Department, who was the convenor of the committee; and Mr D. R. Williams, a barrister who is I believe President of the Law Society. Those four people have wide and great experience in a range of taxation law. An indication of their work since 1979 is that they met on 20 occasions to come forward with reports which have been the basis of not only this legislation, but also earlier legislation.

I understand the recommendations are designed to discourage or prevent avoidance devices while minimising interference with or disturbance of ordinary commercial practice. This legislation certainly achieves that objective as far as is possible in our taxation law.

In 1981 I spoke during the debate on amendments to the Stamp Act and the then treasurer, Sir Charles Court, was looking after the legislation. My concern then was many amendments had been made to the Act, about 60 or 70 over the course of years, and it was in itself a rather difficult Act to comprehend. Another difficulty was that it was hard to obtain a consolidated version, especially as a member of Parliament. My suggestion at the time was that a loose-leafed version of the Act and similar legislation should be made available by the Government Printer so it would be easier for people to follow changes in the Act. I understand some legal problems exist with these sorts of changes as far as Crown Law is concerned, but I hope the changes can take place because at present the Act is a little like a dog's dinner when one has to address oneself to it. I understand also the Act is presently out of print and that makes it even more difficult for members of Parliament and other interested people to become involved in changes to it; and a consolidated version should be made available as soon as possible.

Apart from the work of the expert committee, other bodies which have been involved include the joint legislation review committee of the Australian Society of Accountants and the Institute of Chartered Accountants, the Law Society, and the Taxation Institute of Australia.

The Leader of the Opposition mentioned the amendments on the Notice Paper relating to this Bill; they arise out of the involvement of the Taxation Institute of Australia in re-examining the legislation and making some suggestions to the Government which were considered to be reasonably urgent and have been brought forward by way of amendment.

The Leader of the Opposition also mentioned the need to look at the appeal procedures so far as taxation law is concerned, especially stamp duty and payroll tax, and I am aware of the suggestion made in relation to various appeal procedures such as establishment of a board of review which will allow people to appeal to the board in a similar manner to appeals on income tax matters, rather than to the Supreme Court as is the case at present in respect of taxation laws. A need exists to look at some sort of uniformity in relation to appeal procedures. There may be some difficulty with the establishment of a board of review, and it does not necessarily result in as great a saving of money as one might imagine because often the board of review is addressed by QCs and other expensive legal persons, rather than ordinary people.

The Leader of the Opposition related most of his comments to the operations of the Pay-roll Tax

Act which does not come within the ambit of this legislation. The nature of the commissioner's warning was to tell people to be on their mettle as far as putting in returns on time is concerned. Under the payroll tax legislation, as under the Stamp Act, the commissioner has a power of discretion. I hope he will exercise that power in a commonsense way rather than charge ahead and fine people or impose penalties when they may not be absolutely necessary and people are able to show that good, sound reasons exist for their not being able to submit payroll tax returns in time.

This is rather complicated legislation and having had only a couple of hours' notice I am quite happy the Leader of the Opposition did not go into too much detail. I thank the Opposition for its support of the Bill.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Barnett) in the Chair; Mr I. F. Taylor in charge of the Bill.

Clauses 1 to 5 put and passed.

Clause 6: Section 15A inserted—

Mr EVANS: I move an amendment—

Page 2, lines 32 and 33—Delete the passage "15A. The Commissioner shall, after deducting such fee as may be prescribed," and substitute the passage "15A. (1) Subject to this section, the Commissioner shall".

By way of explanation, the amendment proposed to proposed section 15A is intended to make it quite clear that a refund of duty on a cancelled or rescinded instrument cannot be made unless the particular instrument and any stamped duplicate and connected documents which the commissioner may call for are returned to him. In addition, it will stipulate that a spoil fee will be prescribed with the commissioner being empowered to waive that fee in whole or in part, depending on the circumstances. These provisions currently apply in section 15 of the Act relating to the refund of duty in respect of spoiled stamps, and it is intended that they apply equally to the instruments referred to in the new section 15A.

I point out that under Standing Orders the member handling the Bill—and he has done so very capably—cannot move an amendment which involves a change in money matters. It is for that reason that I move the amendment, which is acceptable to Treasury.

Amendment put and passed.

Mr EVANS: I move an amendment—

Page 3—Add after section 15A the following new subsections to stand as subsections (2) and (3)—

(2) A refund under subsection (1) shall be made only upon application being made therefor and after—

(a) subject to subsection (3), the prescribed fee is deducted from the duty paid;

(b) the instrument referred to in subsection (1) is delivered to the Commissioner; and

(c) such of the following instruments as the Commissioner may call for are delivered to him for cancellation or amendment of the stamp or denotation—

(i) stamped duplicates or counterparts of the instrument referred to in subsection (1); and

(ii) instruments on which the payment of the duty concerned has been denoted.

(3) The Commissioner may waive wholly or in part the fee prescribed for the purposes of subsection (2)(a).

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 7 to 10 put and passed.

Clause 11: Sections 32 and 33 repealed and substituted, and transitional provision—

Mr EVANS: I move an amendment—

Page 5, line 22 and page 6, line 23—Delete the word "before" and substitute the words "whether before or after".

By way of explanation the proposed amendments to sections 32(2) and 33(2) of the Act will allow a taxpayer, either before or after the expiry of the 42 days allowed by the law in which to object or appeal, to apply to the commissioner for an extension of time in which to lodge the objection or to appeal against the assessment.

The Bill, in its present form, requires an application for an extension to be made only within the 42-day period. This is now considered to be too restrictive as, should the commissioner receive an application after the expiry of the 42-day period he would be bound to refuse the application. The effect of this would be to nullify the provisions of section 34A of the Act by denying the taxpayer any further rights of appeal to the court against the commissioner's decision to refuse an application for an extension. In the case of an

objection, this would also deny him any rights of appeal to the court against the commissioner's decision upon the objection.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 12 to 28 put and passed.

Clause 29: Section 83 amended—

Mr EVANS: I move an amendment—

Page 21—delete subsection (2) and substitute the following—

(2) When the total amount secured or to be ultimately recoverable by or under an instrument of security is not in any way limited, the instrument concerned shall be chargeable with *ad valorem* duty at the rate set out under item 13(2) of the Second Schedule on—

(a) the total amount secured or to be ultimately recoverable thereunder; or

(b) an amount of $2 000,

whichever is the greater.

The present wording of section 83(2) may cause "duty loss" being interpreted to mean that an instrument of security for an unlimited or unspecified amount can be stamped initially with only nominal duty as a deed without stamping as a security to the extent of the amount of the initial advance or indebtedness.

Subsequently, provided no further advances are made or indebtedness is increased, the lender may review the position and upstamp the instrument as a security should the need arise to take action against the debtor.

It is important to charge duty on the initial advance or indebtedness, as the operation of subsection (3) allows action for recovery of a debt to be taken only in respect of the amount for which the instrument is stamped to secure. It also provides for upstamping of the instrument should additional advances be made or further indebtedness occur.

The purpose of the proposed amendment is to ensure that the nominal duty for which the instrument may be stamped is directly related to security duty which will restrict the availability of the instrument to the amount for which it is stamped to secure.

This should ensure that the instrument will be stamped as a security to cover the full amount of the initial advance in order to be protected by subsection (3) against action to recover under the security.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 30 to 38 put and passed.

Title put and passed.

Bill reported with amendments.

RIGHTS IN WATER AND IRRIGATION AMENDMENT BILL

Second Reading

Debate resumed from 9 October.

MR MENSAROS (Floreat) [4.40 p.m.]: The preparation for this Bill started some years ago at a time when the previous Government occupied the Treasury bench and I was in charge of the Water Resources portfolio. At that time we had a lot of consultation with interested parties and individuals. I do not know whether those consultations have continued, because the Minister did not mention that in his second reading speech, but I would imagine there were some inquiries or discussions with the Primary Industry Association, the Local Government Association, the Pastoralists and Graziers Association, and some local entities and advisory bodies which were very much involved in the new provisions embodied in this Bill.

Whether or not that was the case, I have scrutinised the provisions. This was not originally very easy, because the Bill does a lot of re-enacting, but this morning the Minister sent me some notes which made it easier to check, for which I am very grateful. Having done so, I can assure the Minister we have no opposition to the Bill.

I have some queries which I hope the Minister will be able to answer. If he does, discussion during the Committee stage will be briefer. I have some constructive criticism, and perhaps some amendments based on what the Minister has in his second reading speech.

The Bill re-enacts parts I, II, and III of the original Act, as amended up to date, and then amends some subsequent parts of this Act. In the preliminary part, which deals with the definitions, I have only one query, and that is where "Department" is defined as being the Public Works Department. According to the notes which I received this morning, this provision goes back to the 1978 or 1979 amendment and it has not been proclaimed. Nevertheless, since we are now in 1984, particularly after this Bill becomes a Statute—although the Minister told me in reply to a

question it will be proclaimed prior to the Western Australian authority starting operation—why should we have, for the short period of a few months, the definition of the Public Works Department in this Bill? It will become redundant on 1 July 1985, if it is not redundant now. There was a statement that the Public Works Department has ceased to exist since this month; a commission has taken over the architectural section. The department is probably hanging in the air.

I would have thought it more appropriate to define the department as the department or instrumentality which from time to time is charged with the administration of this Act. This is the way we have worked for some time. It has been the custom of late to change names of departments and reorganise them, not only on the part of one Government; but it has been done in the last 10 years more than in the previous 50.

The main purpose of part II is to vary the role of the Irrigation Commission. It is said that advisory committees exist for all districts and areas. That means that while the present Bill provides for this commission to advise the Minister "on matters relating to the administration of this Act and any other Act in force for the time being relating to irrigation or land drainage," and while the Act also provides that certain actions by the Minister should not be done without the advice of this commission—such things as the proclamation of rivers, the issue of surface water licences, the amendment of the boundaries of certain irrigation districts and the acquisition of land in irrigation districts—now the Minister argues that because the advisory committees exist for all irrigation districts and proclaimed groundwater areas, and there are local members whose advice is sufficient, the restriction on the Minister to act with advice should be lifted.

I do not disagree with the advice from local bodies, but I query whether it is a good thing to take away the restriction which has applied as far as the Minister's power goes so that he can act in some cases only with the advice of the commission. That would be substituted by local advisory bodies.

The Minister argues that after the amalgamation of the Metropolitan Water Authority with the engineering division of the Public Works Department and the new Western Australian Water Authority Board, that will be the proper body to advise the Minister. Theoretically, I suppose that is so. It appears to be fairly logical. But if one looks at the board, particularly with the members who have been appointed—with the exception of the chairman—not a single member has virtually any experience or knowledge of country surface water licences, irrigation, and such things. There is no doubt that the new authority and its board will be dominated by the sheer majority of numbers in comparison with the metropolitan area by city interests.

I do not want to suggest an amendment, or to be holier than the Minister. Time will tell whether this solution is a good one. I am not necessarily against the discretionary power of the Minister, which is often more practical than only statutory power.

I refer particularly to the operation of the Mining Act. The people involved prefer it—the ministerial discretion—to lengthy proceedings, particularly judicial proceedings. If the Minister is fair, the people get used to it. In this case, if interested parties complain later, they will be to blame. The Minister is not to blame, nor is the Opposition. At least the Opposition asked if there was any objection and did not receive an affirmative answer. Although the Minister has not said so, he might have asked as well.

The most democratic solution would be to leave this compulsory advice with the local committees. They know best what to do, particularly when it is a matter of drawing groundwater—with departmental technical advice of course. On top of that, not as an appeal, but perhaps as a unifying authority, I would suggest the commission plus the board of the new water authority could act in the interests of the users. Perhaps an aggrieved party or interested party and/or the Minister himself could go to this co-ordinating commission, which would then see that owing to the different local committees and different decisions the rules pertaining to this Act are evolving differently, and they could then unify these rules.

People, particularly those in Government, are rather obsessed with centralised decision-making. It is worthwhile to consider the fact that the best decision-making is that which is carried out locally; that is, the decisions which are made closest to the problem being experienced and to the people involved. Thus those with the experience and knowledge actually make the decisions.

For example, we can look at the way in which the board of the Metropolitan Water Authority operates or, indeed, the way in which many boards operate. The board of the MWA acts differently in practice from the way in which it operates in theory. When I was in charge of the MWA I read the various agendas which were circulated every month and subsequently I read the minutes of the meetings. In very few cases if in any one case did the board not accept the advice of the bureaucracy. The best situation occurred when the chair-

man or a member of the board said, "I would like that matter to be researched more fully so that another suggestion or recommendation may be made to the board, because I am not happy with the present recommendation".

So when one argues, as the Minister did, that the board will replace the advisory committee which is singularly involved in such matters, I do not think he obtained the proper reply, and I just repeat what I said previously that the best decisions are those which are made locally.

I turn now to the riparian rights. The intention of the legislation in this case is based on very long and rather adverse experience. It is commendable to move away from litigation generally as the only solution to problems. From my point of view it is rather ironical that one should get away from litigation by means of codification—I do not support that—rather than by means of evolved rules.

However, I am sure this will be a better solution than the position which existed previously. Where disagreements occur, avenues of appeal are open, because, quite rightly, the Minister has allowed for the possibility of any aggrieved party taking legal action. Such people can still go through the courts and the necessary legal procedures if they have the time and money to do so. The situation here will be the same as it is in the area of local government and town planning matters.

Some members who have been here long enough will remember that the original appeal to the Minister was criticised from time to time, not only by the Opposition but also by the Government backbenchers who said, "That is not right, because you have an appeal from Caesar to Caesar". However, whoever was the Minister—whether it was Les Logan, Claude Stubbs, or the member for Dale—he went out to the area, recommendations were made, and the most practical decision was arrived at within a fixed time.

When the pressure became too great, we amended the Act. I remember that the then Premier virtually wrote the amendment in a short note which allowed appeals to go either to the Minister or to a judicial body. After years of experience, I do not know the exact figures, but the result has been that a very small percentage of appeals goes to the judicial body and the larger percentage goes to the administrative body being the Minister, which appears to work quite satisfactorily.

These riparian rights, as they are codified now—they are no different from what they are understood to be through codification—should be circularised to interested people by local authorities, perhaps through newspapers. Such a practice would be useful, because people would become accustomed to the fact that that is the way in which these adjustments would be made in the future.

I have some queries in respect of riparian rights to which the Minister might respond. Firstly, I refer to clause 3, proposed new section 12(1). A provision exists there that, where water has been permanently diverted, or at intervals during every year exclusively taken and used by the owner of the land in excess of the now defined riparian rights, whether it is used for domestic purposes, the watering of stock, or the irrigation of a garden not exceeding two hectares, the owner can apply for a special licence to continue that usage for 10 years.

It may be asked why we did not do something about this when we were in Government, but notwithstanding that that provision is in the existing Act, I query why it has been allowed to continue in this way; that is, for 10 years. I imagine that when the original Act was enacted the consideration was that circumstances could change. For example, floods could occur and the position could change; therefore, it was not desirable that this provision should exist for longer than 10 years.

However, this is related closely to the value of the property. If such a licence is granted, it would be more desirable if it were granted for a continuous period or indefinitely as a right attaching to the property rather than to the owner. Conditions would be in force that, for example, if the property were subdivided, the licence would lapse automatically or similar conditions could be applied.

Mr Blaikie: It is a very important point that those rights are adjuncts to the property. That is a very good point.

Mr MENSAROS: It is true that we were in Government for eight years and that provision remained in the Act. However, that does not mean that if an Act is being amended those involved should not examine it in depth and give consideration to these sorts of alternatives.

I turn now to proposed new section 13(3) on page 14 of the Bill. Why can the Minister withdraw the licence at any time? Once again I ask why the specific circumstances which could prompt the Minister to withdraw the licence are not spelt out, rather than allowing for cancellation at any time. Those circumstances would have been in the mind of the draftsman or legislator who wrote the original Act. The specific circumstances could be a subdivision, drought conditions, a flood, or anything of that nature; but those circumstances should be specified instead of having the Minister's right to withdraw the licence at any

time hanging over the property and affecting its value.

I again make a minor comment on a matter to which I have referred on other occasions previously, and about which I have been subject to criticism, but I do not mind that. It is very difficult to read any legislation which contains a large number of cross references. Modern drafting could improve this situation and, indeed, some draftsmen are aware of this. To some extent this depends on to whom the task is given in the Crown Law Department. For example, proposed new section 13(3) says, "Subject to section 14 . . .". One must then look at section 14 before one reads on. However, if the legislation said, "Subject to appeal as described in section 14", that would solve the problem.

We should always aim for better drafting and I hope that, on occasions, some of my comments are read by the relevant people in the Crown Law Department and that some notice is taken of them. When I was in charge of a portfolio, and legislation was produced, I virtually co-operated with the draftsman day after day, because I was very interested in this aspect.

My next query is in connection with proposed section 15(1). The same provision is in section 5(1), (2), and (3) of the original Act. It provides that if a property is adjacent to or contiguous with a riverbed or any waterway to which this Bill refers or deals with, then the riverbed, even if the Crown land has been alienated in a way which would make the riverbed part of the private property, should be deemed retrospectively to be not part of this alienated land; that is, not part of the private property. I filed a question on the Notice Paper but I will probably receive the answer to it after we have dealt with this Bill.

Mr Tonkin: It is the same as the present Act.

Mr MENSAROS: I know. It is the same as the present Act. I cannot understand what prompted the legislators to do this. The only thing that comes to my mind is that there would be similar situations in the Mining Act where in freehold properties granted before 1898, the minerals belonged to the owner and not to the Crown, whereas any freehold property granted after that saw the minerals belonging to the Crown. Perhaps that was the reason. If that provision does not affect anyone's property now I suppose what I am saying is highly theoretical, but if it does affect it it would deserve some consideration.

A minor query on a smallish question: In clause 17(1) use is made of the word "race". This term is used in addition to lakes, lagoons, swamps, and marshes which are all defined in the Bill. However "race" is not defined in the Bill and I wonder what it means. I suspect it has to do with drainage as opposed to irrigational water. I would have thought that expression would have been defined in the legislation.

The next query which really intrigues me despite the fact that again it appears in the present Act, is in connection with clause 21(1). In regard to any water flowing through a reserve or water to which there is access by a public road, anyone can go to this water and draw water for purposes similar to the owners of properties next to the water. They can draw water according to their riparian rights for domestic use, to water stock, or their two-hectare garden. That means, of course, that under this modern arrangement which was introduced only in the last 20 to 25 years since we engaged in town planning, part of a private property on the river's shore could become a public open space because of a subdivision or something which has been created. I suppose 20 or 100 trucks equipped with a tank and a pump could go to that area daily and whoever commissioned them could say, "I used it for my garden which is two hectares or less", or, "I used it for my domestic purposes", if he has a tank, or, "I used it for my stock", if it is in the country. This is quite interesting. I suppose the question which I ask only becomes important since the bringing into being of "public open space" because 20 or 25 years ago there would have been mighty little public space next to a river. Now of course, even a generation ago, what would have been called cruel socialistic action against private property is quite commonplace. If a person wants to build a granny flat on his property and he happens to live on the river shore, as does the Deputy Premier he would have to hand over the riverside part of his property to private open space—

Mr Bryce: Rates have gone up sky high.

Mr MENSAROS: Perhaps the Minister will be able to give me some explanation. It is just as well that this section also provides that this right on the reserve or access road cannot be acquired. No matter how often a person goes there he cannot get an acquired right to it.

The next query is in connection with riparian rights. The Minister said in his second reading speech that if someone appeals to the Minister, the Minister will appoint an inquiry which will be headed by a magistrate, as has been the situation in the past, or another person of expertise and experience. This is in contrast to proposed section 23(2), which does not say that the inquiry should be conducted by a magistrate, nor does it specify the qualification of the person who will conduct the inquiry. It should be specified so that not just

anyone could be appointed, particularly a person without experience. That is the reason that I will propose an amendment, so that what really was said by the Minister in his second reading speech may be incorporated in the legislation itself.

The explanation of "interfering with a creek, stream or drain" not only if the land is alienated or if it is private land, but also if it is on Crown land, is quite welcome. I suppose, albeit accidentally, it was an omission from the old Act; if it was done deliberately, it should have been amended some time ago.

That comment also applies to the new definitions of "lake, lagoon, swamp or marsh" and they do not have to be along watercourses to be the subject of the definition of riparian rights. The new and rewritten provisions regarding groundwater are quite welcome and, generally speaking, are acceptable.

By the way, I wonder why it is that the old expression "subterranean water" in the Act has been changed to "underground water". I used to use the term "underground water" and was corrected by almost every engineer from the Public Works Department who said it should be "groundwater" as contrasted to surface water. We talk about groundwater dams and surface water dams. However that is just a recollection of mine. The engineer or the draftsman decided it should be called "underground" water and so it is.

Yet, in the annual reports on the five-year plans of the Metropolitan Water Authority it is called "groundwater".

I just wonder about the reason that this sort of proposition is now in the legislation. It is not an important observation, but I think it is quite in order that I should make those comments because they are as a result of my experience.

To simplify the licensing of bores proclaimed in gazetted areas stands to reason, and again is welcomed by the Opposition. I particularly welcome the transfer of the reporting obligation from the owner to the well-driller. I think this is a practical provision and I do not know whether the Minister has had discussion or consultation with drillers or their association.

I do know that during the three years I was in charge of the Metropolitan Water Authority I was under constant pressure from the drillers' association to register drillers. One of the arguments put forward was that it would be much better if drillers were registered to provide all the data for the Geological Survey of the Mines Department. They said the owner cannot do it or does not do it, and if it is not done in the metropolitan area the Government would lose so much.

I think those members who have known me for some time know that it is almost my hobby to be against registration of any kind, because I do not believe that people should be told that they cannot do this or that, and that they can only do something if they are registered.

I do not believe that those people who are already in a trade or profession should have an advantage by being registered. The interest then of the registered people is nothing else but a way to keep others out. All the advice which goes to the Government or the Minister concerned is based on this selfish consideration. I extol this provision and must admit freely that I did not come to this ingenious solution to simply tell the well-drillers that without being registered they ought to supply the data. I think it is an ingenious solution, and I congratulate the Minister, and whoever was responsible for providing this provision in the Bill.

Moving to waste and the effluent provisions, I do not query them at all, but feel that they are really half-solutions. The second reading speech says that some of the pollution control is temporary. The cumbersome and mixed responsibilities are maintained. I do not know the new titles in the Health Department, but the previous Commissioner of Health was dead against losing an inch of his power. Hence this Bill, probably on his insistence, still retains the Health Department's responsibility over public disposal places.

If we think about this, we ask what is the reason these public disposal places are safeguarded. The only reason to safeguard these places is to safeguard the groundwater. Who understands more about groundwater; who has more data about it, and who plans its use more than the water authority? All the time I was in charge of that authority I said it was illogical and not right that the authority should be left with the Health Department. In the same way it is wrong that septic tank regulations should be left with the Health Department. It virtually has nothing to do with that department. This Government which amalgamates so many departments and states as logic for it greater efficiency, should give serious consideration to this question.

Leave to Continue Speech

I seek leave to continue my comments at a later stage of this day's sitting.

Leave granted.

Debate thus adjourned.

[Questions taken.]

Sitting suspended from 6.02 to 7.15 p.m.

Mr MENSAROS: Before the tea suspension I was dealing with the duality of the responsibility

for waste disposal, and the fact that some of that responsibility is regulated and under the control of the Metropolitan Water Authority and some is under the control of the Health Department.

I said that because most disposal matters are related to the water authorities, the whole administration should be taken over by the Metropolitan Water Authority, which would be much better equipped to do that work, and a non-divergent administration would be established.

I remember when one had to participate at various meetings with the Health Department people—

The SPEAKER: Order! It is very difficult to hear the member, and when I have noise coming from my right it is even more difficult.

Mr MENSAROS: Many meetings had to be held with the Health Department people and the Metropolitan Water Authority about septic tanks and disposal of effluent in public places. There was a problem with some irresponsible people pumping effluent from septic tanks instead of taking it to the proper places where the material could be disposed of; they just dumped it at sewer outlets and this was to the disadvantage of the Metropolitan Water Authority. That is one more reason that the rules and regulations regarding this disposal should be made by and carried out by that authority.

The other provisions in the Bill regarding waste disposal are quite acceptable. However, I would like to offer two comments: The first is that the general guidelines in connection with waste disposal and the attempts to deal with pollution should not place emphasis on offences and how to deal with them, but should create incentives. I know that the State Government can offer fewer incentives than can the Federal Government, but in co-operation with the Federal Government the Government could provide a tax incentive so that people would have a reason to acquire equipment and plant which would be a preventive measure regarding methods and forms of disposal.

Secondly, the Bill does not deal with another source of pollution in country places. Landowners have various methods—which are still under debate as to whether they are good or bad—to get rid of the saline substance on their land. They build bridges and various other things to prevent saline substances and salt from polluting their land, but in doing so pollute the land adjacent to their areas, the land further down, or the water ways.

I am not quite sure whether the Bill does not deal with this because it is not considered to be a source of pollution, yet it is a tremendously important question particularly from an agricultural point of view in the country. The Bill should contain some provisions to deal with the problem of salinity.

I fully appreciate that the licensing of the discharge of effluent commenced when the Act was amended in 1978, and because of experience in practice various provisions need to be rectified. One, for instance, is the power to enforce cleaning up of the polluted areas. The example given by the Public Works Department deals with an instance which I think is quite interesting: A waste dam of a dairy farm has broken down and polluted a creek for several kilometres downstream, affecting neighbouring properties, in particular, a horse stud. Had it not been for the owner's co-operation this discharge could have been quite significant.

I think it is quite acceptable that in such situations the Minister should be able to order the polluter to clean up the watercourse and/or to recover the polluted groundwater and then dispose of it in a safe way. It is also acceptable, of course, under the provisions in the Bill that should the owner not comply with this order, the Minister himself can perform the rectifying work and charge the owner for the cost of it.

Also quite welcome are the provisions of the Bill in connection with lined disposal ponds. It has been found that disposal ponds sealed with various petrochemical materials, plastic and the like, or with simple clay, in time develop leakages. Therefore, to put the onus on the users of these ponds is quite acceptable and quite understandable.

The exclusion of smaller industries from the general rule that they should be policed by the department is again understandable. I do not think such small industries cause the damage which would justify keeping on a large number of staff and the expenditure which the water authorities must incur if they do this. The power to require the licensee to monitor is again desirable and acceptable.

As far as penalties go, it is quite logical that the penalties set some considerable time ago should be reviewed from time to time. One often wonders, of course, whether this should always be done by Statute in almost every case, whether it should be left to a regulation or whether a self-regulating method should be devised whereby, based on some related indices, penalties would automatically rise or fall as the indices changed. I do not necessarily refer to inflation or to the CPI, but somehow to a make-up of various indices which are more closely related to the matter to which the penalty applies.

Finally, one penalty is very welcome. It introduces the infringement notice as has been gradu-

ally done with various other Statutes pertaining to water and related matters. In this connection I will move an amendment because when we look at the respective proposed sections which deal with it, members will observe that the Bill prescribes that the officer who has issued the infringement notice should not accept the modified penalty which is the subject of the infringement notice. The Government must have had a reason for doing so, and I suppose the reason is that the officer should not be placed in a position where he could be subject to or face the temptation of a bribe or something similar.

Consequently, if that is so, and I accept and approve of it, my amendment should be accepted on the same ground. It simply says that an infringement notice, to which the Bill gives power, should not be withdrawn by the same officer who issued it. I think that is very logical. I know I proposed an amendment like this to another Bill. It could have been in relation to the MWA legislation. Really the Minister should give consideration to it because he would protect this officer in the same way as he protects the officer from receiving the modified penalty from the person to whom he issued the infringement notice. My amendment would protect the officer from the temptation of being persuaded by the recipient of the infringement notice to withdraw it. Withdrawal could be made only by an officer other than the one who issued the infringement notice.

The Bill contains miscellaneous provisions and I would like to draw attention to one which, albeit it can be justifiably argued that it is contained in the present Act, when we revise and amend the Act we should use this opportunity to correct the provisions. Proposed section 26H of the Bill provides that the Minister, his servants, or people who are entitled to do so, should be able to enter property without any warning or notice, let alone a warrant. I am not proposing that a warrant should be required for this purpose, but I think it would be fair enough that notice should be given before a person enters a property. When we drew up the SEC Act we were confronted with the same problem, as we were with the MWA Act, and we provided for, I think, five days' notice to be given. It is not complicated. It could apply to the owner, or the occupier or to either one of them, so there is no argument in respect of an absentee owner.

Yet another condition states that this notice should apply only when practicable. So if neither the owner nor the occupier can be found, notice does not have to be given. However, if a property is occupied it is not fair that a person, whether from the department or the authority, having the justification which he requires from the Minister, should be able to enter the property. A further qualification could be that in the case of an emergency the requirement to give notice would not apply, although it is more difficult to imagine an emergency arising under this Bill than in regard to the SEC where plant or equipment may develop a fault and there is a real emergency. Of course in this situation there could be a flood which might represent an emergency.

The revenue amendments are welcome because they follow the various methods which were partly introduced under our Government in connection with the Metropolitan Water Authority. I refer to the methods of payment. One can pay the assessment in two instalments; or if one wants a rebate one can pay the whole account at once; or if one prefers to pay in four moieties he incurs a penalty interest rate. The same should apply particularly after the amalgamation of the authorities in country areas.

I do not object to the fact that ratepayers or customers should pay if services are extended, such as for special meter readings which occur mainly when properties are changing hands and the accounts have to be made up to that particular day in the year.

Some other amendments have been introduced because, as we experience so often, the advice from the Crown Law Department is that under the proper interpretation of the legislation we cannot do what we have been doing for a long time. I am always a little amused about this because on one hand Crown Law is charged with drafting legislation, which it does, and it says that is what we can do, and on the other hand, and usually a short time afterwards, Crown Law says "You cannot do this because it is not drafted correctly". This is not something which occurs seldom; unfortunately it occurs quite often.

That is the case in this Bill. One could give the particular example of Carnarvon. Everyone understands the availability of groundwater in that area depends on the river flow, and it is limited. So taking an average and the past experience, the local advisory bodies are keen that those who have acquired rights and depend on the water for their livelihood should have licences, and they are not keen to give out new ones. Now the Crown Law Department has found that they are not entitled to deny those new licences because the whole area is an irrigation area and should not be dependent on the availability of water. That is absolutely impractical and to remedy it with legal provisions is quite essential and therefore accepted. So is the fact that if necessary, properties as such rather than acreage should be supplied with and charged for irrigation.

Those were all the comments I wanted to make. I trust the Minister will respond to most of the queries I have raised.

Mr Tonkin: A few of them anyway.

Mr MENSAROS: If he does not I may remind him in the Committee stage. If he can do so now we could abbreviate the debate in Committee. The Opposition supports the Bill.

MR BLAIKIE (Vasse) [7.35 p.m.]: I desire to make a few comments on this Bill. I want to place on record my commendation of the member for Floreat for his lucid and understanding explanation of the Bill.

Mr Tonkin: Did you say "lucid"? How about a commendation for the Minister? I don't believe you have made one all year.

Mr BLAIKIE: The Minister was to have come next, but he has stolen his thunder. Now he will have to wait.

The member for Floreat raised a number of points which I do not intend to go over again. I will look forward very keenly to the Minister's reply. Rights in water and irrigation are vital matters in Western Australia. Water rights has always been a contentious matter and one that is keenly pursued in all agricultural areas. Property values in agricultural areas are to a large degree determined by the provision of or access to water.

In this Bill we are looking at the riparian rights of water, and the Minister has said properties will not be affected. This debate gives me an opportunity to point out that in certain areas drainage schemes have taken away people's riparian rights because the land has been overdrained. Where land was previously valuable because of its access to water and its having a high water table, it is now less valuable and its productivity has been affected because the properties have been overdrained. In the Vasse area in particular this is now a matter of great consequence and concern.

So it is important that riparian rights are recognised, and while the Government has not taken the water away in a physical sense, it has overdrained the land and removed the water by other means. Parliament and members need to be very vigilant to ensure this does not happen because productivity decreases, property values are affected, and property owners lose tens of thousands of dollars as a result of overdrainage.

Amendments are now proposed in relation to a number of matters. One relates to control of surface water, and as the Minister indicated in his second reading speech it relates to lakes, lagoons, swamps, and marshes. They have not previously been controlled. Pollution controls will be exerted for the first time over these areas and that is a commendable move. I commend the Minister for his foresight in moving in this general direction.

Mr Tonkin: Thank you.

Mr BLAIKIE: I might have to offer a little criticism in another part.

Mr Carr: I am sure we know you well enough to realise you will find something to criticise.

Mr BLAIKIE: I am in a good mood tonight, so do not test me too far.

The Minister said in his second reading speech—

> The second change concerns interference with rivers, streams, watercourses, lakes, lagoons, marshes and swamps on Crown land.

He also gave an example when he said—

> The need for this power was highlighted a few years ago when a landholder cut a channel to take water out of the Moore River, which action ultimately led to the diversion of the river with adverse effects on both the river regime and his neighbour.

There were some fairly graphic photographs and newspaper accounts of what happened. One can only say the whole action was quite despicable.

It certainly did affect the river and adjoining landowners. Of course, the Government needs to be able to act to protect adjoining landowners. I noted the Minister said that his department is almost powerless to take action. Perhaps he would indicate in his reply whether his department has been able to take action and, if so, what has been the result of that.

Mr Jamieson: It is the result of civil action.

Mr BLAIKIE: We must not continue with this matter if it is before the courts.

It is important that protection be given and that farmers do not move onto Crown land and take away rights that do not belong to them.

Another matter to which I want to refer concerns underground water. The member for Welshpool will certainly recall that when he was the Minister for Works—I do not know whether he, as Minister for Works, started the campaign or whether it was started by the Sunday newspapers—a proposal was put forward to licence all underground bores in the metropolitan area. I ask the Minister to indicate in his reply whether the Government has any intention of ensuring that bores are licensed and whether a fee will be charged for underground bores.

Mr Tonkin: My answer is, "No" to both questions.

Mr BLAIKIE: I am delighted that that is the case because the Minister in charge of the Bill will recall the ongoing controversy in 1972 or 1973 when that suggestion was raised and that it was a burning issue in the Parliament at that time. I am delighted the Minister has resolved my questions. With co-operation from both sides of the House we are making rapid progress.

Mr Jamieson: When Sir David Brand read the proposal he thought that I had changed sides.

Mr BLAIKIE: I would like to commend the Minister for indicating there will be a change in the way geological data is to be collected. The data is very important and I will shortly give a brief example of its importance to one landowner in my district. Under the Act a property owner must provide data to the Geological Survey. What is proposed in this simple amendment is that the person who is actually drilling the hole must provide the department with the relevant information. This is very important and is a sensible amendment because the driller is the person who is on the job and it is easy for him to provide the information.

Some three years ago a farmer from Capel which was in the area I represented at the time, came to see me because he was very concerned because he had had a series of bores drilled on his property and all he got was salt water. He was placed in a difficult situation because he had to cart water to his stock and members in this House would understand how that would affect the profitability of his farm. I do not know why the farmer came to ask me about drilling holes, because I know nothing about the subject. However, I inquired from the Mines Department as to whether any geological surveys had been undertaken in that area. I was most impressed with the efficiency of the department. The officers were able to indicate to me that the property owner would find water at a depth of 400 to 500 feet where their records indicated quantities of potable water. I finished up winning a friend because the farmer found an excellent supply of water which virtually saved his farming operation. That example will highlight the importance of recording information about any holes that are drilled. It is so important that a proper record be kept. Water means life to Western Australia and records must be kept and be available to all Western Australians.

The Government intends under new section 26(H) to give right of entry to the Crown where it can be assumed that an area of surface water, or any other water for that matter is being polluted. The member for Floreat referred to this section and I also would like to refer to it.

I believe that too often in the past dairies and piggeries have been built too close to watercourses. In cases where watercourses have been polluted adjoining landowners have not taken action, because they have to live in the area. However, it is a matter for grave concern.

I would hope that the amendment that is proposed will not only help landowners in the community, but will also bring about a greater sense of responsibility on the part of those people who have impinged on community law in the past. They have abused the system and the privilege of other people and there needs to be a degree of commonsense in the way people regard other people.

I would ask the Minister when he looks at the question of pollution, whether it is intended that his department will look at having controls on farming activities, or any other activities, which will cause an increase in salinity or whether his department would record salinity as yet another form of pollution. Salinity would have to be one of the major causes of the damage to water supplies. The Minister may care to answer this general question in his reply.

This legislation is important and the member for Floreat has indicated that he will move a series of amendments during the Committee stage. I will be listening with interest to the Minister's reply and no doubt he will comment further during the Committee stage.

With those general remarks, I support the Bill, subject to the proposed amendments.

Debate adjourned, on motion by Mr Tonkin (Minister for Water Resources).

SMALL BUSINESS GUARANTEES BILL

Second Reading

Debate resumed from 26 September.

MR COURT (Nedlands) [7.48 p.m.]: The Opposition supports the basic concept of this Bill, although there is very little that is new in it in terms of the concept of the Government's giving guarantees.

The Opposition has some concern about the operation of the Bill and the way it will be administered and I will mention these in the course of my speech.

The whole question of finance for small business has been much debated over the years and many schemes have been put forward to assist the financing of small business. Certainly, the lack of initial capital is a problem and results in many business failures because it is the result of a lack of capital in a small business growth period. Businesses often have difficulty in acquiring the

required finance for growth and development so we must ask the question, "How do we fill that gap?" Certainly the subsidising of small businesses is not the answer; it has been proved to be quite a disastrous way to go in many countries and there are many examples in Australia, and indeed Western Australia. Perhaps the best way to fill the gap in financing small business is through more deregulation of the financial system, and that is certainly what is taking place in this country at present.

The deregulation of the financial system in Australia in recent years is most welcome. Following the Campbell committee recommendations which we debated earlier today, we debated amendments to the Rural and Industries Bank Act to enable the bank to face competition coming into the marketplace. The Building Societies Amendment Bill is currently before this House, and we have already agreed with the changes to the credit unions Bill. There are many changes across the board in those areas.

It is also pleasing to see many new avenues being opened up in the small business sector. Many have become available only in recent years.

The trading banks traditionally have been a good source of finance for the small business community. They have become more competitive. Instead of throwing one out immediately, they now tend to listen for a little while to see what sort of proposal one is putting up.

Mr Evans: Before they throw you out.

Mr COURT: They often throw one out, but they listen these days.

In my experience, even in the last six months, because trading banks realise they have a lot of competition coming with the new foreign banks, they are offering a wider range of services and are showing more imagination in the type of financing packages they are putting together.

There has been a tremendous breakthrough in this State in the introduction of the secondary exchange which enables small businesses to have access to public funds. Although not many companies have been listed at this stage—it takes time—in three years' time we will see many companies listed. There will be some failures, but many will be successful and eventually go on to the main exchange.

Management investment companies (MIC's) have provided another source of finance for people, particularly in the technology field. Many private investment companies operate in a similar fashion, and it is not uncommon these days for accountants and lawyers to have clients interested in some cases in investing in what one might class as venture capital markets, American business, financial companies, and so it goes on.

So in general the venture capital markets are growing in this country. Funds are becoming available through different sources. When one talks about venture capital, one also tends to associate that sort of capital with very high risks—although not as high as those mentioned by the member for East Melville when he was talking about pawnbrokers; he said they operate in the high risk end of the financial industry. I do not think venture capital companies take such extreme risks.

I have listed many alternative sources of capital which are available. As an aside, the Government, in its technology budget, has allowed over $3 million for different ventures. I really do not see it as necessary for the Government to have a trust fund available to put money into those ventures. It is better for the private sector in the marketplace to work out where the funds should go. Many different options are available.

I asked earlier whether the WADC would provide equity capital and long-term borrowings for small businesses, as was mentioned in its big build-up. We have not seen that particular operation doing that type of activity, which was, I think, the main selling point of establishing the WADC. On the contrary, it seems to be going in other directions.

In the Premier's second reading speech on the WADC Bill he said this—

> What is lacking is any mechanism through which a business can obtain access to a package of equity capital, borrowed funds, and advisory support from a single source which has, as its primary objective, the promotion of business in this State. The absence of such support can be seen in the extent to which local equity in resource and other developments in this State is watered down and farmed out to other interests in Australia and overseas even though the basic resource, the initiative, and the initial venture capital may have all been Western Australian.
>
> It can be seen also in the constant problems encountered by small and medium sized businesses in seeking the capital needed to underpin rapid growth. Because of inability to obtain a reasonable mix of equity capital and term debt, businesses are forced into a situation of being over-geared and saddled with interest liabilities on term debt which they struggle to meet.

A bit further down he said this—

> One of the primary functions of the development corporation will be to provide that missing link and assist businesses to put in place a capital mix which maximises prospects for growth with financial stability.

That promises a lot as far as providing equity capital or long-term debt finance for small business is concerned. But the WADC has not gone into that role at all; it has taken a completely different tack.

The other problem which small business faces is that it is a matter not only of shortage of capital, but also of the provision of long-term funding. One of the good things in this Bill is that it provides for guarantees for loans on a long-term basis. That is quite important, because small businesses are very sensitive to any credit crunch. That is where one has a period of monetary restriction and rising interest rates, and this occurs in business cycles in most countries.

As we are all aware, when one gets a credit crunch, the equity of a small firm tends to decline and the debts comprise the larger proportion of its capitalisation, compared with the larger corporations which have the ability to get through these periods. The trading banks will not lend to most businesses on a long-term basis, therefore the debt in a small business is subject to uncertainty and floating interest rates. Over the last four years interest rates reached a high level, and because most small businesses had short-term financial arrangements it hurt them.

The result of this is that it puts a very heavy burden on small businesses along with the slowdown in sales which usually accompanies a credit squeeze. The shareholders usually put further loans in to save their businesses, or they acquire further loans, and they usually sell their own personal assets to provide those funds.

It is very important to have longer-term funding to enable these businesses to ride out some of the ups and downs as they go through that business cycle. The Bill which the Government has introduced provides the guarantees in a manner not very different from the way in which Governments in the past have given guarantees. In this State guarantees were given, such as in the case of the Rural and Industries Bank Act and the Industry (Advances) Act. In that case we went through a similar procedure of asking banks and similar institutions to look at the proposals and to advise the Government before giving a guarantee—similar procedures to those outlined in the Minister's second reading speech. This Bill tends to put a new facet on those procedures, concentrating on giving guarantees to small businesses.

In fact, as was pointed out by one of my colleagues, the Bill is superfluous in many ways, because the Government can already do all the things that are outlined in it.

I mentioned the Government's involvement with the Western Australian Development Corporation and the technology trust. As the Minister knows only too well, we are opposed to the Government wanting to take equity interest in businesses. We think that the private sector should be making that sort of investment and we do not believe it is up to Government bodies, whether they be the WADC, the technology trust, or any other body the Government wants to put together to buy its so-called "windows into industry".

Mr Bryce: Has it occurred to you that there are some sections of private industry, particularly in new science-based industry, that approach Government and ask it to take an equity? That is not a facetious comment.

Mr COURT: I am sure Governments have always been approached by businesses to take equities.

Mr Peter Jones: There is nothing new in that.

Mr COURT: I cannot speak for previous Governments, but I would have thought it would have been natural for many businesses to want to try to get some sort of funding from the Government.

Earlier I outlined many of the new avenues of finance which are available and if someone goes to the Government with a whiz-bang idea, it is not up to the Government to decide whether it is a winner, because Governments have a history of picking losers. It is not up to the Government to make that decision. In many cases the Government does not have the expertise to do so.

When the Government is approached by someone who has a good idea, it can steer that person in the right direction towards someone who has the finance and is interested in that area.

The beauty of the financial markets in Australia today, including that in Western Australia, is that there are many businesses which no longer want to invest to such a large extent in the bigger companies, but which are prepared to invest in some of the smaller companies which initially have a high risk; the investors put their faith in the people running those companies, their ideas, and their expertise.

The Minister would have to agree that the great recovery in the economy of the United States has been due not to big businesses, but rather, to a whole new generation of small businesses

operating mainly in the different service industries rather than in the high technology areas.

In his second reading speech the Minister referred to what his Government was doing for small business, and, of course, that did not take him very long.

Mr Bryce: That is a nasty thing to say. I am likely to go home with a great sense of hurt.

Mr COURT: The Minister keeps mentioning the Small Business Development Corporation. He must realise that the Small Business Advisory Service was established prior to the Labor Party coming to Government and he, as the Minister responsible in this area, has simply revamped that organisation. Does the Minister agree with that?

Mr Bryce: No, I don't.

Mr COURT: What has the Minister done to the Small Business Advisory Service? What does the Small Business Development Corporation do which the Small Business Advisory Service could not do?

Mr Bryce: I am surprised that you should ask that question. Have you been down there?

Mr COURT: Of course I have.

Mr Bryce: And you are aware of the programmes it is now conducting?

Mr Peter Jones: When you cut away all the flashy stuff, including the new premises, and get back to the advisory service, what does it do? I am talking about the educational programmes and the direct help to business.

Mr Bryce: Mr Speaker would be very upset if I spoke for more than a couple of sentences. I reckon that would take me half a page.

Mr Peter Jones: In other words, you want time to think.

Mr Bryce: No: it would take me half a page.

Mr COURT: The Premier said that funding for small business had increased by 40 per cent. There was a 40 per cent increase in funding of the Small Business Development Corporation, but I do not think one has the licence to say that, bearing that figure in mind, there was an increase in funding to small business of 40 per cent. Small business is not asking for increases in Government funding: rather, it is asking for help in many other areas which I shall mention shortly.

The Small Business Development Corporation provides a number of very good services and its staff do a superb job. The staff did an excellent job when the corporation was known as the Small Business Advisory Service. Since then the staff has been expanded and the people who work there do a very good job, whether in the metropolitan area or on their many country visits. They also have a good reputation throughout the business community for the services they provide.

I believe the best service provided by the staff of the Small Business Development Corporation is that which involves helping people who are considering going into business or those who have established businesses and who are experiencing a few problems in the early days. The corporation conducts starter courses and the like. Indeed, the Minister released a starter programme or course for small businesses this morning; is that right?

Mr Bryce: Yes.

Mr COURT: The corporation provides a very good service for people who are thinking of going into small businesses. They can contact the corporation, attend a couple of seminars, and learn about some of the opportunities and pitfalls.

However, the Minister must be very careful that the Small Business Development Corporation does not become a bureaucracy. He must be conscious of the fact that, of all the lobby groups in Australia, small business lobby groups are the most aware of excessive Government spending. There is a need for certain services provided by the corporation, but if the corporation is expanded into a larger bureaucracy which starts to provide some of the professional services provided by accounting firms, the legal profession, and the like, it will experience something of a backlash. I am sure the Minister is aware of what I am saying.

One of the functions of the corporation which amuses me is that it must give the Government advice on areas of concern to small business. I would be interested to know what sort of advice the corporation gives the Government on issues such as redundancy, which is one of the most topical issues in the small business community at present. If the corporation gives the Government the advice on this subject which I know it should, I wonder what the Government does about it.

I wonder what advice the corporation is giving the Government on voluntary employment contracts which were so quickly rejected by the Government but which was a concept largely developed by the small business community.

I placed a question on notice as to what advice the corporation had given the Government on the redundancy decision. I am sure there are many other areas of concern where I would like to think the corporation is giving advice to the Government and the Government is listening to it.

The Government is very quick to automatically reject many proposals put forward and is paying only lip-service to the fact that the corporation is providing advice.

In his second reading speech, the Minister mentioned that the Government is controlling rates and taxes. That is seen as a bit of a joke, because over the last two years small business has experienced a very heavy burden as a result of the imposition of a wide range of taxes. The Government says that it has kept down water rates and the like, but the examples of the big increases which small businesses have experienced in these taxes and charges over the last two years make a mockery of that.

This year land tax is a major problem. The State Government's collections in this area have increased from $40 million to $50 million and, in most cases, those increases are handed straight onto the small business tenant.

The Government is very keen to talk about its economic record and it keeps saying that the economy has lifted. The economy has lifted, but I am concerned that employment opportunities have not.

Mr Bryce: There is no mystery about that. The explanation is a fundamental restructuring that is going on within the economy and it is happening right around the western world. The economies are lifting and in comparative terms it is jobless growth.

Mr COURT: That is a lot of hogwash. The economy in the United States has lifted and employment there has lifted dramatically, and the Minister knows that. He knows that tens of thousands of new jobs have been created in the United States. Of all those jobs that have been created, some 30 per cent are in industries related to the higher technologies and 70 per cent of that employment growth is in quite basic service industries and is related to providing domestic services, health services, and education services. It can happen in the United States because it has a more flexible labour market. The reason that we are not getting the employment growth here while the economy is improving, is because of the rigidities in the employment situation.

I will give the House a classic example. Albany is an area—and the member is not here at present—which in the last few years has had some bad seasons. Those businesses relating to agriculture and the light industrial industries have had a pretty hard time and some farm machinery dealers and small engineers have had to refinance just to survive. This year has been a good season. The prospects are good and the businesses all have full order books. If one walks through the light industrial area in Albany one will find people buying new trucks, new harvesters, and new welders, and they are confident; yet those businesses are not putting on any more people. Why are they not putting on any more people? The main reason is this redundancy decision.

Mr Gordon Hill: The latest Australian Bureau of Statistics' figures show an increase in advertising job vacancies, so the employment opportunities are increasing.

Mr COURT: If the member for Helena has a look in this morning's *The Australian Financial Review* he will find it refers to what the Labor Government is saying about its employment growth and that is that the figures should be cut in half. It says that the statistics are not correct.

Mr Gordon Hill: Are you saying that the Australian Bureau of Statistics tells the truth under the Liberals and lies under the Labor Government?

Several members interjected.

Mr Wilson: Is not the building industry made up of small businesses?

Mr COURT: I am saying that one cannot fiddle with the truth. The fact of the matter is that when an economy such as that of the United States picks up, employment opportunities pick up. Employment there has grown quite dramatically, but not here. There are too many rigidities in the marketplace, and this will be one of the biggest problems that the Government has to face with this whole question of youth employment.

Mr Bryce: Economics is not your strength. Give over trying to be an international analyst.

Mr COURT: I am not saying economics is my strength. I think I am talking commonsense here. The Minister should know that it is through the small business sector that Governments have the best chance of improving employment prospects.

Mr Wilson: It is happening in the building industry.

Mr COURT: I think the Minister better be careful when using the building industry as an example because we continually have to talk to people who have small building businesses.

Mr Wilson: We heard about the building industry the other night. It worked out fairly well.

Several members interjected.

The SPEAKER: Order!

Mr COURT: The building industry has been quoted as an example of an industry with a lot of small businesses in it. It certainly is such an industry and I think it is very important that the subcontract system, which is the basis of that industry, is preserved. Currently it is under attack from many different directions.

Mr Wilson: You are avoiding the point now.

Mr COURT: I have said that the economy is improving but employment is not. If one has an example in the building industry—

Mr Wilson: It is improving in the building industry.

Mr COURT: That is good. If it is doing well there it must be doing pretty poorly in other parts of industry.

Mr Wilson: What an illogical thing to say.

Mr COURT: We debated the heavy engineering industry a few weeks ago in this House. If one quotes some figures as to what is happening to employment in that industry one finds businesses going out the back door hand over fist. The home building industry—

Mr Wilson: Or the commercial building industry.

Mr COURT: —the commercial building industry, the construction industry, and the heavy engineering industry are disaster areas.

Mr Wilson: Let us get a balanced perspective.

Mr COURT: The balanced perspective is that the economy is improving but the employment opportunities are not growing as they should be, and that is a matter of concern.

Mr Wilson: Across the board?

Mr COURT: Yes.

Mr I. F. Taylor: You do not know what you are talking about.

Mr COURT: I mentioned the Government's attitude when the whole concept of voluntary employment contracts was brought up, and my comments got an immediate reaction. The following day they were rejected by senior Ministers in the Government. We have had a lot of rhetoric about small businesses in the last two years, but very little action. In summary, the Minister in his second reading speech tried to say what the Government was doing for the small business sector, but I believe that the Government has not faced up to the very real problems which that sector is facing. What are some of the major problems that it is facing? I am sure if the Minister gets around to talking to different small business groups, associations and individuals, he will find the first problem that crops up is the industrial relations system. Does the Minister find that when he goes around to talk to people, whether it is redundancy, wage fixing proposals—

Mr Bryce: It is one of the top five or six issues.

Mr COURT: I appreciate the Minister's saying that, because we see it as the top issue, but the Government has put it in the top five and that is acceptable. We find the centralised system works against the interests of the small business. It does not cater for its needs and it has no flexibility built into it. We have been saying that for some years on our side of the House and it probably was not until Mr Stone spoke out a few weeks back in the Shann memorial lecture that he brought the weaknesses of the centralised system to the public forefront. He was followed by Justice Kirby who expressed similar sentiments. When we supported the concept of more flexibility in the arbitration system we got ridiculed from the other side of the House.

It was fascinating to see the Prime Minister come out a couple of days ago and say perhaps there are some weaknesses in the system and perhaps it does need to have more flexibility. That is more encouraging, because if the Prime Minister is prepared to accept that there are some very real problems in the system, it might start flowing through to Governments like this one. They might think that instead of rejecting any talk of change in the system, perhaps it might be better to sit down and see whether some changes cannot be brought in. I am not saying the Government should abolish the arbitration system, but that it should have a look at the system where it is not working. I am talking here only in relation to small businesses and to see whether some improvements cannot be made.

The redundancy decision was a typical decision in relation to which the small business community felt helpless. Small businessmen picked up the *Daily News* and saw the Federal commission had handed down this decision and they felt they had no involvement. In practice they had had no involvement in the decision. We debated the ill effects of that decision in this House and made it clear it would increase business liabilities overnight and make some unsaleable. We said it would cut down their goodwill figure and that by harming employers, it would also harm employees. A good example is to go to an area such as Albany where people are looking forward to a good season but they are reluctant to put on new apprentices and tradesmen because of the uncertainties created by this particular decision.

The second area of concern to small business people relates to the taxation system.

The SPEAKER: Order! I have been fairly tolerant with the member for Nedlands, and I accept that in a second reading debate one can refer to the general problems of the subject, but to enlarge the debate into those other areas means the member is getting away from the subject matter of the Bill, which is guarantees to small business.

Mr COURT: With your indulgence, Mr Speaker, the Minister in his second reading speech went to some length to discuss the general area in small business.

The SPEAKER: I have given the member for Nedlands that latitude.

Mr COURT: I am highlighting five areas of major concern. The Minister listed the areas which the Government saw as needing attention and I would like to mention five areas of concern which I believe need attention, and they fit in with the Bill we are debating.

The SPEAKER: I will have to be the judge of that. If the member is going to traverse those areas he should align them to the guarantees to small business.

Mr COURT: Okay, Mr Speaker.

Under our taxation system, the more successful one becomes in business the harder one is hit. It is a regressive system and one which when combined with the State Government's taxes and charges, certainly places small business under a lot of pressure.

All members will be aware of the overwhelming sea of regulations under which businesses must work. The Government has been talking a lot about getting rid of regulations, but all we have been doing in this House in the last couple of years has been debating more and more of them, whether in the Equal Opportunity Bill or the Occupational Health, Safety and Welfare Bill. You name it, we get it.

Another major problem area is competition from the Government in the provision of goods and services. Labor Governments always seem keen to expand the level of goods and services Government departments provide.

The fifth problem relates to the small business community's concern at the level of Government spending—the size of the Federal deficit. It is interesting that when one is talking to small business people about finance problems, they often bring up the question of the Federal deficit because they see it simply as deferred taxation. They know that if a Government is going to spend a lot of money to borrow a lot of money it must be repaid at some stage. They know the small business community will be in the forefront of repaying the money.

To conclude my discussion of some of the problem areas and aspects of concern about this Government's handling of small business, I refer to the fact that small business was not represented at the Federal Government's economic summit. One of the commentators on the recent Federal Budget, Mr Ruthven, said this about small business in his summary of the Budget's effect—

> Secondly there was no incentive at all for small business. I think that's tragic because small business represents 61 per cent of the private sector GDP of Australia or about 46 per cent of total GDP and not one bit of good news for small business, and I think that's tragic.

The Federal Government has been talking big business, big unions, and big government and it has neglected small business for the last two years. This State Government is on a similar course.

To conclude my summary of what the Government is doing to small business, I point out that a very good example of its attack on the small business sector is to be found in the way the Minister for Health is handling the doctors. One could not find a better example in this State. The situation there is appalling. It highlights the fact that the Government has no regard for the human factor in running a hospital and no regard for established principles.

Mr Wilson: I do not think this has much to do with the Bill.

Mr Troy: Are you saying the other service sectors are doing the same as the doctors?

Mr COURT: I am saying this Government is attacking the service sectors.

The Minister for Health is attacking small business, and I classify surgeons and their staff as small business people.

Mr I. F. Taylor: Surgeons as small business!

Mr COURT: What else are they? What is the member's definition of small business if it does not include surgeons?

Mr Bryce: A lot of them have incomes which would classify them as big business.

Mr COURT: What does that have to do with it? The Minister earns more than a surgeon.

Mr Carr: Which surgeon is that?

Mr Bryce: Oh dear!

Mr COURT: Not many surgeons can afford riverfront houses.

Mr Bryce: You do not know about my secret small businesses which make that possible. You have not found out about them.

Mr COURT: I do not think it has anything to do with small business.

Mr Old: Who defines small business?

Mr Bryce: It is in the Bill.

Mr Clarko: It is a tautology.

Mr Bryce: If you want to get into the business of defining a small business it would take a Ph.D thesis.

The SPEAKER: Order!

Mr COURT: It is very interesting and fascinating that the Government has laughed at my suggestion that doctors and their staffs are a part of small business. I would have thought they were a classic example of a small business at work, and just because members opposite seem to think they earn too much money they are doing everything in their power to make sure they do not earn any more.

Mr Bryce: I sometimes get concerned at the taxpayers' money they seem to syphon off.

Mr COURT: The system the Labor Party has brought in will cost the taxpayer more and the public will receive less service.

Mr Bryce: It is the taxpayers' money.

Mr COURT: We are not here to debate the medical profession.

On the question of Government guarantees and the specifics of how they are provided, I point out that such a system has been used in many countries. I was fortunate to be able to examine two examples at the time the head of the Small Business Development Corporation was overseas looking at small business activities in the United States, Canada and Europe. The examples I saw were in the United Kingdom and the US.

In the UK the system of providing guarantees has been abused by some sections of the banking system and Governments have been left in some cases with horrific bad debts. It is to be hoped that the record in the UK is not repeated here. The banks tended to take the easy way out and suggest that guarantees be given to businesses which turned out to be a poor risk. In the United States until recently they concentrated more on providing guarantees through the banking sector as outlined in this case. The Small Business Administration in the US which is the Federal department responsible for small business, established a reputation over the years of lending money to small businesses, which reputation became a very bad one.

Under that system there was quite a bit of money to be lent out. It boiled down to the fact that one could get a loan from the Government if one knew a congressman or a senator. The loans tend to be given for straight political purposes.

In the United States, as in Australia, there are many cases where small businesses are excluded from the capital markets, and banks really do not want to give small business people loans because that can be a bit of a nuisance. Why concentrate on a lot of small business loans when one can have one big corporate client? There are not the many handling problems. The transaction costs of processing loans for small businesses are disproportionate to the costs for transacting loans for bigger businesses.

As I mentioned earlier, the banks prefer to give short-term loans and not longer-term loans. The United States had a bad experience in that the United States' Small Business Administration got a very bad name in financial circles with its track record and has been moving away from giving direct loans to a system of providing guarantees by the Small Business Administration through banks.

It is a very similar system to that which is outlined in the Bill and a similar system to the procedures which have been used here in the past.

This decision has been made because the Government believes that the department is not in the banking business and it does not have the necessary expertise which was certainly highlighted in its record. There has been a mixed reaction. I am sure the Minister would have studied the way that the guarantee system was introduced. It is only in recent times that it has put in the new system.

The Government has had a mixed reaction from the banking sector. For a start, the private sector in the United States is always suspicious of anything connected with Government guarantees because, in its history, they usually tended to become headaches. It has been found to work better with smaller to medium-sized banks. The bigger banks have not been interested in fiddling around with the provision of those small business guarantees. The administration wants to get away altogether from being in the money lending business and to concentrate more on training and counselling for small businesses and providing better procurement programmes. That is the direction in which this Government should go. It should concentrate on the operation of the Small Business Development Corporation in those areas.

The banks in the United States which have worked well have been the smaller banks. They have been prepared to go through all the hassles and to sort out the guarantees. If a bank recommends that a lot of businesses have guarantees and it begins to get a bad track record, the Government will then stop giving guarantees through that bank. If a bank has a good track record and builds up a relationship between the administration of the bank and the small business administration, it will pick suitable people for loans. The Government has tended to be more

generous through those banks. I would like to think that a similar system would work here and that a system allowing for a performance rating in relation to a bank's selection of business in order to give guarantees would work. Of course, whenever Governments have to pick to whom they will give guarantees, Governments throughout the world, of whatever complexion, have track records for picking losers.

In summary, the experience in the United States, which I think is the closest to this Government's model in this Bill has been that it has gone away from direct loans and is working through the banking system. The Government makes sure that only the banks that perform well and which select the correct types of businesses will get more of that business.

The Bill is very general and, in many ways, it could be open to abuse. The Minister's second reading speech mentioned a number of things, which we will go through in the Committee stage. It referred to a lot of things which are not covered in the Bill. For example, it mentioned the types of businesses which will be able to get loans and those which will not. The Government obviously will have to set some sorts of guidelines as to the types of businesses which will be able to obtain loans. However, those are not mentioned in the Bill.

The Minister also did not specify just how much the Government will budget for funding this scheme and what dollar limits will be put on the total level of guarantees that will be given. I want the Minister to give an estimate of the anticipated shortfall. Of course, in the first couple of years of the operation of the scheme, there will not be much of a shortfall. However, the Minister should give us some idea of how much the scheme will cost the State and some idea of the number of guarantees in dollar terms. It then might be possible to estimate further down the track what the Government is going to be up for.

I also express a little concern that it may be possible for the banking community or other financial institutions to, perhaps, abuse the scheme. I cited examples of abuse in the United Kingdom and how, in the United States, the Government has come down very strongly on financial institutions which are not playing their part. I am concerned that banks might reject loan applications on the grounds of insufficient collateral much more readily than they do at present knowing that their clients can be referred to the Government for a guarantee. In that case, the extent of the Government liability may be greater than currently estimated, although we do not have any estimate from the Minister. However, it might well be that the type of businesses that are given guarantees might not be up to scratch and the banks will take the easy way out and refer them to the Government for a guarantee. That would be a pity because it would perhaps mean that some worthwhile businesses will miss out on funds because businesses which are not worthy of loans get them.

The second part of the problem is that there is a possibility, which could well be remote, that the banks may be less likely to rigorously screen clients knowing that the Government guarantees are available. Again, that is what happened in the United Kingdom. It might mean that the Minister's own department, the Department of Industrial Development, or the Small Business Development Corporation might have to do more work in approving the guarantees. I am sure that the Minister wants to have a system whereby he can accept a bank's word as to whether a business is worthy of a guarantee. If the banks do not do their job, the problem to be faced is that the Minister will have to build up expertise in his department in order to be a bit more thorough in vetting businesses before they obtain loans.

The Bill is very vague on how the scheme will operate and about what sorts of guidelines will apply. The Minister could say that the current system is pretty vague and he would be quite right. I mentioned that at the beginning of my speech. However, this Bill does not seek to do anything that is very different from what the Government is doing now. The Government does not need to introduce new legislation to provide the guarantees.

I would also like to know what happens if a small business approaches a bank and is knocked back because it does not have sufficient collateral and the bank suggests that it go to the Government to obtain its guarantee. Will that business have to approach another bank? One bank may knock back a business because it does not have sufficient collateral but the next bank might find that that business is totally acceptable.

I wonder whether a person has to go to a couple of banks or financial institutions to be knocked back before going through the process of applying for the Government guarantee.

Another area of concern which is very vague in this Bill relates to the stage at which the Government guarantees will be called up. In clause 5(2)(a) the Minister may require the lender to take such securities as he may require; furthermore, paragraph (b) requires a lender to exercise his rights under such securities before a guarantee is enforced. The Bill is silent as to the extent to which any lender must resort to those situations.

Presumably this would be limited to the realisation of any specific assets which may be required. The problem arises if the securities include guarantees from a director, which is quite often the case for a corporate borrower. In those circumstances, to what extent must the bank—the lender—proceed against the guarantor before the Government guarantee becomes enforceable? It could send that person out of business before the guarantee became enforceable. On the other hand if the guarantee comes in earlier the business could survive and continue to operate. The Bill does not state at what stage the guarantee will apply, and how far the lender must go in getting a security. Loans are often made to small businesses on the personal guarantee of a director. I am sure we do not want to see examples of the Government unnecessarily forcing businessmen to close down because the guarantee has not been called up. The situation could arise whereby the lender sends the business to the wall and the Government guarantee is not called up. However, if the guarantee had been called up the business may have survived. I ask the Minister to answer that query in relation to clause 5.

It is hoped that when businesses are given these loans and they are successful in obtaining a Government guarantee, the interest rates charged are not excessively high. In fact, they should be in line with the interest rates given to preferred customers.

The exclusion in the Bill of granting guarantees for consolidating existing debts will cause problems. Many small businesses are not dissimilar to farms. They have a mass of different financing arrangements, some with good interest rates, perhaps by bank overdraft, and some with very high rates, of the sort that would approach the rates referred to by the member for East Melville when he spoke about pawnbrokers. It is often the case that reorganisation of the debt structure can put a firm on a more stable footing. It might lower the overall interest payments and provide it with a longer-term debt so that it is not continually renegotiating loans. The exclusion of that provision in the Bill perhaps jeopardises what could be a good service to some businesses; that is, restructuring of the debts may be all that is required to enable them to operate successfully.

I have another query in connection with the jealousy which may occur in different industries if a competitor is given a guarantee. A number of firms might be operating in an industry and if one received a guarantee it could upset the other firms. I think the rule under the DID was that no guarantee was given if there was another competitor in the industry. Was that the rough guideline?

Mr Bryce: Basically.

Mr COURT: I can see problems arising, perhaps in the tourist industry where the Government may give guarantees to a restaurant or hotel. As soon as word gets around that one business has received a guarantee everybody else in that same industry will want one. I will be interested to know how the Government intends to handle that situation.

The Minister may well have another problem; it may have happened already because certainly I have had a few people telephone me on this question. Several small business people have called and said that they wanted a loan.

Mr Bryce: Your party promised the loans through the R & I Bank at the last election and many people have forgotten that the system promised by the O'Connor Government is not the system about which we have an undertaking as an incoming Government.

Mr COURT: Unfortunately we did not win that election, as the Minister knows.

Mr I. F. Taylor: Thank God, says the R & I Bank.

Mr COURT: The Government has said a great deal about the WADC providing equity and long-term loans to small business. Admittedly it has not done so since the formation of the WADC but it did in the leadup to it and in the debate in Parliament. I think the Minister will be inundated with requests and the more he publicises this Bill, the more requests he will receive from businesses which do not require or should not receive guarantees.

I have another query: The Bill provides for guarantees to be given through the banking system, although it is left open to other financial institutions. I am interested to know whether the Government intends working the guarantee system through other financial institutions. If so, what type of financial institutions does the Government have in mind? Does it intend to use building societies, when they are able to expand their activities; finance companies; merchant banks; or whatever?

To conclude my remarks on this legislation, the Government guarantees are not new in this country or in most other Western countries. They tend to be politically motivated no matter how the system is worked. The direct loan system that was operating in the United States had heavy political influence. Even by going through the banking system there would still be some sort of political motivation.

In many ways the Bill could be said to be superfluous because the Government already has the ability to give guarantees.

Mr Bryce: It does not.

Mr COURT: How does it do it at present?

Mr Bryce: I am surprised to hear you say that.

Mr COURT: It is done through the R & I Bank.

Mr Bryce: The definition of "industry" in those provisions is very narrow; it must be a manufacturing industry. The former Minister knows that and it excludes the bulk of small business sector companies. It excludes retail and service industries. They are not eligible.

Mr COURT: The member for Floreat will expand on that. It must be remembered that according to the Minister's second reading speech, this Bill excludes many small businesses.

Mr Bryce: We have included the great bulk and not excluded many. If you look at the history of this in the last 30 or 40 years, the debate has hinged around an argument about the definition of "eligible industry". Both the former Ministers would know, I am sure, that the definitions that have been written into Statutes are based on the definition of "industry" in the 1947 R & I Bank Statute, and they deal very strictly with "manufacturing".

Mr COURT: In the speech by the Minister for Industrial Development he said that the Bill covered areas with the exception of "agriculture, fishing, forestry investment businesses, financial institutions, hospitals, and a number of personal services". Interestingly enough, the area of personal services is the biggest growth area in small business.

Mr Bryce: Of the 50 000 small businesses in the State, there are probably more than 30 000 of them, if I took a punt, which would be eligible but which were not eligible under the old Statute.

Mr COURT: It comes back to the previous point I made. I will be interested to see how the Government proposes to administer this system.

I would appreciate it if the Minister could answer some of the queries I have raised. I have highlighted the issues affecting small businesses. In this area, Government action really costs the taxpayer next to nothing. I have highlighted some of the major areas of concern. It boils down to the fact that a change is needed in the Government's position in areas such as the industrial relations system. We know, however, that the Government cannot act in many of these very important areas because it has its hands tied.

With those comments, the Opposition supports the Bill. I would appreciate further details on some of the points I have made.

MR MENSAROS (Floreat) [8.52 p.m.]: I am not giving backing to the member for Nedlands, because he has handled the legislation ably and expressed the views of the Opposition. Rather, I am giving my experience from observations which I gathered during the six years in the portfolio now held by the Deputy Premier. I agree with the member for Nedlands that we should not oppose the Bill, but I do so perhaps, for rather different reasons. I think there is nothing to oppose.

The Bill changes very little, if anything. If it makes any changes, it changes the present system to the disadvantage of businessmen. In this case, a Statute is really quite superfluous. As the member for Nedlands said, loan guarantees for enhancing businesses are with us, and they have been with us for quite a long time. Every Government has accepted them as one form of assisting, businesses—small businesses or large businesses, for that matter.

The Government has a choice of whether it assists businesses with loan guarantees via a Statute, or whether it does it without a Statute in a more discretionary way. Of course, the question is: Is there any real advantage in a Statute? Are the aims, the purposes of the loan guarantee better served if a Statute is in existence?

I admit that the temptation to have a Statute is very great, particularly for a new Government and a new Minister. First of all, the Public Service will urge the Minister because it wants to justify its existence or some part of its existence. The Minister will make a name for himself because his name will be given to that particular legislation on the Statute book. The Government is seen to be doing something. I do not have to prove this; I only have to point to the second reading speech by the Minister. More than half of it, I suppose, was a litany extolling the Government's merits in helping small businesses.

Of course, there is an opportunity for publicity. The Minister incorporates propaganda into the second reading speech. I do not know whether or not this is a conscious action: but it is more convenient for the Minister to have a Statute because, if he does not have one, or only relies on the Industry (Advances) Act or the Rural and Industries Bank Act, he is forced into the situation in which he must make discretionary decisions. As he will not have an indefinite amount of money, after the money runs out he must say, "No". If he had a Statute, it would be easier to interpret the Statute and say, "Because of the Statute—"

Mr Bryce: You remember some of those letters being drafted, do you?

Mr MENSAROS: I do. These are the advantages of the Statute from the point of view of the Government and the Minister of the day.

However, I honestly do not think that a Statute is a benefit. In fact, I always resisted having Statutes, not only in this field but also in any field. I did not revert to them unless they were absolutely necessary. For example, one of the Statutes I introduced, and which was passed, was the Western Australian Overseas Projects Authority Act. That one was necessary because, without a Statute, we could not convince some foreign Governments that the private enterprise was a worthwhile business. The foreign Governments wanted to be sure that the authority had the backing of our Government, because so often they had been led up the garden path by private companies.

Proof of what I am saying is contained in the Minister's second reading speech. At one stage, he said the following, in relation to the Australian standard industrial classification—

> Specific reference to the ASIC industry classifications in the regulations eliminates the need to define eligible activities by way of a wordy definition which may be open to interpretation and legal argument.

That is precisely my point. If a Statute is in existence, if qualifications are given, if "industry" and "small business" are defined, and if the Statute indicates what guarantees shall be given, there is room for argument and possibly for litigation. If those restrictions are not applied, flexibility is built into the system.

A person in business does not sit down and write out the rules upon which he will act. He goes out and does business. Even in the largest companies in which company policy is formulated, it is not written by someone. It evolves according to the actions of the company. In parallel with this, the Government can act more freely without statutory restrictions than with the aid of a Statute.

Whatever the situation is, the fact remains that with Government guarantees the Government must take a risk. There is no way of getting away from the risk. That is the beginning and the end of Government guarantees. With legislation, the risk is reduced. It is an opportunity to pass the buck—in this case, to the financial institutions or to the banks which will say whether the application is a worthwhile one. Of course, the Minister, the department, and the Government can wash their hands and say, "Well, that was the advice from the bank".

Without a Statute, more can be done than is provided for in a Statute. Again, one looks at the second reading speech where it deals with the Small Business Development Corporation and extols the merits of that corporation. In the speech, the Minister spoke about its receiving 1 000 inquiries a month. Exactly the same happened with the predecessor of the Small Business Development Corporation, which was the Small Business Advisory Service Ltd. Before that service existed, people went to the department for advice, and exactly the same thing happened.

What I am saying—and this is really the answer to the question which came up when the member for Nedlands was on his feet—is that there is no provision in this Statute or in other Statutes indicating that we cannot go outside the Statute and give a Government guarantee. This has been the history of Government guarantees.

The relevant Acts were queried originally when a Government guarantee was given to the Midland Railway Company. That was much before our time, but the Minister can inquire of people in the department who can remember the occasion or are aware of it secondhand. That was not an industry. Then a Government guarantee was given to Canterbury Court, by a Labor Government, and it was established that that was not an industry. During the time of the Tonkin Labor Government there was no suggestion that the Yunderup Canals development was an industry, yet it was given a Government guarantee. That is still probably on the books in the Treasury, but it probably has not been repaid because less than half of the blocks have been sold. But there was no Statute which prevented the Government or the Treasurer from giving that guarantee.

I suggested a guarantee to the Agnew mining exercise. I negotiated that in London and threw in the guarantee just for good measure. Seltrust did not need the guarantee; it probably had a larger turnover than the State Government had. Nevertheless, for good measure, just to show how the Government supported the project, the Government gave a guarantee. That was not based on the Rural and Industries Bank Act or the Industry (Advances) Act.

What I am saying is that there is no rule which provides that we cannot go outside the rules we have built up for ourselves at present. If the Government follows the policy of the bank it might put the bank in a comfortable position, but I wonder what would happen in reality. As to what the member for Nedlands suggested, I think probably the opposite would happen.

If there was competition between banks and if the Government gave a large number of guarantees, the bank might be a little lax; it might think that if it gave the advice to the Government that this was a worthy project and that it could lend the money, it would get the business rather than some other bank. If the Government guaranteed the project, I do not see any reason that the bank would not think that. That could be a consideration; its advice might be slightly tainted because of that.

There is another thing with which I cannot argue but which proves again my suggestion that the Statute is not necessary. It is weaker because virtually everything is left to regulation.

Again, we can look at the second reading speech where the Minister said that the guarantees would not be available for the purchase or takeover of an existing business, to refinance existing debts or to overcome short-term liquidity problems, or if the applicant had adequate finance or personal assets to enable the loan to be obtained under the lender's usual guidelines. This might be all right as a list of conditions, but those conditions are not in the Statute, they will be covered by regulations.

This comes back to what I am advocating, which is that it is much better to leave the arrangements more flexible and more open than to restrict it with this sort of provision in a Statute. Another important question is: What will be the Government's policy in relation to competition? As I read the Bill, competition would not be a bar against obtaining a guarantee. If this is so, it is very bad because what is ultimately the aim of having guarantees if it is not to foster the economy and to create more business activity and more jobs?

If the Government is to give a guarantee to a business when there are similar businesses throughout the State adequately serving the demands of the market, what it will really do is assist one business and thereby disadvantage another. Probably this will mean that the weakest company will have to go out of business because the Government is not able to create a larger demand.

I can remember an occasion when someone wanted to settle here from overseas and to bring his capital to start a steel reinforcing mesh manufacturing industry. On the surface it looked all right, but after I made a few inquiries—I was in the building industry myself at one time—I found there were enough manufacturing outlets already to cater for the market. Therefore, to have given a guarantee to such a project, which would have meant probably that the new company would install new and modern equipment and therefore be more competitive, would have made things difficult for those companies already operating in that area. Everyone in the Department of Industrial Development knew that the first thing to be considered was the question of competition. Perhaps if a furniture manufacturer wants a guarantee when there are already more furniture manufacturers than the market can handle, it would not be a clever thing to grant such a guarantee.

Mr Bryce: By virtue of your own argument about some of the furry edges to the application of this concept to industry, as you have just explained—and I agree with you about the general application, but perhaps if we scrapped the Industry (Advances) Act it would be all right—while there is a Statute there are grey areas and limitations. But on the question of competition, there are plenty of examples on the Statute book during your period in office and before, where there could have been serious debate about competition. I do not think you can eliminate it altogether.

Mr MENSAROS: I am not saying that we can eliminate it altogether, but it is sound policy not to give a guarantee which will affect competition because while it might create a new business and new activity in the economy, ultimately it could offend many businesses. It is a practical political consideration.

Mr Bryce: To have sound policies that say you do not do it is fine; but in practice, because of practical necessity, you find youself actually giving it to companies that have competitors. That is the history of this, going back 30 years.

Mr MENSAROS: There is no 100 per cent solution. The provisions are fairly vague in this Bill because in a lot of places we find the expression "as prescribed". Ultimately through regulations discretion is given to the Minister, and I have nothing against that, but it proves my theory that the Statute is superfluous.

I know the vogue is to have Statutes, to have this sort of motherhood Statute. I think the occupational health and safety legislation and the equal opportunity legislation are examples of motherhood Statutes which do not amount to anything. If one is really sincere, if one gets away from this propaganda aspect, one will accept that they do not do anything and that they will not change human nature. Human nature will be the same and there will be decent people and people who are less decent. These Statutes will not make them better or worse.

With due respect to the Minister and the Government, the Bill is a not very tasteful window dressing; it is an extravagant luxury for which the taxpayers must pay—not very much; it will be

tolerable compared with the host of things the taxpayers must pay.

I conclude by saying that instead of taking up Parliament's time trying to introduce a Statute, it would be better if we did business instead of introducing rules. This is what we will do in Government.

MR PETER JONES (Narrogin) [9.10 p.m.]: I want to comment on a couple of matters relative to this definition and the area it encompasses, because the second reading speech encompassed more than the Bill itself.

The member for Floreat has said that the only reason we have a Statute here is that the Government said we would have it. The Statute does not do anything that could not be done by other means, if the Government wished.

With regard to the definition, I do not know what tautological wizardry produced the interpretation of "small business". Given the fact that there does need to be considerable flexibility, I understand from the Bill that a "small business" means a business enterprise, which in the opinion of the Minister, is "a small business enterprise". What it says is that the Minister can determine to give it some money if it qualifies for it. But by including "any other prescribed purpose", given the position of flexibility, we are providing a situation where there might be something that cannot have the accolade of specific definition awarded to it at this time. That wording is not needed. It could have been simply set out that any business, in the opinion of the Minister, could receive some funding, or whatever it happened to be. It could be more simply determined. The reason I am dwelling on this fact is that the second reading speech, not the Bill, identifies specific exclusion.

Mr Bryce: That is to give you the benefit of some indication of what is likely to be incorporated in the regulations.

Mr PETER JONES: That is the reason I am having a little to say on this. The Minister might agree, because he tells us that certain things are on the record in the second reading speech, which are not in the Bill. Perhaps he ought to continue the same performance and identify criteria that he might use, and the manner in which he will proceed. I think it is unfair to identify and expect the Minister to be bound by something he cannot see up front.

There must have been something in the mind of the Minister as to what criteria he will use and his aim for recording the kind and scope of business and the extent of funding that might be provided. What parameters are there likely to be? I would be surprised if there were no parameters within the mind of the Minister and his advisers.

Certain things are mentioned in the second reading speech, but are not mentioned in the Bill. Therefore, when we move into the Committee stage of the Bill we cannot draw these matters to the attention of the Government because they do not appear in the Bill. It is in his second reading speech that the Minister needs to tell us, on record, the things he wants to indicate and what criteria he will administer when he talks about a "prescribed purpose". On page 1775 of *Hansard* of 26 September 1984, the Minister said—

> Almost all trading businesses will be eligible, with the exception of agriculture, fishing, forestry investment businesses, financial institutions, hospitals, and a number of personal services.

I would be interested in having placed on record again the reason that agriculture is excluded. I bet the first thing the Minister will say is that it was out before, and that it was not approved under the parameters that existed previously for loans, guarantees, or support given under the previous arrangements. Largely that is right. However, I did not agree with it then, and I do not agree with it now. I would think it would be very foolish of the Minister to exclude agriculture, just as I must say I thought it was short-sighted of the previous guidelines to completely exclude such a wide area as agriculture.

I can well remember—because I was involved in bringing it forward for consideration—one agriculturally based enterprise which involved the growing of vegetables, half to be exported to Singapore and the other half to be sold on long-term contract with Coles. It was necessary to have some plant and a considerable amount of funding was required for some refrigerators and other things such as that. It was a small family concern that had extended to the degree that it had some difficulty in getting a guarantee for $50 000 to $60 000 to provide specialist equipment. That request was refused—and I say here by the Government of which I was a member—on the basis that the Government did not like the risk of agricultural enterprises.

Mr Bryce: That is not the only reason. One of the other main reasons, and it does not apply right across the board to all agricultural industries, is that agriculture has been excluded in the past because there are usually other forms of special financial assistance for agricultural industries.

Mr PETER JONES: The operative word is "usually", not "always". There are arrangements in other forms for financial support for

agriculture. The Deputy Premier might like to look at this, but not all that many schemes are available. He may be thinking along the lines of the Development Bank, but again there are not many schemes. Without going into any detail, I am just suggesting that the areas that will not be covered by this Statute do not appear in the Bill.

Mr Bryce: Can I give you the sincere undertaking, which will benefit all those industries on whose behalf you have made this plea in the debate, that I will have a close look at the evidence which is available in that particular industry, since the Statute is going to set out to exclude them, before any regulations are brought down.

Mr PETER JONES: The substance of my small contribution was in fact going to be just that. I was saying that we have a Statute, but it is very short-sighted to exclude certain categories of business from the Bill. I think it is very wise not to exclude them from the Bill, because what the Deputy Premier is saying, as I understand it, is leaving the way open to considering everything. If we are to have a Statute it ought to have the maximum flexibility. There must be the possibility that at some time in the future small businesses will qualify under subparagraph (iii) of that definition and perhaps relate to some aspect of providing some service for a hospital, or some aspect of industry related to agriculture, that could qualify.

It would be very short-sighted to exclude it. No matter how good these long term contracts are to buy a product that is highly perishable and subject to all sorts of fluctuations in production, and no matter whether Coles, Woolworths, Singapore or anyone else wants to buy the product, if it cannot be produced, not only does the market disappear but also the chance of repaying the loan disappears.

I can understand the reason for it, but I am suggesting that perhaps the flexibility should remain and even allow at some time in the future the possibility that certain things that might be developed from a relationship with those industries could be considered. If we are going to have a Statute, the widest flexibility possible ought to be permitted.

MR BRYCE (Ascot—Deputy Premier) [9.21 p.m.]: I thank members who have contributed to the debate. I will try to be as organised as I can in my response to the wide range of specific points that have been raised.

At the outset the member for Nedlands made some fairly detailed reference to the deregulation of the financial markets of the country and the emergence of the venture capital system. He actually went so far as to applaud a whole range of things that were happening, and he indicated that basically this was good news. I agree with him and it is part and parcel of the economic recovery of our country. He concerned me a little when he showed the beginnings of the hallmarks of being a knocker when he touched on the subject of the technology trust fund. I think this is the appropriate time to explain to him that this area is very different in a number of regards from traditional areas of business. It requires a different approach in the 1980s from what was considered to be a normal and appropriate approach to so many of these basic questions confronting business back in the 1950s and the 1960s.

I draw the attention of the member for Nedlands to the experience in a number of parts of North America. If we do not compare ourselves for good logical reasons to California, New York or even Texas, the economies of which are immensely bigger in every respect than our own economy, and we look instead at some of the Provinces of Canada, such as Alberta and Saskatchewan, and at some of the less populous and fairly arid and resource-based economies of the USA, we will discover that many of the Governments in those parts are, in fact, doing exactly what we are proposing.

I have never claimed to be the source of ultimate originality with these particular programmes, in particular this technology trust fund. I can inform the member for Nedlands it was shaped to a significant extent on a whole series of American precedents and guidelines. The actual specific parts of this legislation which involve funding for business planning, product refinement and equity capital are based on the funding methods that are being adopted by Governments, particularly the Governments of Alberta and Saskatchewan. Interesting enough, Governments of the North American mould are extremely conservative. The progressive conservatives in Alberta form probably the most conservative Government in North America. It has no qualms about engaging in these forms of funding if it thinks it is in Alberta's interest, or in the interests of maintaining some of these embryonic companies in Canada within its Province, rather than see them disappear across the border into the United States to be taken under the wing of a rather large corporation.

The Government is not interested in going into the wealth generation business just for the sake of doing so, because it is quite happy to accept that the private sector does that best and most efficiently. However, frequently very valid reasons can be presented that demonstrate that the State's overall best interests can be served by the Govern-

ment's being prepared, after careful assessment, to provide some support and backup in a whole number of potentially successful business situations.

Now is not the time to go into a lot of detail about some of the very valuable and attractive embryonic science-based industries in this State. I can draw the member's attention, with the greatest of ease, to a half a dozen companies that have disappeared from Western Australia because they have not been able to find the appropriate sources of finance at the appropriate time.

Mr Court: Do you think you will fill those needs?

Mr BRYCE: Not exclusively, but partially. I will be very happy to introduce him to some of those groups which have sought the Government's assistance. The Government is not prepared to say, "Goodbye, we are not prepared to help you—go to the Eastern States, the United States or western Europe if that is what you must do, because the law of the jungle applies worldwide". The Government does not accept the law of the jungle.

Mr Court: So you take an equity in their business.

Mr BRYCE: Yes.

Mr Court: How many?

Mr BRYCE: The member for Nedlands does not know that yet?

Mr Court: I would have thought that was a reasonable request.

Mr BRYCE: I am talking about the equity now. The only one where it has been formalised is with Formulab.

Mr Court: The Parliament does not know about that.

Mr BRYCE: Plenty of announcements have been made about it.

Mr Court: The funds have been provided.

Mr BRYCE: It was probably during the parliamentary recess. It was for no other reason.

Mr Court: Are you saying that you are taking the equity out of it?

Mr BRYCE: Several businesses have approached the Government and the Government is looking at the situation. That is one of the three functions of the technology development trust fund.

Mr Court: I understand the first part of that fund, but then you talk about a $500 000 equity interest. I do not think the Government should be in that sort of business.

Mr BRYCE: The member for Nedlands drew attention to what he described as a real concern that the Small Business Development Corporation would develop into a major bureaucracy.

Mr Court: I said you will have to watch that it does not build up into a bureaucracy.

Mr BRYCE: I give the member for Nedlands the same assurance that I have given specially convened meetings of representatives of the accounting profession; that is, the Government has no desire or intention to see that happen and there is no doubt in my mind that the 1 000 inquiries per month being received by the Small Business Development Corporation could easily be expanded to 5 000 a month just by doing a number of very specific things on which I will not take time to elaborate now.

We are not interested in doing that for the sake of doing it. We have had discussions with representatives of the accounting profession to make the point that the accounting profession needs to look to itself and begin to provide some of the services that the small businessmen and women of this community need.

Many small businessmen and women are too frightened simply to pick up the telephone and ring the accountants. It is good news that the accounting profession is beginning to advertise its services and to take seriously the question of selling itself and its services to the business community. In fact, the Small Business Development Corporation, certainly under this Government, has no part in taking over the role and the responsibility of the legal profession or the accounting profession. I have no intention whatsoever of seeing the number of advisers and counsellors grow just for the sake of growing, like Topsy, to continue to provide an unlimited number of advisers and service people. We are looking very seriously at this moment at the most efficient means of referral to these professional groups that the member for Nedlands spoke about.

The member for Nedlands raised the question of the sort of advice available. I was a little disappointed he sounded somewhat cynical about the function of the Small Business Development Corporation to provide advice to the Government representing the interest and the viewpoints of the small business sector. I indicated to this House, when we introduced the Small Business Development Corporation legislation, that there were possibly more than 110 different organisations in this community claiming to represent small businesses or different sections or facets of the small business sector.

It has been impossible to receive any sort of consensus from the people involved, because the small business sector has been so multi-faceted. We have found it very valuable as a Government to have the Small Business Development Corporation giving us opinions and advice on a whole range of issues.

Mr Court: How can it represent all the sectors better than any other organisation?

Mr BRYCE: It is very broadly based. Any particular facet of the 50 000 small businesses in this community could claim it is not properly represented—I concede that readily—but it is a very broadly based organisation which does not have specific interests in any particular facet of the small business sector. It gives the Government general advice, and goes to specific sections of the small business sector, where necessary, to get its data.

Mr Court: You have had it for two years. We haven't seen any initiatives from the Government on industrial relations. When I asked about advice they answered that they had been asked to give background on it and it would be considered, or something.

Mr BRYCE: I can indicate to the member for Nedlands that in the same way as the Crown Law Department provides advice to the Attorney General and to the Cabinet where appropriate, that advice is confidential. I receive advice, which is confidential. I can indicate that I have received advice from the Small Business Development Corporation on legislation, on the Clark report, I have received advice on payroll tax and on recommendations concerning FID, and probably 10 other leading issues.

I hope the member will appreciate that some of that advice and some of those recommendations were reflected in the Budget. We were very pleased to have it. The quality of the advice and the detail of the recommendations was first-class, and I appreciate it.

I am not giving an undertaking here and now that every bit of advice I receive from any source will necessarily be what will determine my final decision, or, for that matter, the Government's final decision on any particular question.

May I fairly quickly deal with some of the other issues. The member for Nedlands made a fairly outrageous response to an interjection of mine about the difference between the United States' economy and our own because of the so-called jobless growth. The answer is quite simple, and I would like him to reflect upon what I think was a very hasty reaction on his part. In all Western economies in the last few years there has been a very noticeable structural adjustment where skills of particular and specific types have been disappearing. That in itself has caused a considerable amount of unemployment. It has been extremely difficult to measure what proportion of total unemployment is a result of that.

The interesting thing about the United States is that its economic trends have such a direct bearing on what happens here in Australia. The upturn in the United States' economy is now producing the job growth this Government was looking for and that the member for Nedlands was so pleased about. It has actually taken up the slack, which was very obvious in the US economy as a result of a very serious downturn.

Our economic recovery process, in a chronological sense, trails the United States by anything from 18 months to three years or more.

Mr Court: You are giving yourself a bit of flexibility—three years. So we will have the jobs in three years!

Mr BRYCE: Indeed. The whole point is that as far as those jobs are concerned, the member should realise that the period of recovery in the United States, which was in fact a period of jobless growth, occurred in 1982 and the early part of 1983. Everybody in this country was looking to that upturn as a guide to what might happen here. We are all hopeful that the trend will spill around the world.

The fact we are trailing it explains why we are, in these initial stages of the economic upturn, experiencing a period of relative jobless growth. The slack will be taken up, I have no doubt.

I do not intend to respond to that list of problem issues which the member for Nedlands touched on. That is really the substance of a much more broadly based debate on small businesses. He listed five problems and drew attention to the industrial relations system, the taxation system, the question of regulation, competition from Government sources, and the size of the Federal Government deficit. These are issues about which we could have a debate lasting into the wee small hours of the morning. This particular debate, as the Speaker has already indicated, is not really the place to enlarge upon those issues.

As far as the specific comments relating to the Bill are concerned, none of the members opposite suggested that we ought to scrap the Industry (Advances) Act 1947-1980. If our debate is to proceed on the basis that that Statute should not be scrapped, this Bill is necessary, and on the basis of very sound advice. It is poppycock to suggest that the Bill is superfluous. If the member for Nedlands addresses the history of the debate in

this Chamber he will find that over the last 40 years—basically since 1947—the debate has hinged around the definition of "industry". The most extraordinary thing is that over a long period of time the predecessors of the member for Nedlands steadfastly refused to broaden the definition of "industry".

Mr Court: In your second reading speech on this Bill, you said it will be determined by regulation as to which industries get assistance.

Mr BRYCE: Yes. We have made an incredible leap forward.

During the period of the Hawke Government, the definition of "industry" was changed; but the Legislative Council rejected the amendment because the Liberal Party's philosophy prevailed. For more than 25 years, the definition of "industry" was so narrow that the only firms qualifying for a Government guarantee were manufacturing firms. The definition was as tight as a drum. The conservative fathers in the upper House in the 1950s said, "No, we can't possibly wear that amendment". They relied on 1947 definition of "industry" during the 1950s, the 1960s, and the 1970s.

The member for Nedlands and the member for Floreat came to this place and, in the context of this debate, said that the Bill was not really necessary. However, countless thousands of businesses in this State, despite the 1980 amendment to the Industry (Advances) Act, still do not qualify for any sort of Government guarantee. That applies to retail and service industries in particular.

Mr Court: Under your regulations, thousands and thousands still will not come in.

Mr BRYCE: I have conceded that particular sections will be excluded. I have already given the member for Narrogin an undertaking about that.

The purpose of this Bill is not to legislate to discriminate against people in particular areas. A limited, small element of the small business sector already receives assistance from a range of other Government programmes. They include the tourist industry, agriculture, and a number of others. When we draw up the regulations to define the eligible industries, we will look at this very carefully. The use of regulations will provide maximum flexibility, because we do not believe it is appropriate to discriminate against great sections of the business community. Take, for example, the 1980 definition of "industry" that spoke about services. I can remember the debate in this Chamber. The provision of specialised services and maintenance or repair facilities were accepted only if they were a direct backup for resource-based industries.

The point of this argument about the definition is that from 1947 to 1980 the definition was unbelievably restricted. In 1980, it was broadened slightly; but the reality is that since 1983 I have received advice, as the Minister, from my department and from the Crown Law Department to the effect that because the Statute is on the books and nobody seriously contemplates the repeal of the Industry (Advances) Act—we may come to the Parliament with a broader Statute subsequently—it is illegal and improper for a Government to grant guarantees outside the scope of the definition provided in the Statute. Therefore, it simply is not correct that the Bill is superfluous.

The member for Nedlands referred to two less specific questions, and they were touched on by the member for Floreat and the member for Narrogin. The first related to the limit that the Cabinet will set after the passage of the Bill, and we know what amendments, if any, are actually written into the Statute as a result of its passage through the Parliament. The question will go to the Cabinet as a matter of principle; and the result is publicly announced. There is no desire to keep the question secret.

A less generally-based question relates to the argument by the member for Nedlands when he criticised the Federal Budget brought down only a short time ago. He said that nothing was done for the small business sector. He quoted a commentator whose viewpoint suited his purposes. The member for Nedlands spent 20 minutes to half an hour pointing out that small business does not want handouts and that it wants to get on with the job. I distinctly recall the answer to his criticism; and a paraphrase of the argument used by the Federal Treasurer is that he said precisely that—that small business was not looking for handouts and that it would prosper because the Government had created growth, lowered inflation, lowered interest rates, increased demand in the community, and increased the level of investment.

There is a very good basis, in fact, for all of that—the Federal Government's management of the economy. The member for Nedlands might not like it, but the reduction in inflation, the indices which reflect the degree of growth, the reduction in interest rates in particular, and the increase in the level of demand in the community are all of the things for which the small businessmen and women in this community are looking. All of the problems trotted out concerning the small business sector can be overcome and disappear into insig-

nificance if interest rates drop, if the rate of inflation drops, if the level of demand increases, and if the general economic growth in the community increases.

Mr Williams: The level of demand is not increasing.

Mr BRYCE: But the whole point is that it is. I do not know whether that is the case so far as the member's business is concerned, but if we look at the indicators which measure the position in this State, we find that that is basically very true; there has been a very significant increase in the level of demand.

That brings me to the end of the general matters and I shall be happy to attend to any specific matters in Committee.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Barnett) in the Chair; Mr Bryce (Deputy Premier) in charge of the Bill.

Clauses 1 and 2 put and passed.

Clause 3: Interpretation—

Mr COURT: This clause contains the definition of "small business" and I refer members to the wording of paragraph (a). I presume this is the area where the regulations will list the different types of businesses. Is it correct the Minister is saying that having this in regulations will give him flexibility to prescribe the business?

Mr Bryce: Yes.

Mr COURT: In his second reading speech the Minister specified certain businesses, but he is saying that is not watertight and it can be changed. He has given that assurance in the area of agriculture. Fishing could be another one. There might be an industry related to fishing, such as a processing industry, and I ask the Minister whether that would come in under what is contained in his second reading speech?

Mr Bryce: If it is processing, it could well be a food processing plant.

Mr COURT: I do not want to get into an argument about what will be prescribed, because the biggest problem which will arise is the whole question of giving guarantees where there is competition in an industry. That will be a major hurdle to overcome. We are all aware of the jealousies which arise in any industry and the way in which things get around by word of mouth. However, it is up to the Government to decide the way in which it administers this.

Clause put and passed.

Clause 4: Minister may execute guarantees—

Mr COURT: One aspect which the Minister did not answer when he summed up was the point I brought up about the possible abuse of the system by banks. I do not know how generous the Government will be in handing out guarantees. The Minister might want to comment on the sort of procedure that will be used in respect of banks.

Certain banks may decide to specialise in the small business field. Some of the new foreign banks will probably specialise in large corporate customers. It is a pity the Hong Kong-Shanghai bank is not setting up here, because traditionally it has specialised in smaller businesses.

If a bank was prepared to spend more time and effort working in the small business field and if it builds up a track record, would the Government have a policy under which that bank would be rewarded for good performance in recommending good people?

The other point I mentioned and on which I wanted an answer was whether a person will have to go to a couple of banks before he is given a loan. I refer members to the wording of subclause (2). Does that refer to the upper limit of $100 000 to which the Minister referred in his second reading speech?

Mr Bryce: Yes.

Mr COURT: So that is under regulation and the total amount that the Treasury will allow to go out in guarantees can be changed. After this Bill is proclaimed the Minister will make that decision, and when would he envisage that it be made public?

Mr Bryce: After the proclamation of the legislation, I would think it would be before Christmas, with the sort of timetable we are facing.

Mr COURT: Do we have any indication of the number of guarantees the Minister would be prepared to issue in the first year?

Mr BRYCE: I can give the member that information after Cabinet meets.

I have available a set of draft suggested application forms for these guarantees based on the New South Wales experience. In those application forms, the small businesses are required to give evidence of their unsuccessful search for normally available sources of funding, and I would expect that the question raised by the member for Nedlands would be insisted upon. If after the first try for finance did not succeed, the person simply

asked for a guarantee, he would fall flat in terms of the success of his application. I would expect that, like someone seeking employment, these people would have to demonstrate they had made genuine searches for capital through the normal sources.

It is very difficult to answer the first question the member raised in this context, because we will really have to wait and see. If in fact certain banks decide to specialise in this field and establish a track record of concern about the most credible small businesses seeking assistance, I have no doubt, in practice, they would probably get a great deal of support as the system evolves.

Clause put and passed.

Clause 5: Provisions relating to guarantees—

Mr COURT: During my second reading speech I raised concern about the operation of the Government's guarantee. This is an area which needs clarification. When the guarantee is executed, it may be subject to such terms and conditions as the Minister thinks fit.

Clause 5 (2) (a) allows the Minister to require a lender to take such securities as the Minister may require. Furthermore, subclause (2) (b) requires the lender to exercise his rights and remedies under all the securities held by or for him in respect of the debt guaranteed. I am sure the Minister understands the tricky area, but the legislation does not say to what extent the lender must resort to his securities when the guarantee is being called up.

When a personal guarantee involves a director it could well be that the Government will insist that the lender—the bank, for example—send the business broke, and send the person bankrupt, and the Government's guarantee will not be used at all, when there could be a chance of the business surviving and the business owner not being put to the wall. Could the Minister elaborate on how this guarantee section is going to work?

Mr BRYCE: There is no doubt that a number of options are available.

I appreciate the point that the member for Nedlands makes, but until the guidelines are established for the actual implementation of the scheme, which will be worked out after the legislation is passed by the Parliament, I cannot give the member the guarantee he seeks as to how it will work in practice.

Mr COURT: That explanation is a little vague. The legislation says "subject to such terms and conditions as the Minister thinks fit". Is the Minister saying that under that section he will be able to put the terms—

Mr Bryce: Establish guidelines.

Mr COURT: As long as I can get an assurance that when it comes to calling up guarantees, which is not a very pleasant exercise—

Mr Bryce: Indeed it is not.

Mr COURT: —a bit of sympathy is shown in the way it is administered because, particularly in the case of small businesses, these days one cannot borrow any money even if he has a good credit rating unless he provides all sorts of guarantees. In many cases a small business owner has his house and other assets which could perhaps cover the debts, but the process of calling them up, could also send him out of business. As long as the Minister is aware that the Bill provides him with a lot of flexibility, I am happy. The Bill is silent on the extent to which the lender must call up those securities. I would like to think that when the stage is reached of some of these securities being called up—hopefully it will not be for some time, but it could well be in the first year of operation; often if a business is not going to perform it takes about six months for it to get into financial difficulties—it is quite early in the piece that the Government guarantee is called up.

Clause put and passed.

Clauses 6 to 8 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr Bryce (Deputy Premier), and transmitted to the Council.

APPROPRIATION (CONSOLIDATED REVENUE FUND) BILL

Second Reading: Budget Debate

Debate resumed from 25 October.

MR READ (Mandurah) [10.06 p.m.]: Contrary to what has been said by various Opposition speakers, the Budget is a good one. The 1983-84 Budget was a good one. We ended up with a slight surplus after an inherited deficit of approximately $21 million. This really shows the electors of Western Australia that they have a responsible and capable Government.

Government members: Hear, hear!

Mr READ: I want to address my remarks along two lines: Firstly, commenting on the increased

expenditure in the State Budget in various areas and how I see it as being of some importance to my electorate of Mandurah; and, secondly, looking more specifically at what is being allocated for expenditure in the works programme for Mandurah.

Having an interest in tourism, one of the first things that I noticed was the 81 per cent increase in expenditure on tourism. As far as Mandurah is concerned, this is a very heartening sign. As all members of the House are aware, effectively Mandurah has only one industry and that is tourism, and any expenditure along those lines is indeed welcome. With the advent of the defence of the America's Cup, I make the plea to the Minister responsible that Mandurah is included in the planning process for the Cup so that we do have some input into what actually happens in our area.

In the area of employment and training, we see a $4 million increase in expenditure. This is recognition by the Government of the need to implement schemes to increase opportunities for employment. We see assistance given to stimulate apprentice employment, which recognises the need we will have in future years for tradesmen. Youth unemployment schemes such as the "bridging-the-gap" programme are excellent initiatives. They assist young people to make the transition from school to work. Of course, we also have the community employment programme. The CEP scheme has proved to be a worthy one and the increased Federal allocation of $9 million to bring the amount to $32 million should be noted.

The health area has seen a $44 million increase and I am pleased to see an allocation of $1.1 million to support women's refuges.

Education has been granted a $68 million increase, which represents approximately an 11 per cent increase on the 1983-84 figure.

Mr Burkett: Hear, hear!

Mr READ: That will provide 485 new staff members, 387 of whom will be teachers and the balance support staff. We will also see the development of 15 new pre-primary centres. One of the commendable things in this Budget is the Government's initiative to integrate physically or mentally handicapped children into the normal school programme. An allowance has been made for an additional 25 teachers and 32 aides to help with this programme. Anybody who has had experience in the school system will realise just how significant this is.

Increased spending is planned in the areas of conservation and environment and country water supplies. The latter will receive a $7 million increase and this will enable services to be extended to country areas which are being developed.

The Legal Aid Commission provides a much needed service in this State, especially in Mandurah, and is to receive a $500 000 increase on its previous allocation of $1.72 million. The good thing about this allocation is that people now have greater access to justice.

The Small Business Development Corporation's allocation is to increase by 40 per cent or $364 000, a move which will be welcomed by the many small businesses in Mandurah. There will be a significant increase in spending on housing. The two key elements I see are the provision of 1 400 new homes in the city and 740 in the country and north-west, and the $69.3 million to be made available for home purchase schemes. If we add to this the increased allocation to the Government Employees' Housing Authority which will rise from $10 million to $18 million, we see a substantial housing scheme being undertaken by this Government in both city and country areas. The importance of GEHA accommodation is well recognised by most people, especially by me, because I have a background of teaching in the country and I realise the problems associated with accommodation.

I turn now to the Mandurah area, and one sees there a 23 per cent increase in expenditure on the works programme over the 1983-84 figure. The allocation in 1984-85 is approximately $5 million. One of the developments undertaken by the previous Government which is being carried on by this Government is the Mandurah bypass road system. To be fair to the previous Government, it deserves credit for its part in the development of this system. The bypass will be of great benefit to Mandurah and it is important that the momentum of development of this system is kept up and that it is established as quickly as possible.

The Budget contains an allocation of $100 000 for the fishing stages on the new bridge. This has been very well received in Mandurah. Anybody who has been to Mandurah and travelled across the bridge will have seen the many people who gather under it to catch their feed of fish or prawns or any crabs which are floating past. The fishing stages on the new bridge will increase the opportunities for fishing enthusiasts, and it can only be beneficial to Mandurah.

The Minister for Police and Emergency Services will remember coming to Mandurah some time last year to look at the police station. I am sure he would agree that it is in a disgraceful condition. It is very crowded, although to the credit of the officers at the station, the conditions

have not affected their morale and efficiency. It is pleasing to see an allocation of $250 000 for the acquisition of land for a police station. I see some hope of that situation being eased in the near future. I must also give special thanks to the Minister for Works who also visited Mandurah and was able to see the atrocious conditions in the yard of the Mandurah police station which floods whenever there is heavy rain so that conditions become unbearable. The Minister immediately approved $6 000 for the upgrading of the yard and the members of the Police Force in Mandurah now are able to move in the yard area in winter without having to put up with wet feet and soggy socks.

The Mandurah courthouse is adjacent to the police station and anybody who is in Mandurah on a Monday morning when the court is sitting would be amazed at the scene. This is not something new, it has been going on for some years. Members would see a large crowd outside on the footpath waiting for their turn to appear in court either as witnesses or as defendants. It has become a standing joke in Mandurah that if one wants to see what has happened on a weekend one only has to travel past the courthouse on Monday morning.

Mr Watt: It cannot be a very law-abiding town.

Mr READ: We get visitors from outside, some from Albany and that area. Conditions outside the courthouse are matched by the crowded conditions inside. The Attorney General was made aware of this when he visited Mandurah for a JPs seminar and was taken to the courthouse.

Mr Watt: Was that on a Monday?

Mr READ: No, it was on a Friday and there were many JPs in town. We all tried to crowd into the courthouse and the Attorney General was able to see the problem.

Mr Blaikie: I wonder what sort of impact the JPs had on the community of Mandurah when they were spilling onto the street.

Mr READ: They were very tidy JPs, they did not spill anywhere. I am pleased to see a $270 000 allocation for the purchase of land for a new courthouse. That is most welcome.

Last year, $1 356 918 was spent on extensions to the Mandurah Senior High School, and a further $49 000 has been made available this year to complete that work. That is also most welcome. The school is growing rapidly and is up to about the 1 000 to 1 100 mark now. In the very near future consideration will have to be given to planning for a new high school in the Mandurah area.

As far as other schools are concerned, an allocation of about $112 000 was made to Glencoe Primary School in 1983-84. This year a further $180 000 will be spent there on additional stages. There will also be a need to look at a fifth primary school in Mandurah in the near future.

Mr Blaikie: It is a booming town.

Mr READ: I think it is the fastest growing town in Western Australia and probably one of the fastest growing towns in Australia, with a growth rate of between nine per cent and 10 per cent.

Mr Blaikie: Mandurah and Margaret River have two things in common: One is that neither of us can get a decent hospital. This is a pretty miserable Government.

Mr READ: I would not agree with that.

Mr Blaikie: I thought if I supported your view you might support mine.

Mr READ: I do not know all that much about Margaret River.

Town water supplies this year will receive a grant of $1.898 million for extensions which follows nicely on the $1.712 million allocated last year. An allocation of $1.992 million has been made for extension to sewerage throughout the Mandurah area. As I commented to the member for Vasse, Mandurah is growing at an extremely fast rate and I can see a need to maintain this expenditure within the area.

Some interesting things have shown up in the area of housing. I compliment the Minister for Housing on the allocation for Mandurah's housing programme. During 1983-84 and 1984-85, 100 units of accommodation have been allocated. That is a very welcome change from the allocation during the previous nine years. During that period the figure was just over 100 units. The previous Minister for Housing was the local member for a time, but the district did not gain much from that.

Mr Watt: How many are on the waiting list for State housing?

Mr READ: I cannot give an accurate figure. I think 70 or 80 are waiting for different types of accommodation. I would not like the member to take that figure as definite but I will investigate and pass the exact figure to him.

Mr Watt: I would be curious to know.

Mr READ: I also pass some comments on the improvement in the State Housing Commission building programme with regard to the design of the houses. A number of builders in the Mandurah area were asked to submit designs for houses in accordance with the amount allocated. As a result the new area does not have the traditional State Housing look about it; it shows some imagination and a wide variety of designs.

The extensions to the Kwinana bus station at a cost of $350 000 will be welcomed by Mandurah people who depend so heavily on the MTT bus service.

The allocation of $200 000 for dredging the sandbar and associated works is also welcomed. Previously a dredging programme costing $70 000 was carried out on the Murray and Serpentine Rivers and the Sticks channel. The bar at Mandurah has never been open all year round at any period and the Government will be looking at this quite closely.

In recent times an additional $70 000 has been spent on extending the Mandurah community health centre and that extension is very welcome. We need an increased and expanded service at the Mandurah community health centre in the area of preventive medicine rather than curative medicine. Mandurah would also benefit from a casualty centre for the short-term treatment of patients, and that request has been made to the Minister for his consideration. A request has also been made to the Minister to look at some form of transport for people wishing to visit long-term resident patients in the Murray Districts Hospital.

It is very encouraging when one looks at the money that has been spent on Mandurah and adds to it the possibility of the Dawesville cut which will be very beneficial to Mandurah. Just after he was elected the Premier gave an undertaking to do everything possible to cure the estuary problem and the Government has moved to fulfil that undertaking.

I now refer to the 20 months that the Government has been in office and what that has meant to the people of Mandurah and the people of Western Australia. The inflation rate is down. At the change of Government the annual inflation rate was about 10.1 per cent; today it is about 2.9 per cent and still falling. Perth has the lowest inflation rate of any capital city in Australia. The building industry has been stimulated by Government policies. Builders in Mandurah and all over the State are busy once more. It is easier now to own one's home, and that is a dream of most Western Australians. Taxes and charges have been reduced. Interest rates are falling and I think everybody feels the benefit of that. Retail sales are up three per cent in Western Australia against a national increase of one per cent. Western Australia is leading Australia in the move up and out of the recession. With regard to employment, 31 000 new jobs have been created as a direct result of the improved conditions provided by Labor's economic policies and job creation initiatives. Youth unemployment in Western Australia is now the lowest in Australia. There has been a drop of 40 per cent in the last 12 months and this has not happened by chance.

A well known American scientist has often asked on television, "Why is it so?". If we ask that question in relation to Western Australia's economic recovery we need look no further than the present Government: Its initiative, its policy of co-operation, as opposed to confrontation, and its ability to manage this great State's economy stand it in great credit in the eyes of the community. The Government has done well for Western Australia. Much as members opposite may not want to accept that, they must do so or they will be seen by people in their electorates as being out of touch.

Mr Watt: I do not agree with that.

Mr READ: Opposition members do not usually agree with much that the Government does. However, we are putting the results on the board and that is the important thing.

I have concluded my comments and I express my appreciation for the opportunity to make them in this place.

MRS HENDERSON (Gosnells) [10.29 p.m.]: It is with great pleasure that I make some comments in the Budget debate. We have seen the introduction of a Budget that has received widespread acclaim and support in the community and one which has addressed the real areas of need in the community yet maintained the Government's record of balancing the books. It demonstrates a real concern and compassion and a redistribution of resources towards those in greatest need. At the same time it raised no new substantial taxes and that, combined with the decrease in real terms in the State's taxes and charges announced last July, clearly demonstrates the Government's expert economic management. The Government has not only balanced the books but it has also allocated funds for important new initiatives. For this the Budget has received loud and well deserved acclaim.

The reduction in payroll tax, together with the announced reduction in the financial institutions duty, will be of great assistance to industry generally and to small business in particular. It will assist in preserving jobs and in encouraging employers to take on new employees. No-one likes new taxes, and no-one wanted the FID; but credit must be given to the Government for carrying out the review it promised at the end of six months of operation of the tax. I welcome the reduction from 5c in $100 to 3c in $100 in the level of the FID. I also welcome the expanded exemptions and the promised changes to eliminate anomalies in the

operations of the FID, particularly when it is levied more than once on the same sum of money.

I will now deal with some of the general areas of the Budget in which initiatives promised by the Government have been allocated funds. In the area of education, following the most wide-ranging inquiry ever undertaken into education in Western Australia—the Beazley inquiry—the Government has allocated funds to enable the recommendations of the inquiry to be put into effect. In particular, 10 extra staff members have been appointed to work on the school curriculum recommended by the Beazley inquiry. As well, there has been an increase of 10.8 per cent in the total education budget. That is an increase in real terms over last year's Budget allocation for education and represents progress towards our aim to allocate 25 per cent of the State Budget to education.

Additional funds have been allocated to allow the employment of 387 extra teachers and 98 additional support staff. The Budget has also provided an extra 25 teachers and 32 teacher aides to work with handicapped children. I believe that is a very commendable section of the education budget. The Government continues to support the integration of handicapped children into the normal system of schooling. In addition, an extra 300 teachers and support staff have been appointed to secondary schools to cater for the extra children who will stay on at high school.

The Government's attempts to reduce unemployment by careful stimulation of the economy in some areas is demonstrated by its commitment to some major capital works projects. One of those is the recommencement of work on the north block of the Royal Perth Hospital. Funds for this purpose are welcomed. This is a much-needed part of the State's largest hospital; and the allocation is indicative of the improvement in the health of the State's economy. In addition to the $11.5 million allocated for the development of the north block at the Royal Perth Hospital, $33 million has been allocated for the completion or continuation of other works in progress in the Health portfolio.

I will deal briefly with some allocations in the Budget which will be to the advantage of the south-east corridor in which my electorate is located. I am very pleased that more than $10 million has been allocated for health and education buildings in the southern and eastern suburbs. In particular, I draw attention to the $2 million allocated to complete the Armadale-Kelmscott psychiatric extended care unit; $663 000 for a similar unit at the Bentley Hospital; and $1.5 million for an extended care and restorative facility at the Bentley Hospital. In addition, $310 000 has been allocated for a community health centre at Armadale. This is part of the Government's programme to bring integrated health care closer to the people in the community; and the health centre will be located in the community that it will serve. Some of the services that will be provided at the community health centre at Armadale include community health and nursing services, health education and health promotion, physiotherapy and occupational therapy, social work, a dietician, podiatric services, a day care facility for children, and a group facility. When the centre is completed, it is expected to have a staff of 13 people.

The psychogeriatric extended care unit at the Armadale-Kelmscott Memorial Hospital will have 24 beds when it is completed, and it will have a staff of 50. This is the first part of the phase of relocating the patients from the Swanbourne Hospital and developing the services in the area close to where they are needed.

I am also very pleased that the works programme includes more than $1.7 million for the continued development of the Thornlie Technical College. This money will enable the completion of the learning resource centre and the cafeteria. These two projects will be completed by 31 December.

I am pleased that money has been allocated for the construction of a new school at Ashburton in Gosnells. This area has seen a rapid expansion in housing, and the new school will relieve pressure on the Seaforth Primary School.

A sizeable sum has been allocated for works at the Thornlie Senior High School to relieve the sound problems which have plagued the open area manual arts centre at the school since the opening of the centre. In line with the Government's desire to conserve and prevent loss of hearing and damage to the health of children, the money has been allocated to soundproof and improve the centre.

The sum of $312 000 has been allocated for the upgrading of the Metropolitan Transport Trust depot at Gosnells. I have particular pride in drawing attention to this project, because part of the upgraded facilities will enable, for the first time, women bus drivers to operate out of the Gosnells depot. This is a small but significant step forward by the Government in opening up job opportunities for women.

As well as the stimulation of the economy by providing funds for capital works, the Government has taken other major initiatives to reduce unemployment. Payroll tax has been reduced in this country for the first time. Last year, the wages and allowances of all first-year apprentices were

exempted from payroll tax. This year, the basic rate of payroll tax has been reduced from five per cent to 4.75 per cent. In addition, the basic exemption level above which payroll tax is payable has been lifted from $160 000 to $200 000. The upper cutoff point for loss of all concessions on payroll tax has been lifted from $400 000 to $800 000, which is a substantial increase. The rate of loss of the discount has thereby been reduced. Previously it was reduced by $2 for every $3 by which the annual value of payroll exceeded the basic exemption level. It will now be reduced by $1 for every $3 by which the annual payroll exceeds the basic exemption level. The Government indicated that it regards payroll tax as an iniquitous tax on jobs and it indicated clearly that it will move to eliminate this tax. It has taken a major step towards that goal, and it is to be commended.

I will now deal briefly with the Bentley Hospital, because it impinges on my electorate. When the Perth metropolitan area was a relatively small place, it was quite adequate to have major teaching hospitals with salaried and sessional doctors in the centre of Perth, to cater for the needs of the population. Those hospitals have world-wide reputations. They are second to none, and they have always had salaried and sessional doctors on their staff. The size of Perth and its population have been increased dramatically; no longer should we allow our outer metropolitan public hospitals to operate like private hospitals.

It has been said in this House on a number of occasions that the current situation is fine, and that there is no need for the Government to make any changes to hospitals such as Bentley. I dispute this, and I have had a number of discussions with doctors in my electorate who will attest that the situation is not adequate and that they are not happy. I will mention a couple of examples in particular.

A person came to visit me recently, and I will refer to her as Mrs Smith. She was sent by a general practitioner in Gosnells to a surgeon to have a gallbladder operation. When the surgeon learned that she was a public patient who only had Medicare cover, he told her to go to the Queen Elizabeth II Medical Centre to have her gall bladder fixed. She wanted to have the operation at the Armadale-Kelmscott Memorial Hospital, but she would have been happy to go to the Bentley Hospital. She did not want to go to QE II. She went back to her general practitioner, who referred her to another surgeon who operates at Bentley Hospital.

Mrs Smith came to me after she had been to see the surgeon, and she described the surgeon's treatment of her as rude and offensive. At first, he adamantly refused to admit her to Bentley as a public patient, and he told her she would need private cover to have her operation carried out by him. He told her that if she wanted to be a public patient, she should go to QE II.

She told me she was humiliated and embarrassed. Her husband had been unemployed for nine months and she could not afford private health cover. The surgeon finally gave in and said to her, "I suppose we could put you in as having extenuating circumstances". She was so upset and angry that she came to me and said that she did not want to be treated by that surgeon, and could I please contact her GP to see whether he could get another surgeon to treat her as a public patient in the Armadale-Kelmscott Memorial Hospital.

This is only one of a number of examples I could give of this sort of thing, but most disturbing to me are cases cited to me by local doctors in my electorate of women who have been booked into the Armadale-Kelmscott Memorial Hospital to have their babies, but on the night of the delivery it has been found that the women needing caesarian sections have been unable to find a gynaecologist or an anaesthetist willing to perform the operation when it was found that the women were public patients who did not have private health cover. That is an appalling situation.

If people are pensioners or are disadvantaged, or if they simply choose to have only Medicare cover, they should be as entitled as everyone else in the community to receive first-class treatment in a public hospital as a public patient. They should not have to worry that, in the event of an emergency where they require urgent treatment, a specialist cannot be found to treat them because they are public patients.

It is for this reason that I welcome the changes that have been foreshadowed for Bentley Hospital. There has been a great deal of misinformation spread around my electorate which has caused a lot of distress and anxiety about what is to happen at Bentley Hospital. Some of that misrepresentation does not take into account the fact that the admission figures for Royal Perth Hospital reflect the fact that people who are not public patients often cannot gain admission to Bentley Hospital. It must be realised that 20 per cent of the workload at Royal Perth Hospital comes from people who live in the catchment of Bentley Hospital. Two-thirds of those people from Bentley who go to Royal Perth Hospital have been found to be public patients.

Why cannot these people gain admission to their own local Government hospital? Some of

them undoubtedly require specialist services that are only provided at Royal Perth Hospital; however a majority should be able to get treatment at their local hospital.

The story which has been spread about, that the changes to Bentley Hospital will deprive local people of admission to their own local hospital, grossly misrepresents the truth. Nothing could be further from the truth.

There is a significant number of people now who have to go to Royal Perth Hospital, King Edward Memorial Hospital or the QEII Medical Centre, when they should be able to go to Bentley Hospital.

Another figure which has been bandied about in my electorate is that 85 per cent of patients at Bentley Hospital are local. This figure is completely misleading, and one can understand this if one realises that the figure is based on the catchment area of Bentley Hospital as one-third of the total metropolitan area.

If one looks at the real catchment area for Bentley Hospital, which is the one set out by the Campbell inquiry, an inquiry into catchment areas for hospitals, one finds that only 10 per cent of the people admitted to Bentley Hospital come from its catchment area.

If we look at the annual activity of Bentley Hospital we find that 62 per cent of the work there is surgical, 32 per cent is maternity, 3.9 per cent is medical and 1.8 per cent is paediatric. This is a very unusual pattern of activity. Of surgical procedures, 96 per cent are elective, with the remaining four per cent being considered urgent. The question arises: Where do the emergencies go; where do all the medical cases go, and where do all the paediatric cases go? They certainly do not go to Bentley Hospital.

I believe there has been a deliberate scaremongering campaign embarked upon in the south-east corridor of the metropolitan area to make people concerned and anxious about the future of Bentley Hospital. Part of this campaign has been to represent to people that, if the Government's changes go ahead, the people will not be able to be treated by a doctor of their choice at the hospital.

What nonsense! Provided that all doctors apply for the sessions at the hospital, as has happened at Wanneroo Hospital, the vast majority of people in the catchment area will be able to be treated by a doctor of their choice in Bentley Hospital, either as public or private patients.

It has also been said that Bentley Hospital will cease to act as a local hospital. That is also a nonsensical statement. It is my belief that those people who choose to have only Medicare cover, those people who are pensioners, or those people who, for whatever reason, do not have additional private health cover, should be able to be treated at their local government hospital without their being questioned about why they do not have private health cover.

There has been an enormous and continuing pressure on the Government to expand Royal Perth Hospital to cater for patients, many of whom come from areas where there are local Government hospitals such as Bentley Hospital. These people should be able to be treated at their local hospital. I decry the scurrilous campaign that has been conducted in the south-east corridor.

Finally, I am disappointed that many Opposition members have finished their comments on the Budget by referring to what is commonly known as the job protection case, or the redundancy decision of the Commonwealth Conciliation and Arbitration Commission. Almost all of the provisions set out in the draft decision will be of no concern at all to good employers, because most of them already carry out the things that are in that decision. As I mentioned when I spoke on this recently in the House, the basic things that the draft order provides are as follows—

1. A requirement to give a basic reference to persons whose jobs are terminated or to persons who are made redundant.
2. Not to sack for unjust or harsh reasons.
3. To give adequate notice of redundancies or dismissals where they were for reasons other than misconduct.
4. They should not dismiss employees solely on the basis of a person's sex, race, marital status or religious or political opinions.
5. It constrains employers to discuss with employees and their unions any major changes in the work place which could have significant effects on the employees.

The five provisions of that order are the result of three years of consideration and deliberation by the Commonwealth commission. The decision was widely recognised as practical and sensible, and was seen as representing a fair compromise between what was sought by the ACTU and what was sought by the employers. People who are more informed than I on these matters have described the decision as a very small addition to overall labour costs, and a major step forward in industrial relations for Australia. I am disappointed that the Opposition has continually harped back to that decision as being somehow extravagant or

extreme, and something which will put extra pressure on employers. As I said, most good employers will not be affected by it, because they already give their employees the requirements set out in the decision. I am proud to be part of a Government that made a submission to the Federal commission on this decision.

Debate adjourned, on motion by Mr Coyne.

BILLS (7): ASSENT

Messages from the Governor received and read notifying assent to the following Bills—

1. Racing Restriction Amendment Bill.
2. Administration Amendment Bill.
3. Suitors' Fund Amendment Bill.
4. Juries Amendment Bill.
5. Child Welfare Amendment Bill (No. 2).
6. Youth, Sport and Recreation Repeal Bill.
7. Grain Marketing Amendment Bill.

ELECTORAL AMENDMENT BILL

Returned

Bill returned from the Council without amendment.

BILLS (2): RECEIPT AND FIRST READING

1. Machinery Safety Amendment Bill.
2. Construction Safety Amendment Bill.

Bills received from the Council; and, on motions by Mr Tonkin (Leader of the House), read a first time.

House adjourned at 10.52 p.m.

QUESTIONS ON NOTICE

MINISTER OF THE CROWN

Premier: Priorities and Planning Committee

1397. Mr MacKINNON, to the Premier:

(1) When was the priorities and planning committee referred to by him in his Press statement of 22 June 1983, established?

(2) (a) Who were the members of the committee;

(b) is it still in operation;

(c) if not, when did it cease operating?

(3) What work does it carry out or did it carry out during its period of operation?

Mr BRIAN BURKE replied:

(1) 15 March 1983.

(2) (a) Hon. Premier
Hon. Deputy Premier
Hon. Attorney General
Hon. Minister for Water Resources;

(b) yes;

(c) not applicable.

(3) The review of all areas of expenditure in the Budget context and it was initially responsible for assigning priorities to legislation.

STATE FINANCE: CONSOLIDATED REVENUE FUND

Hospitality Industry

1398. Mr MacKINNON, to the Premier:

(1) Have any funds been allocated from this year's Budget for the training of additional hospitality industry personnel who will be required to service the expected large increase of visitors to Western Australia in the next two years?

(2) If so, will he list details of these funds and the areas of their expenditure?

Mr BRIAN BURKE replied:

(1) Yes. The Western Australian Tourism Commission, in conjunction with the WA tourism industry training committee is currently undertaking a major study of employment and training needs of the tourism and hospitality industry in Western Australia, details of which were provided by the Minister for Employment and Training in reply to question 607.

In addition, the member will be aware of the recent arrangement by the Minister for Employment and Training concerning the job placement and training scheme which seeks to provide employment and training opportunities for young people with a particular focus on developing the skills base available to growth industries such as tourism and hospitality.

I would also refer the member to the Minister for Education who can provide details of the range of activities of the technical education division in the field of training in the hospitality and tourism industry.

(2) The State Government is providing $12 000 towards the joint WA Tourism Commission/industry training committee study.

The State is committing $2 million over a full year towards the job placement and training scheme.

1409 and 1413. *Postponed.*

EMPLOYMENT AND TRAINING

Unemployment: Figures

1415. Mr BRADSHAW, to the Minister representing the Minister for Employment and Training:

(1) What is the percentage increase or decrease in unemployment in Western Australia in the figures released by the census bureau in the last 12 months?

(2) What percentage of unemployed for the above time was made up of the 16-20 year old group?

Mr PEARCE replied:

(1) Preliminary figures for September 1984 show a fall of 4.9 per cent in the total number unemployed in Western Australia in the last 12 months.

(2) Figures for the number unemployed aged 16-20 are not available through the census bureau.

STATE FINANCE: CRF

Tourism Organisations

1422. Mr MacKINNON, to the Premier:

(1) Will the level of assistance provided by the Tourism Commission to—

(a) country tourist bureaus;

(b) information centres; and

(c) regional travel associations,

be increased in 1984-85?

(2) If so, to what level will their grants be increased?

Mr BRIAN BURKE replied:

(1) and (2) The Tourism Commission is currently assessing the level of assistance to be made to tourism organisations during 1984-85.

STATE FINANCE: CRF

Overseas Office Expenses

1423. Mr MacKINNON, to the Premier:

Who occupies or will occupy the offices referred to by him in his answer to question 1307 of 18 October, concerning overseas office expenses?

Mr BRIAN BURKE replied:

Agent General's Office—London

Australian Tourist Commission Office—Singapore

Australian Tourist Commission Office—Auckland

Australian Tourist Commission Office—Los Angeles.

EMPLOYMENT AND TRAINING

Employment Strategy Fund

1424. Mr MacKINNON, to the Minister representing the Minister for Employment and Training:

(1) Have any funds been earmarked for expenditure from the employment strategy fund allocation of $6 million for the year ending 30 June 1985?

(2) If so, what amount has been allocated and for what purpose?

Mr PEARCE replied:

(1) and (2) Details of programmes are still being developed.

UNITED STATES OF AMERICA

W.A. Government Agent

1425. Mr MacKINNON, to the Premier:

(1) When will the American agent referred to in question 1309 of 18 October be engaged?

(2) Has the Government any part of America that it would prefer the agent to operate from?

(3) Are any agents currently under consideration?

Mr BRIAN BURKE replied:

(1) to (3) Arrangements are being concluded to engage an agent, and I am unable for obvious confidential reasons to provide the information requested at this time.

1427. *Postponed.*

ATTORNEY GENERAL'S DEPARTMENT

Graduate Lawyers

1428. Mr MENSAROS, to the Minister representing the Attorney General:

In view of the recently repeated reports in the printed media about shortage of lawyers, would the Attorney General inform the House about the actual situation at present and expectations in the near future?

Mr GRILL replied:

Statistics are not available, but the Law Society and the Barristers' Board are of the view that there is presently a shortage of practitioners of two and more years' experience in certain areas of practice. The expectation is that there will be a shortage in the overall number of practitioners in the near future unless steps are taken to increase the numbers studying law in Western Australia.

Since 1972 the university has imposed a quota of 110 students entering the first year of the law course. The physical limitations of the present library and other facilities have been relevant to the size of the quota, as well as competition by other faculties for the funds available to the university.

The Clarkson committee, the Barristers' Board, the Law Society, and the University's Advisory Board in Law have all been conscious of the growing problem. Attempts in 1983 and 1984 by the Law School for an increase in the quota to 120, as a temporary expedient, were rejected by the university. These attempts are continuing.

Longer term solutions are also being considered. One is to increase the size of the physical facilities and staff at the present law school to allow a significant increase in the quota. The other is the development of a law school at Murdoch. Each of these would depend on an allocation of special funds by the Commonwealth Tertiary Education Commission.

PREMIER AND CABINET, DEPARTMENT OF

Ministerial Advisers

1436. Mr RUSHTON, to the Premier:

Will he please list and name the ministerial advisers employed in his office and in the departments within his portfolios?

Mr BRIAN BURKE replied:

I refer the member to the reply to question 1125 of 1984.

However, there is now one less ministerial officer.

UNIONS: POLICE

Complaints against Police Bill

1437. Mr MENSAROS, to the Minister for Police and Emergency Services:

(1) Has he or the Government consulted with the Police Union regarding the provisions of the Complaints against Police Bill 1984 and the Acts Amendment (Complaints against Police) Bill 1984?

(2) If so, is the union in agreement with the provisions of these Bills, or is it opposed to them?

(3) If not, why have consultations not taken place?

Mr CARR replied:

(1) There has been ongoing consultation with the WA Police Union on this matter during the last 20 months.

During the course of drafting the legislation several significant amendments were made specifically in response to points raised by the union.

(2) I understand that the Police Union has resolved to oppose the Bill.

(3) Not applicable.

LOCAL GOVERNMENT: COLLIE SHIRE

Building By-Laws

1438. Mr MENSAROS, to the Minister for Local Government:

Has the Shire of Collie amended the conditions of its building by-laws, or is it intending to do so, as a result of the flood plain study recently completed by the Public Works Department and pertaining to the Collie townsite?

Mr CARR replied:

No proposal has been submitted to me by the Shire of Collie seeking to amend its by-laws in this way.

However, I am advised that council has adopted as "policy" the recommendations contained in the Public Works Department flood plain study and intends to adopt the revised Public Works Department recommendation.

WATER RESOURCES: RATES

Country Water Supplies

1439. Mr MENSAROS, to the Minister for Water Resources:

What is the aggregate amount of outstanding debts for water etc., charges to the engineering division Public Works Department—as country water undertakings—by ratepayers as at the last day when statistics are conveniently available?

Mr TONKIN replied:

As at 30 June 1984, $5 570 934.

WATER RESOURCES: RATES

Metropolitan Area

1440. Mr MENSAROS, to the Minister for Water Resources:

What is the aggregate amount of outstanding debts for water etc., charges to the Metropolitan Water Authority by consumers as at the last day when statistics are available?

Mr TONKIN replied:

As at 17 October 1984—

Rates

$13 997 790, of which $9 609 325 is outstanding on the first moiety of rates for 1984-85.

Consumption Beyond Allowance

$986 566, of which $31 606 is outstanding for amounts accrued from 1 July 1984.

WATER RESOURCES: RATES

Outstanding Debts

1441. Mr MENSAROS, to the Minister for Water Resources:

What is the number of—

(a) domestic—residential:

(b) non domestic/residential,

accounts for water etc., charges by the Metropolitan Water Authority, where debts are outstanding for a period—

(i) in excess of six months:

(ii) in excess of two months?

Mr TONKIN replied:

As at 17 October 1984, the number of properties with amounts outstanding and due prior to 30 June 1984 were—

(a) residential, 7 915:

(b) non-residential, 2 658.

Statistics are not available on the number of properties with overdue balances, classified by age of debt in calendar months.

WATER RESOURCES: RATES

Outstanding Debts

1442. Mr MENSAROS, to the Minister for Water Resources:

What action, if any, is the Metropolitan Water Authority taking to collect outstanding debts on accounts not paid for—

(a) more than six months after the due date;

(b) more than two months after the due date?

Mr TONKIN replied:

(a) and (b) Letters are currently being sent in respect of properties having outstanding rates and/or charges for any period prior to 1 July 1984, advising that if payment of all overdue amounts is not made by a specified date appropriate recovery will be taken.

Customers are advised to contact the authority before the specified date if they are experiencing financial difficulty, with the view to making special arrangements for clearance of the debt.

As the authority's rates and charges are a first charge against the land, recovery action is not normally initiated for current year debts only.

WATER RESOURCES: RATES

Bad Debts

1443. Mr MENSAROS, to the Minister for Water Resources:

What is the total amount of bad debts written down during 1983-84 by the engineering division, Public Works Department, as country water undertakings?

Mr TONKIN replied:

$10 814.24.

WATER RESOURCES: RATES

Bad Debts

1444. Mr MENSAROS, to the Minister for Water Resources:

What is the total amount of bad debts written down during 1983-84 by the Metropolitan Water Authority?

Mr TONKIN replied:

$17 640.03.

1445 and 1446. *Postponed.*

HOUSING: SHC

Land: Sales

1447. Mr MacKINNON, to the Minister for Housing:

When can I expect a response to question 1304, which I asked him on 18 October, concerning the value of land sold and acquired by the State Housing Commission?

Mr WILSON replied:

A reply was forwarded to the member last week.

TRANSPORT: FREIGHT

Permits

1448. Mr BRADSHAW, to the Minister for Transport:

(1) Are permits required to move goods or equipment to Harvey from Perth by road?

(2) If so, why?

Mr GRILL replied:

(1) Yes.

(2) Revenue generated from commercial goods vehicle licences is used for the administration of the Transport Act. These funds are used for a multitude of functions such as monitoring the land freight transport policy to ensure users receive a minimum service, user surveys, arrangement of transport services and payment of subsidy. Details of these functions and subsidies are contained in the annual report of the Commissioner of Transport each year.

ELECTORAL

Silent Enrolment

1449. Mr MENSAROS, to the Minister for Parliamentary and Electoral Reform:

Adverting to the Electoral Act Amendment Bill providing for secret enrolments regarding the elector's address in some cases, what is the Government's policy regarding any provisions to be brought down to enable—

(a) the Police Force;

(b) members of Parliament,

to have access to the not published address?

Mr TONKIN replied:

(a) and (b) People who by statutory declaration have satisfied the Registrar that the safety of their family and/or themselves would be at risk should their address be published are entitled to a meaningful "silent enrolment". Commonsense would indicate that the police would already be aware of such situations where personal safety was said to be at risk. A member of parliament should not have access to the addresses of the "silent enrolments". People in such a predicament will tell their member if they wish him or her to know and they will tell the police if their protection is desired.

1450. *Postponed.*

RAILWAYS: WESTRAIL

Midland Workshops

1451. Mr RUSHTON, to the Minister for Transport:

(1) How many modular amenity units have now been installed at Midland Workshops?

(2) What has been the total cost of these units?

(3) Have these amenity units been successful from the employee and management point of view?

(4) (a) Has a review of use made of these facilities been taken:

(b) if "Yes", will he let me have a copy of the report?

Mr GRILL replied:

(1) 43.

(2) $905 000.

(3) Yes.

(4) (a) and (b) Although no formal review has been undertaken, random checks have been carried out to determine utilisation levels.

TRANSPORT:

Midland Workshops

1452. Mr RUSHTON, to the Minister for Transport:

What remains to be completed to finish the five-year programme for modernisation of the Midland Workshops?

Mr GRILL replied:

The remaining improvement works are as follows—

upgrading stripping area in fitting shop;

trackwork for diesel fueling and start up facility for locomotives and railcars;

two overhead electric travelling cranes for fitting shop;

lighting in rolling stock shop;

cleaning facilities in diesel generator and traction motor shops;

provide bogie and small parts cleaning facility; and

Reorganisation of electric maintenance, fibre glass, tarpaulin and plant maintenance shops.

QUESTIONS WITHOUT NOTICE

PASTORAL INDUSTRY

Leases: Emanuel

440. Mr HASSELL, to the Premier:

From what sources is the Government obtaining the money to purchase the Emanuel stations?

Mr BRIAN BURKE replied:

No definite arrangement has been made as yet in respect of the purchase price to be paid for the Emanuel leases. I have raised the proposition with the Prime Minister that if we are to restructure the pastoral industry there is an obligation on the part of the Commonwealth to assist. The Prime Minister has indicated to me that he is perfectly willing to entertain our request for assistance, when it is formally made. I say that is the present situation, because no definite settlement has been made with Mr Emanuel about his leases, and the approval in principle that was decided by Cabinet at its meeting yesterday left four different bases that had still to be considered.

The first was the question of the price: the second was the question of the contract into which Mr Emanuel offered to enter to supervise the subdivision and the management of the stations that resulted from subdivision: the third was that the WADC act as the agent for the Government in this matter; the fourth was that the purchase be co-ordinated with efforts to establish a marketing corporation.

I am unable to tell the Leader of the Opposition exactly what the price will be. I am unable to tell him what Federal assistance, if any, will be provided. However, we will be requesting Federal assistance.

In conclusion, I add that it is the Government's intention, under the guidance of Mr Emanuel, to amalgamate the ALCO leases with those presently owned by Mr Emanuel and to provide opportunities for present-day managers of different stations to enter into the industry at a time when a few of them can hope to obtain capital that would allow them to do so. We think that the restructuring that Mr Emanuel has proposed to the Government is an exciting and potentially valuable change to the management of the industry, particularly in the west Kimberley.

We look forward to Mr Emanuel developing his proposition to a stage where we can guarantee the viability of the industry, and certainly to a stage where we can, as far as possible, maintain the ownership of the properties in Western Australia or Australia.

HEALTH: MEDICAL PRACTITIONERS

Mt Magnet

441. Mr BRIDGE, to the Minister for Health:

The Minister advised the House recently that the Commissioner of Health was having discussions with the Shire of Mt. Magnet in an endeavour to assist them to recruit the services of a general practitioner. I ask—

Can the Minister advise what progress has been made to date in recruiting a doctor for Mt. Magnet?

Mr HODGE replied:

I am pleased to advise the member that the Commissioner of Health has given permission for a doctor who has expressed interest in establishing a private practice in Mt. Magnet to use the Health Department's nursing post as a surgery on an interim basis. He also advises that a local mining company has agreed to provide a house. It is anticipated that the doctor will be practising in Mt. Magnet in about two or three weeks.

HEALTH: HOSPITALS

Waiting Lists

442. Mr WILLIAMS, to the Minister for Health:

In reply to question 1406 of Wednesday, 24 October 1984, the Minister claimed that it was too difficult and time consuming for him to provide me with information about waiting times for operations in public hospitals. In March this year, when the Opposition was running its Medicare hotline, the Minister was able to rush into print with what he

claimed were the waiting times for various types of operations in various public hospitals. I ask—

(1) Will the Minister tell the House what has happened between March and now to make it impossible for him to keep the House informed about the capacity of our public hospital system to meet the demands made on it?

(2) Is the Minister aware of the article in last Saturday's *Weekend News* which detailed the very serious situation now prevailing at the Royal Perth Hospital and the Sir Charles Gairdner Hospital in relation to elective surgery and emergency treatment?

(3) Do the facts outlined in that article have anything to do with his reluctance to answer question 1406?

Mr HODGE replied:

(1) I cannot recall the exact words that the member for Clontarf used when he asked his question last week. It was a very wide, all-embracing type of question that virtually called for detailed information on every hospital that the State owns or operates in Western Australia.

There are about 100 Government run hospitals or nursing homes in this State. I explained in my answer to the member that it would take an enormous amount of time and resources to get the very detailed information that he wanted for 100 hospitals.

Mr Williams: I did not ask for information about 100 hospitals.

Mr HODGE: The member asked for information in relation to all hospitals in the State. The member for East Melville, I think it was, very recently asked me for some very detailed information about waiting times for the major teaching hospitals in the State. It took me some considerable time and a lot of departmental effort and costs to get the answer. I am sure that the member for East Melville must be very happy with the reply. We gave him a very detailed reply because the question was confined, specifically, to the teaching hospitals, and we have fairly ready access to the statistics and information for those hospitals.

The sort of all-embracing question asked by the member for Clontarf would require a monumental amount of work and effort. I was not prepared to divert senior officers from their work to get that sort of information.

(2) I did not see the article, but the journalist, Anne Matheson, rang me briefly on Friday, I think it was, and asked me a few questions about Royal Perth Hospital and Sir Charles Gairdner Hospital. She indicated, in the phone conversation, that she was writing a story about elective surgery at both hospitals being either postponed or reduced because of heavy pressure on the hospitals.

That is not out of the ordinary. In big teaching hospitals dealing with emergencies, that is not a bad practice. Obviously, people who require emergency surgery must be given priority over people who require elective surgery. That is not peculiar to those two hospitals and is not peculiar to hospitals in Western Australia. It happens all over the world in big teaching hospitals that deal to a large degree with emergency medical care.

(3) I am afraid I cannot see the link between the article in the *Weekend News* and my refusal to answer that very detailed question. I am unable to elaborate any further on that part of the question.

ROADS: FARRINGTON ROAD

Plans: Amended

443. Mr BRIAN BURKE (Premier):

In reply to question 1101 of 10 October 1984, I promised to table the answer to question No. 941 from the member for Dale. The member was advised in writing. A copy of the answer, including a map, is hereby tabled.

The papers were tabled (see paper No. 263).

ENVIRONMENT

Bungle Bungle

444. Mr MacKINNON, to the Minister for the Environment:

With respect to the Bungle Bungle working party report released today by the Government—

(1) Will the Environmental Protection Authority consider public submissions on the report?

(2) If so, when will submissions close? In other words, how long have the public got to respond to the report?

(3) Was the report made available to tourist interests in Kununurra as promised prior to its completion?

(4) If not, why not?

Mr DAVIES replied:

(1) to (4) The report was made available yesterday. I think I directed that a copy go to the Deputy Leader of the Opposition and to the Leader of the Opposition. I was told, also, that it would go to all people who had made substantial inquiries regarding it. I do not personally check those things out; I rely on my department to do it. I am quite certain that it has been done.

Mr MacKinnon: That was not the intent of my question. You recall that I wrote to you earlier asking whether tourist interests in the Kununurra region would be consulted in the process of compiling that report.

Mr DAVIES: Contact was made with people both in the area and, I understand, by people from Kununurra who were in Perth attending the committee meeting. There has been input from both. They will all be supplied with a copy of the report.

The other part of the question related to how long it would be allowed for submissions to be put in. The answer is, four weeks.

ELECTORAL: REDISTRIBUTIONS

Kimberley

445. Mr GORDON HILL, to the Minister for Parliamentary and Electoral Reform:

What patterns are evident in the voting statistics at the previous election in those polling places the catchment areas of which were transferred from the Pilbara to the Kimberley district by the 1981 redistribution?

Mr TONKIN replied:

In 1981 the present Opposition redrew the statutory metropolitan boundary as well as the boundary between Pilbara and Kimberley. There are clear patterns in the statistics which show that the choices of which electors to transfer have been motivated by the self-interest of those drawing the boundaries: namely, the Liberal Party.

The 1980 voting statistics at those polling places, the catchment areas of which were transferred from Pilbara to Kimberley, are as follows—

Australian Democrats—9.9 per cent
Liberal party—38 per cent
Australian Labor Party—52.1 per cent

The 14.1 per cent superiority of the ALP vote above the Liberal vote in these polling places represents 556 additional Labor votes.

Based on the 1980 figures, Pilbara was obviously made safer for the Liberal Party. The Labor votes transferred to Kimberley were rendered ineffective because that seat already had a comfortable majority for Labor.

North Province was immediately plunged into a by-election because the Liberal member, Bill Withers, resigned in protest at what he called the worst gerrymander in the western world.

The people of the north recognised this boundary switch for what it was—brazen gerrymandering—and their voting behaviour should signal clearly to the Liberal Party that the days of manipulating the electoral system for party advantage are finished.

PASTORAL INDUSTRY

Leases: Emanuel Family Sale

446. Mr BLAIKIE, to the Premier:

Will the Premier advise on what basis would the Prime Minister and/or the Commonwealth Government have any interest in being financially involved in either the purchase or the restructuring of the Emanuel family pastoral leases?

Mr BRIAN BURKE replied:

I am not sure whether that question should be addressed to me or the Prime Minister. If what the member for Vasse is trying to indicate is whether some subterranean deal is involved in trying to get assistance from the Federal Government, the answer is no. The proposition put to the Government by Mr Emanuel of his own volition, not to Mr Emanuel by the Government, was that the properties be subdivided and that, as a result, with proper management, the productivity and profitability of the subdivided stations could be increased.

Mr MacKinnon: Did you say you put that proposition to him?

Mr BRIAN BURKE: He approached us about it. The only criterion that I indicated to Mr Emanuel would have to be obeyed in the exercise was that any applicant for the station or stations must be able to maintain the productivity and viability of the stations that were created.

I said to Mr Emanuel at the time that he would be required by the Government to maintain his presence as a supervisor and/or manager of the scheme. I said to him—I can remember the words—"Your reputation will be on the line".

Mr Blaikie: Why is the Prime Minister involved? That is the question I am asking.

Mr BRIAN BURKE: That really is a question that should be directed to the Prime Minister. I have asked the Prime Minister for financial assistance on many occasions, and on some of those occasions he has agreed to provide assistance.

Mr Blaikie: What was your basis this time?

Mr BRIAN BURKE: We did not want the stations to be sold outside Australia, to start with.

Mr Blaikie: Kerry Packer is Australian.

Mr BRIAN BURKE: Secondly, we did not want some purchasers to be considered as serious purchasers for the stations. Thirdly, we preferred to keep the ownership of the stations in Western Australia. It is perfectly true that Kerry Packer, who was the rumoured purchaser, is an Australian but both I and the Commonwealth Government would prefer to see the stations remain in Western Australian hands. That is part of the basis.

The other point is that I frequently ask the Prime Minister for financial assistance on a range of things, some of which may not correctly be considered to be the Commonwealth Government's direct responsibility.

Mr Blaikie: Did you ask for $6 million?

Mr BRIAN BURKE: No, I asked for "financial assistance".

Mr Blaikie interjected.

Mr BRIAN BURKE: The member for Vasse asked a question and gave the figure $6 million. I think the member is trying to be smart. He asked a question about two weeks ago and raised the figure of $6 million. I indicated to the Prime Minister that the total cost to establish the whole viable operation, including subdivision, provision for tuberculosis eradication, fencing, etc. may well be, when the day is finished in two or three years' time, $12.8 million or something like that. That is where it stands.

Mr Court: If you want these things to stay in Western Australian hands, which is a laudable objective, why did you allow the diamond trust to go to Eastern States people?

Mr BRIAN BURKE: I am not sure that it did, unless the member for Nedlands regards the AMP Society as an Eastern States company.

Several members interjected.

Mr BRIAN BURKE: It is very present in Western Australia, surely?

Mr MacKinnon: What proportion of its total assets would be in Western Australia?

Mr BRIAN BURKE: I am not sure of the proportion of its total assets in Western Australia.

Several members interjected.

Mr BRIAN BURKE: I do not mind this going on all night. It must stick in the Opposition's craw that it is so financially adept and so respected as an economic manager that in its period in Government we saw a decline in economic growth.

Mr Clarko: It had nothing to do with that.

Mr BRIAN BURKE: There was a decrease in the number of jobs created, and massive bankruptcies of small businesses and

interest rates reached levels never previously attained.

Mr Clarko: You are not going to claim credit for that.

Mr BRIAN BURKE: We are not going to claim credit for the whole situation but we are happy to have played our part, small though it may have been.

Several members interjected.

Mr BRIAN BURKE: For example we were the first State Government ever to reduce the rate of payroll tax. We reduced FID and we have agreed to pay workers' compensation premiums in respect of first year apprentices and guaranteed a package of incentives for two areas.

Mr Watt interjected.

Mr BRIAN BURKE: I am answering the question but the member interjected and I am replying to that. Opposition members had better ask their questions fairly quickly because time is running out in respect of the member for Albany.

Mr Blaikie: Could we draw this question to a close because I have another question to ask.

Mr BRIAN BURKE: Yes, and if the member for Vasse sits around long enough he will witness it drawing to a close.

We are pleased to have played a part in the recovery. We do not claim credit for the international recovery but we have tried to inflict less heavily on business than have previous Governments. We are succeeding in that and the support from business circles has been gratifying to those on this side of the House:

EMPLOYMENT AND TRAINING

Unemployment: Government Policy

447. Mrs BEGGS, to the Premier:

(1) Has he seen the comment attributed to the Leader of the Opposition that Federal and State Labor Governments showed no sign that they had learnt the lessons needed to solve the unemployment problem?

(2) If so, will he outline the success of the Government's policies to relieve unemployment?

Mr BRIAN BURKE replied:

(1) and (2) Yes, I have seen the article and it came as a surprise to me that a former Minister for Employment, a la job bank, in a Government which did nothing about unemployment except criticise the unemployed, should make such comments. In the last financial year under our predecessors there was a fall of 1.6 per cent in the number of jobs in Western Australia. There was actually a contraction.

Mr Clarko: It was the worst economic period since the depression and the 1930s.

Mr BRIAN BURKE: Does the member for Karrinyup appreciate the gravity of that statistic? There was a contraction of 1.6 per cent in the number of jobs.

Mr MacKinnon: That refers to full-time jobs. What about part-time jobs?

Mr BRIAN BURKE: I do not have to explain the economy; the Opposition was in Government then.

Several members interjected.

The SPEAKER: Order!

Mr BRIAN BURKE: I do not understand this at all. How can the Opposition boast about a contraction in employment? What is the matter with Opposition members?

However, as one looks back on the contraction under the Liberal Party, it is interesting to note that 31 000 new jobs have been created as a direct result of improved economic conditions under Labor and the job creation initiatives of the present State Government. Surely that speaks for itself.

Even if the credit is meagre from the other side of the House, that credit is due.

Youth unemployment has dropped in the last 12 months in this State and Western Australia now has the lowest rate of youth unemployment in Australia. Politically that is not palatable to the Opposition but for young people seeking work it is welcome news.

Included in this year's Budget are measures to promote the training and employment of young people, including a full rebate of workers' compensation premiums for first-year apprentices.

Do members opposite realise that with the exemption from payroll tax and a rebate of workers' compensation premiums, that is an effective reduction of

about 15 or 16 per cent in wage rates for first-year apprentices.

Mr MacKinnon: How do you know that? I asked a question about how much this would cost and the number of people who would benefit and you did not have the figures. That is a false statement.

Mr Wilson interjected.

Mr MacKinnon: The Premier is not honest in his statement.

Mr BRIAN BURKE: Even if one apprentice is employed and in respect of that apprentice workers' compensation premiums are rebated and the payroll tax normally paid is not paid, the reduction in pay rate to that one apprentice is 15 or 16 per cent.

Mr MacKinnon: You do not know if one has been employed under the previous scheme, yet you have gone on introducing new schemes.

Mr BRIAN BURKE: Payroll tax reductions have been made in respect of more than one apprentice. If the Deputy Leader of the Opposition thinks that the scheme is counter-productive, he should publicly say that he opposes it.

Mr MacKinnon: I am not saying that.

Mr BRIAN BURKE: If the Deputy Leader of the Opposition does not oppose it, instead of politicking he should be positive about solutions to the problems that should concern him.

I have a little more to say on this matter and I know the member for Vasse has another question about the Emanuel properties.

Mr Blaikie: I would like to ask it tonight.

Mr BRIAN BURKE: It will not be possible to do so if the Deputy Leader of the Opposition keeps interjecting.

Community employment programmes will give employment to an estimated additional 2 600 Western Australians.

An Opposition member: Rubbish.

Mr BRIAN BURKE: Who said "Rubbish"? The member for Darling Range should know that his local authority had probably made more applications for Community employment programme funds than has any other local authority. That is fair enough. The member is like chickens into hot mash. However, I will have to tell the committee that the member thinks it is rubbish, and obviously he does not want any more CEP funds directed that way.

Several members interjected.

Mr BRIAN BURKE: That is not blackmail. He thinks it is rubbish.

Mr MacKinnon: Do you tell the committee what to do?

Mr BRIAN BURKE: No. I will just tell the committee that he thinks its work is rubbish.

A capital works programme of $1.165 million, leaving aside the SEC, represents an increase of 63 per cent over last year. The most significant feature of the capital works programme is the unprecedented drive we will make to ensure that the momentum of the labour-intensive housing industry is maintained. We will build more than 2 300 homes this year and provide loans for hundreds more people to buy homes at interest rates they can afford.

There is an increase of over 40 per cent in funding to assist small business through the Small Business Development Corporation, and the public sector will take on 100 additional apprentices.

ENVIRONMENT: EPA

Marina: Sorrento

448. Mr CRANE, to the Minister for the Environment:

(1) Has a study been commissioned by the Environmental Protection Authority to determine the suitability of establishing a marina at Sorrento?

(2) If "Yes"—

(a) when does he expect the report will be completed;

(b) will such a report be made public for comment?

(3) If such a report does not support the establishment of a marina at Sorrento, is the Government considering an alternative site such as Ocean Reef?

Mr DAVIES replied:

(1) to (3) A report has been commissioned, and it will be made available for public comment, as all reports are.

I am not able to recall the exact date, but I will find it out and advise the member.

TRANSPORT: AIR

Airport: Bunbury

449. Mr D. L. SMITH, to the Minister for Transport:

Can he give details of his announcement yesterday regarding the upgrading of the Bunbury airport?

Mr GRILL replied:

I have authorised expenditure of some $17 000 on two projects which will help speed up development of the airport.

The Government would spend $10 000 to fund an engineering study to determine the feasibility and costs associated with extending the aerodrome in either an easterly or westerly direction. The direction in which the aerodrome is ultimately to be extended is a critical decision since expansion to the east requires the severance of the North Boyanup Road and its replacement by a highway to the west of the aerodrome. This would effectively limit the future development of the aerodrome to aircraft of the Jetstream size because of the constraints imposed by the Preston River and the new highway. In the long term this rigidity may be regretted. Accordingly, an engineering study is required to ascertain the feasibility and costs of the two extension options as input to an overall cost-benefit study.

One of the main stumbling blocks which have hindered effective planning has been the fact that the airport has not been of licensable standard, thus precluding its acceptance into the Federal Government's aerodrome local ownership plan. The funding available under this scheme was a prerequisite to any serious consideration of substantial aerodrome upgrading.

Currently the sole impediment to the licensing of the aerodrome is the absence of adequate perimeter fencing. The Government will share with the Bunbury City Council half of the cost of the fence, which will involve total expenditure of $130 000.

TRANSPORT: RAILWAYS

Westrail: Midland Workshops

450. Mr PETER JONES, to the Minister for Transport:

(1) What arrangements has Westrail entered into with various unions relating to the amount of work to be done internally by Westrail wages staff, particularly at Midland Workshops, and how much it will give out to private contractors?

(2) Will he indicate what unions are involved, and on what basis?

Mr GRILL replied:

(1) and (2) I need clarification of the question. Is the member for Narrogin talking about the general situation, or some specific case?

Mr Peter Jones: No, fabricating work to be done internally—maintenance work and fabricating internally. We were talking about it last week.

Mr GRILL: It is probably advisable for the member to put the question on notice. However, I advise him that, as far as I understand it, no fabricating work which would normally be done by Westrail is going outside the workshops.

TRANSPORT: FREIGHT

Grain: Contract

451. Mr I. F. TAYLOR, to the Minister for Transport:

Can he give details of the five-year grain contract between Westrail and representatives of the grain industry which was signed today?

Mr GRILL replied:

The contract is a breakthrough by Westrail in the grain freight area which would bring long-lasting benefits to growers. For the first time the contract has built into it a clause which will take into account any change in the transport market.

It has been accepted unanimously by the various rural organisations represented on the grain freight rates steering committee. It fulfils Westrail's commitment to growers that by the end of the five-year contract, rail freight charges for grain will be competitive with road transport and that no grower will be disadvantaged by using rail.

The contract was drawn up by representatives from CBH, Grain Pool,

Australian Wheat Board, Primary Industry Association, Pastoralists and Graziers Association, and Westrail.

Features of the contract include—

> there will be no increase in freight rates for the forthcoming harvest, representing a reduction of some 7 per cent in real terms; in a number of locations in the south-eastern region, rates will be lower;
>
> there will be a potential saving in charges to growers of some $9 million a year by the 1988-89 season;
>
> the market share factor of total crop haulage for Westrail has been set with a plateau of between 76 to 78 per cent. It was previously 80 per cent. A committee of review will examine the distribution of grain production between rail and non-rail areas for adjustment when seasonal changes have adversely affected farmers;
>
> the industry accepted that in line with the recommendations of the recent Taplin report, Westrail may submit tenders for the transport to port of grain in CBH bins located in the lakes district and the great southern region. Should Westrail successfully tender for that transport task, the market share factor would be re-evaluated.

The contract provides incentive for the grain industry and Westrail to efficiently plan the future grain transport requirements. The productivity benefits being realised by Westrail have been brought forward to assist the grain industry and to promote higher tonnages of grain on the rail system.

I am very pleased that the committee has wound up its negotiations on the contract. The negotiations have been continuing for some time. At times they have not been easy, but the contract which has been arrived at by agreement with the industry is very acceptable indeed. I am very proud of the way the committee was negotiated. The signing of the contract marks a milestone in grain freight negotiations.

NUCLEAR PROTESTS

Rockingham

452. Mr COURT, to the Minister for Defence Liaison:

(1) Does the Government support the womens' peace camp to be held at Cockburn Sound between 1 and 15 December?

(2) Will the camp affect the visits of United States warships to Western Australia during that period?

(3) Are the organisers of the camp the people who organised the recent Pine Gap demonstration by women?

Mr BRYCE replied:

(1) to (3) I know nothing about the details of the camp to which the member referred: but I remind the member for Nedlands, in case he has forgotten already, that we live in a free country. One of the reasons for having a defence system, and in fact one of the reasons that Australians were very proud to do their bit during World War II, was to ensure that our society developed as one in which freedom of speech and freedom of association were freedoms about which we could be very proud. However, in the 40 years since World War II, it is a fact that only 40 countries of the 178 affiliated with the United Nations can actually boast of those democratic freedoms.

I think the member ought to take on board very seriously some of the implied criticism. I do not have any detail whatsoever; no-one has been in communication with me and I am pleased to say that they do not have to get permission to freely associate and assemble in the way I understand they want to.

HEALTH: HOSPITAL

Wooroloo: Closure

453. Mr SPRIGGS, to the Minister for Health:

(1) Will the investigation into the closure of the Wooroloo Hospital be resolved prior to the conclusion of the current session?

(2) Has the Minister consulted with members representing the electors who will be affected by the closure?

Mr HODGE replied:

(1) Discussions are proceeding at the moment with the Prisons Department as to

whether it wishes to take over the operation of the present Wooroloo Hospital because well over 90 per cent of the people treated at the hospital are from the prison and not from the civilian population. I cannot give the member a definite timetable as to when those discussions will be finished, but obviously I would like to have them concluded as speedily as possible.

(2) Yes, I have discussed the matter at some length with the member for Mundaring.

TRANSPORT: FREIGHT

Grain: O.D. Transport

454. Mr WILLIAMS, to the Minister for Transport:

(1) Has the Minister seen a copy of a petition showing strong support for a negotiated five-year contract for O.D. Transport Pty. Ltd. to carry the lakes grain to Esperance?

(2) Will the Minister advise how many other letters and telegrams he has received supporting the O.D. Transport 5-year proposal, and to what date?

Mr GRILL replied:

(1) Yes, 185 signatures. There is no indication whether they were workers, growers or subcontractors.

(2) To 26 October, five letters and 73 telegrams were received. Interestingly, less than one-third of the representations came from growers.

I have also received some very strong representations supporting the concept of competitive tendering. As I have indicated before in the House, the concept of competitive tendering is very strongly favoured by the PIA and the Pastoralists and Graziers Association. On Friday last at Lake King, I had the pleasure of addressing a meeting of Lake King farmers and other people represented in this negotiation. The PIA very strongly spelled out at that meeting its support for competitive tendering. I was able to explain to the farmers at first hand why it was so important that competitive tendering in Western Australia continue to be supported by the major political parties and the major rural organisations. Once those factors were spelled out to the farmers a very different complexion was placed on their representations to me. The representations that came through that meeting will have a very salutory effect upon O.D. Transport Pty. Ltd. and the campaign it has been waging, not that I want to be critical of that firm. But if a transport administrator succumbed to a very highly funded and high powered campaign to force him into capitulating into signing contracts outside a competitive tendering arrangement, it would make a very bad day for the transport system, for the grain contract system and for the State generally. I do not intend to capitulate to that highly financed campaign and I think that after last Friday's meeting that campaign will come to a very sudden end. The pressure will now be on O.D. Transport to give to those people within that area a competitive rate, one that is less than it charges at present. There will be considerable pressure on the company to co-operate in the competitive tendering situation.

COMMUNITY SERVICES

Western Institute of Self Help

455. Mr MacKINNON, to the Minister for Youth and Community Services:

(1) Is the Minister aware of concern expressed by the Western Institute of Self Help (WISH) about its future owing to the lack of any funding commitment for 1984-85 being given by the Government?

(2) Will he consider, as a matter of urgency, funding being granted to the group?

(3) If not, why not?

Mr WILSON replied:

(1) to (3) It is untrue to say that the group has not had any support from the Government. The Government has given the group more support than any Government in the past. We have made available to it—

Mr MacKinnon interjected.

Mr WILSON: Just a minute, the member has asked a question and he can wait for an answer.

Mr MacKinnon: You are getting upset.

Mr WILSON: I get upset when I try to give an answer and the member interrupts. It is a simple question and I am happy to answer the simple member. What he was trying to imply in his question, which he

asked in his usual snide way, was that the Government had been remiss.

Mr MacKinnon: What was snide about the question?

Mr WILSON: All the Deputy Leader of the Opposition's questions are fairly snide. The Government has been very supportive of the organisation, both in providing accommodation free of charge and in providing initiating grants to enable it to get under way. It is true that the group made a substantial application for assistance through the Budget for 1984-85. It was an application requesting that the salaries of two staff persons be supported. It was a substantial application, one to which the Government in its Budget was not able to accede. However, I will be having further talks with the representatives of the group because we recognise the value of the work it does in the community.

Mr MacKinnon: Was any allocation made in the Budget?

Mr WILSON: I have just said that it was not.

Mr MacKinnon: I just wanted to clarify the position. You just said that its substantial application was not agreed to. I asked whether any allocation was made to it.

Mr WILSON: I think it was clear to most other members; I am sorry if it was not clear to the Deputy Leader of the Opposition. It is not true to say that the Government is not contributing in an ongoing way to the organisation. It continues to have free access to accommodation. It has very little to complain about. That does not mean that we are not aware of its needs. Its needs have arisen because those appointments were made in the first place from wages pause and CEP funds, when it was made quite clear to the group, as it was to other groups, that the Government could not be bound to pick up that funding for continuing those positions in an ongoing way because the funds were provided on the understanding given through those programmes. However, I will be meeting with representatives of the group in the near future and will be discussing its needs and the best way in which the Government can continue to support the very valuable work it is doing in the community and the programmes it is supporting in the community.

ABORIGINAL AFFAIRS: ADC

Emanuel Pastoral Leases

456. Mr BLAIKIE, to the Premier:

(1) Has the Government received any request from the Aboriginal Development Commission or any other Aboriginal group seeking Government action on the purchase in whole or in part of any of the Emanuel family pastoral leases?

(2) If so, could he indicate the groups concerned and to whom the approaches were made?

Mr BRIAN BURKE replied:

(1) and (2) During the recent visit of the Cabinet to the Broome and Kimberley areas, the question of the Emanuel leases was raised by many people. To the best of my recollection it was raised by only two Aboriginal people, one being the member for Kimberley and the other being a group representative of the Marra Worri Worri community. They among others did not make representations directly to the Government—not in my presence anyway—but spoke about the aspirations they had in terms of the Seaman report, which made no accommodation for them because there was no claimable land. I am not sure to whom representations might have been made in other ways, or by whom; but to the best of my recollection that is the situation.

The matter was prefixed some weeks previously. If the member had noticed the news reports, he would know a report was compiled by the member for Kimberley which advocated the restructuring of the pastoral industry along the basis of smaller properties.

Perhaps I do the member an injustice, or perhaps he is being cute, but if he is suggesting that this is some back-door method of handing property over to the Aborigines, that is a direct attack on Mr Emanuel's credibility, I would suggest in the first place—as I have said pre-

viously—that there is only one criterion; that is, any applicant for a pastoral lease, under the provisions Mr Emanuel has put forward, must be able to demonstrate the capacity to run the lease, and whether they are white, brown, black or brindle, has nothing to do with the meeting of that criterion.

Mr MacKinnon: Does not that apply also to other leases?

Mr BRIAN BURKE: Not really. It depends on to whom they want to transfer it.