



# **Parliamentary Debates**

**(HANSARD)**

THIRTY-FIFTH PARLIAMENT  
THIRD SESSION  
1999

LEGISLATIVE ASSEMBLY

Thursday, 14 October 1999

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**THE SPEAKER** (Mr Strickland) took the Chair at 9.00 am, and read prayers.

### JOONDALUP TRAIN STATION, PARKING FACILITY

#### *Petition*

Mr Baker presented the following petition bearing the signatures of 107 persons -

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

We, the undersigned residents of the Joondalup Region, demand that Westrail acquire a suitable parcel of land adjacent to the Joondalup Train Station for the purposes of constructing a motor vehicle parking facility for the dedicated use of train commuters using the said station. We believe that the Joondalup Train Station should have been developed as a "Park and Ride Station", not a "Kiss and Ride Station" due to the fact that the station is not located in an urbanised area and the timetables associated with the connecting bus routes to the station are inadequate.

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

[See petition No 51.]

### MEMBER FOR KALGOORLIE - ALLEGATIONS BY PREMIER

#### *Personal Explanation*

**MS ANWYL** (Kalgoorlie) [9.03 am]: I make a personal explanation because I was grossly misrepresented in my absence from this Parliament. Yesterday, the Premier made an allegation to the effect that I have been running a legal practice in my electorate office. I think it was alleged that I send out letters of demand and am a debt collector from my electorate office. This is grossly untrue and the Premier should be aware of that. The Premier who made those allegations is the same Premier who has been scathing about the improper use of parliamentary privilege for the presentation of false and inaccurate information. I note the Premier does not have the decency to be here for this.

**Mr Cowan**: It is not a question of decency but of prior arrangements. If the member had indicated she was making a personal explanation, the Premier probably would have stayed.

**Ms ANWYL**: The Premier was in the House a minute ago and he scurried out. I did not have an opportunity to speak to him.

**Mr Cowan**: The member did not try.

**Ms ANWYL**: These words apply equally to the Deputy Premier.

It is an absolutely false allegation. I have never received payment for, nor have I carried out, debt collection from my electorate office. On 21 April 1998, a constituent came to my office. I will not mention the constituent's name because I have not had an opportunity to speak to him about what has unfolded. He is an underground miner who works in a remote location of Western Australia. I have attempted to contact him but have only spoken with his mother. Up to 20 constituents come to my office for assistance each day. This man showed me a stamped deed of loan for the amount of \$30 000 plus \$6 000 credit charge. According to the document, the money was to be repaid by 18 December 1997. The constituent informed me he thought the money had been lent for the purposes of the borrower establishing a Thai restaurant and that the borrower had not repaid very much of that amount. I told my constituent that I thought he would need to engage a lawyer. He had a clear legal agreement for a debt that, according to him, had not been repaid. I told him I do not do legal cases from my office. However, in an effort to assist him and save him incurring legal costs, I told him I would write to the borrower, who lived in Perth, to see whether he intended to pay back the money.

I suggest it is the sort of thing that members of Parliament are paid to do, and that they do every day of the week. I never received any financial benefit from this constituent. Subsequently - I am trying to check the date - he engaged the services of a law firm in Kalgoorlie-Boulder. There are not many law firms in Kalgoorlie-Boulder. The one he engaged was McKenzie Lalor Barristers & Solicitors. It is the firm by which I was employed before my election to this place in March 1996. I was a consultant to that law firm after my election, but I am no longer. Following my election, I continued to work on some pre-existing cases, many of which were complex personal injury cases - including widow's claims - that were being litigated through the courts. I did not take on any new legal work or cases after my election. I merely continued to assist and advise with some cases that were under my care when I was a full-time solicitor with the firm, prior to my election to Parliament. I repeat that I did not receive any financial benefit from this constituent.

I wrote two letters to the borrower from my electorate office, pursuant to a stamped deed of loan which my constituent told me had not been honoured. The Premier knew about this last August because *The West Australian* ran a story about it. The letter that the Premier complained about is about 18 months old. Why has this come to the attention of the Parliament now? The Premier could be deliberately misrepresenting the facts. He certainly has a motive -

The SPEAKER: Order! It is my view that members making personal explanations must be given the opportunity to explain the matter about which the explanation is being made. It is not acceptable for those members to enter into debate and supposition. The member making the personal explanation should give the House the facts so that other members will be able to accept them without a problem. If the member enters into a debate, other members will want to respond. That is not the purpose of a personal explanation. If that is what the member wants to happen, other avenues are available.

Ms ANWYL: I will not continue my remarks about motive. However, either there has been a deliberate misrepresentation or the Premier has misunderstood the facts. If the latter is the case, I demand an apology from him. If the former is the case and there has been a deliberate misrepresentation, I hope the Premier will have the guts to make the allegations outside the House.

### JOINT STANDING COMMITTEE ON DELEGATED LEGISLATION

#### *Shire of Northampton Signs Local Law*

**MR WIESE** (Wagin) [9.11 am]: I present the report of the Joint Standing Committee on Delegated Legislation on the Shire of Northampton signs local law. I move-

That the report be printed.

The House will recall that two weeks ago I tabled the committee's report into the Shire of Denmark signs local laws 1999. That comprehensive report considered all matters on the vexed question of local laws dealing with signs which are coming before the committee in increasing numbers. The committee has dealt with the signs local laws of six local government authorities including the shires of Denmark, Serpentine-Jarrahdale, Northampton, Mundaring, and the cities of Wanneroo and Joondalup. The signs local laws of those six local government authorities have been gazetted and hence are operating. In all of the local laws the committee found a range of materials and measures which go way over the top. There are matters and clauses in them which are clearly ultra vires. Those matters were comprehensively dealt with in the report tabled two weeks ago.

The Shire of Northampton local laws were gazetted on 4 June 1998 and because of the prorogation of Parliament, the committee was not able to deal with them at the time. When the committee resumed operating at the end of August 1999, it prioritised dealing with the Shire of Denmark local laws and getting its report before the Parliament so that other local government authorities could use it for guidance. The committee then dealt as quickly as it could with the local laws of the Shire of Northampton.

The committee advised the Shire of Northampton at the end of August 1999 that it was implementing a protective notice of disallowance. When the committee dealt with the shire's local laws, it found many issues of concern and faxed a letter to the shire on 30 September indicating that there were issues in its local laws which the committee found to be over the top and with which the committee would have to deal. The committee suggested avenues by which the shire could deal with them and indicated that the shire should respond with haste to the matters because the committee's deadline was a requirement that the matter be dealt with in the upper House by Wednesday, 13 October. In its response on 4 October to the letter of 30 September, the Shire indicated that it would not be able to address the committee's concerns as the shire was not scheduled to meet until late October. It is a disappointing outcome. As the report indicates, the committee believes the matters could have been addressed. It was hopeful of obtaining a written undertaking from the shire on terms that would be acceptable to the committee. The committee was hoping to obtain an undertaking by the shire to amend the local laws. If that had happened the committee would be able to seek leave to withdraw the motion of disallowance. I regret to inform the House that has not happened. The shire was not able to meet to consider the committee's letters and it was not able to get any sort of an undertaking. Therefore, I regret to inform the House the matter would have been dealt with in the upper House yesterday. I am presenting to the House the report that was tabled and dealt with in the upper House yesterday.

It is a regrettable outcome. The committee would have welcomed an opportunity to try to negotiate an acceptable outcome rather than recommend disallowance. That is the last thing it wanted to do. In the majority of cases the committee is able to negotiate an outcome that is acceptable to the committee, and hence, the Parliament. That has not happened in this case.

Question put and passed.

[See paper No 215.]

### MEDICAL SPECIALIST SERVICES

#### *Grievance*

**MS ANWYL** (Kalgoorlie) [9.17 am]: My grievance is to the Minister for Health. The minister has made a variety of comments in the media - reference was made to them in question time yesterday - indicating that he intends to review and modify the current system of payment for visiting medical specialists. My concern is for medical specialists working in country areas, although they could also be applied to those working in Perth. I refer to the shortage of doctors in rural and remote Western Australia, and particularly the shortage of specialists. I am trying to prevent the minister from going down a disastrous path. The minister must recognise the contribution that country resident specialists and general practitioners make to regional development and country living generally. Kalgoorlie-Boulder and the Kalgoorlie Regional Hospital are relatively well serviced by specialists and general practitioners. The doctors also tend to be trauma specialists because they have undertaken specialised work in the breadth of care they are required to provide. There has also been improvement since there has been an unmet demand status for general practitioners.

The minister's proposal to axe the current fee for service would mean that many of the doctors and specialists currently practising - they are a dedicated bunch in my electorate - would probably leave Kalgoorlie-Boulder. We must recognise that country specialists in particular have a choice of working anywhere in Australia. Yesterday, one general surgeon in Kalgoorlie told me that, at any one time, he has a dozen job offers to work elsewhere. Country doctors work virtually constantly on call as opposed to a specialist in Perth who is usually on call only one week in four or one week in six. They have no backup in the hospital by way of registrars or other specialists of the same kind. They have massive overheads in places like Kalgoorlie-Boulder where the rents and cost of living are extremely high. Usually they do not have an option of carrying out any work in private hospitals because there is no private hospital; there is usually only one public hospital.

We as a Parliament and the minister must guarantee security of income to these medical specialists. As the minister is well aware, there is already great difficulty in attracting medical specialists to many of our remote and rural locations. I have been told by a number of specialists in Kalgoorlie-Boulder that they will leave the area if these changes come through, as are being mooted by the Chamber of Commerce and Industry of Western Australia. Certainly the minister's comments are equivocal on this matter. I am asking the minister to make clear his intentions in this regard. I would like to be able to tell the members of the Eastern Goldfields Medical Division of General Practice that their contribution to medicine in the bush is being recognised. We have a gynaecologist, an orthopaedic surgeon and a couple of general surgeons, and certainly this will also impact on obstetricians who are general practitioners. We have excellent specialists and an excellent anaesthetist. If those people leave Kalgoorlie-Boulder as a result of a change to the fee structure, we will not be able to fill those jobs again. We must be very clear about that.

This is an issue of the message that is being sent to the doctors who are working in remote and rural locations now. This is an issue of making sure that those doctors, whether they are general practitioners or specialists, have some security. This is about making sure that they do not go to the eastern States to practise, because, as specialists, they can have the pick of any rural location in the eastern States. This is about ensuring adequate health care. This is also about ensuring that the minister brings proper economic sense to this matter. If he reduces the number of specialists who are residing and working in country areas, all that will mean is that more people will travel to Perth to access specialist services. It will mean an increase in the patient assisted travel scheme costs. It will mean a huge increase to the Royal Flying Doctor Service budget, which is already showing some strain. It will also mean a huge impost on the already overcrowded hospitals in Perth. It will mean that the minister will not be saving money; he will be costing money. He will be increasing human emotional cost and pain, and he will further blow out the waiting lists which exist in Perth. The fact is that Kalgoorlie Regional Hospital has a very insignificant waiting list. Most of my constituents probably do not realise how lucky they are that they are so well serviced by specialists, and, as the member for Roe would know, we regularly treat people from his electorate.

I am taking very seriously the claims by these doctors that they will not continue to work in my electorate if these changes go through, and I hope the minister will, too. I hope he will take the opportunity to make it extremely clear to the Parliament and to medical practitioners throughout Western Australia that he will not make changes that impact on their current incomes and that he will recognise the huge contribution made by country doctors to the bush.

**MR DAY** (Darling Range - Minister for Health) [ 9.24 am]: The Government is well aware of the need to have in place arrangements which will ensure that people in country parts of Western Australia are provided with the best health services that can possibly be provided. Obviously, having a scheme which attracts doctors to country areas is important in that context. It is largely for that reason that the Government has put in place new arrangements to make it easier to employ overseas-trained doctors in rural parts of Western Australia and for them to be given conditional registration on an easier basis than has been the case in the past. Following the agreement that was reached between me and the federal Minister for Health and Aged Care earlier this year, those detailed arrangements have been put in place over the past six months. I understand that just next week, interviews will be conducted with some of the applicants for those positions in rural parts of Western Australia.

I make it clear that the Government does not have any plans to end the fee-for-service arrangements which apply for specialists in rural areas. There has been some speculation to that effect, but from where that speculation has come, I have no idea.

Ms Anwyl: They were your words to the media.

Mr DAY: The media statement that was put out by the Rural Doctors Association of Western Australia a couple of days ago does not suggest that the fee-for-service arrangements will end. It raised the possibility that individual contracts with doctors could be offered, but that is quite a different situation from ending the fee-for-service arrangements. We must bear in mind that trade practices legislation is in place in Australia and the Australian Competition and Consumer Commission also has an interest in these issues. Given that visiting medical practitioners, whether they be specialists or general practitioners, are fee-for-service independent contractors and, therefore, not employees, we must give regard to the effect of the Trade Practices Act and the interest of the ACCC. We must have in place some arrangements which will not contravene the trade practices legislation or the views of the ACCC, given that these people are not employees. That does not equate to ending the fee-for-service arrangements at all.

Ms Anwyl: Why did you say that there might be a pay cut under review?

Mr DAY: I certainly have not said that a pay cut will be under review. There was speculation in a newspaper article to which the member is referring.

Ms Anwyl: That is you. Is it a misquote?

Mr DAY: Is the member telling me that the article quotes me saying that there will be a reduction in funding for rural health services?

Ms Anwyl: It says that you told *The West Australian* that visiting medical specialists who are paid a fee for each service they deliver at public secondary hospitals could take a pay cut under a review by the WA Health Department.

Mr DAY: I think the member is referring to a newspaper article from a few weeks ago, which refers to the metropolitan area. Some extrapolation has been made in the interpretation of my comments in that article. I am referring to the issue of the past few days concerning country areas. There is quite a difference in the needs and the general environment in country parts of Western Australia compared with those in the metropolitan area. The Health Department, with my support as minister, is possibly taking a different approach to how this issue will be dealt with in country areas compared with the metropolitan area. A media statement put out by the Rural Doctors Association a couple of days ago expressed some concern that there would be a reduction in funding for rural health services. As I indicated in question time yesterday, that is clearly not the case, and funding is being increased this financial year by about 8 per cent above last year's allocation. It has increased to \$314.8m, which is a \$23.2m increase. That is obviously a very substantial increase. As I said, the Government does not have any plans to end the fee-for-service arrangements for specialists in rural parts of Western Australia. We recognise the substantial contribution which they and general practitioners make in providing medical services to people in country Western Australia.

It should be noted concerning a related issue, but not directly the same issue raised by the member for Kalgoorlie, that last year the Auditor General drew attention to some problems with the existing visiting medical practitioner agreement, in particular the inability to substantiate some of the VMP charges in some cases. He was also concerned about poor record keeping in some cases and the inability of managers, in their reports presented last year, to satisfy the requirements of the Finance Brokers Supervisory Board. Since the Auditor General's comments, the Health Department has been working on an appropriate response to those concerns and will be putting in place arrangements that address them.

To summarise, the Government has no intention of ending the fee-for-service arrangements for specialists in rural areas. It will put in place a system that is appropriate and relevant to country parts of Western Australia to ensure they continue to be provided with high quality medical services. Wherever possible we aim to expand the provision of those services.

The reality is, as I was reported correctly in yesterday's *The West Australian* as saying, doctors who run medical services are in a position to contract with individual health service boards to provide the services that best meet the needs of local communities, so they can have those discussions at a local level. However, that does not equate to ending the fee-for-service arrangements.

## BUSSELTON SHIRE, GROWTH

### *Grievance*

**MR MASTERS** (Vasse) [9.31 am]: I direct my grievance to the Minister for Planning. My remarks are more a request for assistance and advice than a grievance. They relate to the very large increase in population within the Vasse electorate, particularly the Shire of Busselton. Over the past two years it has been my pleasure to point out to this House that, according to some surveys, Busselton is the fastest growing local government area in the whole of Australia. Prior to that it was second only to Harvey Bay in Queensland. Obviously that sort of growth creates significant problems for public servants at local and state government levels and, in some cases at federal government level, to ensure that the level of government infrastructure and services meet the demands created by the increased population.

However, problems have arisen in coming to grips with this whole notion of growth. The Shire of Busselton and I have had a number of discussions over the past couple of years about the exact percentage that should be used by government agencies in their planning process so that they can determine what are the real needs of Busselton.

I refer to the front page article of the *Busselton-Dunsborough Mail* of 15 September 1999 with the headline "State figures need reality check: Shire". It reads -

STATE Government Planning growth rate figures for the Busselton and Augusta Margaret River Shires are so off track the region will head towards a serious shortage of services and facilities unless "conservative projections" were updated, according to Shire staff.

The Busselton Shire has been monitoring the situation . . . because of shared concerns the level of planning was falling too far behind to keep up with the growth rate of the region.

The push was even greater now as the Busselton Shire approached a resident population high enough to be given "city" status.

The issue has become so crucial that Council has asked Vasse MLA Bernie Masters to table a list of service and facility shortfalls with the State Government - and specifically with the Minister for Planning and the WA Planning Commission.

Busselton Shire chief executive officer Michael Swift said Shire staff and the Council wanted the Ministry for Planning and other Government agencies to agree on a calculation which would bring figures closer to reality, helping the Shire attract an appropriate level of planning and funding.

Further on it reads -

Shire staff say State Government planners were significantly "out" with current projections, showing the region's growth at about 3.6 per cent when the actual figure was closer to 6 per cent.

Further on in the article, Mr Tim Shingles from the Shire of Busselton said -

Shire growth rate predictions were backed up by Australian Bureau of Statistics projections . . .

The WA Planning Commission has estimated that the population will be about 25,000 in the year 2006 but we think it will be closer to 30,000.

I have previously mentioned in support of those figures that for the past two years the growth of Busselton Shire has been recorded by KPMG chartered accountants and business advisers as the fastest growing municipal area in Australia. I must be honest and say that I have been unable to find out how KPMG obtained its data. I believe that in general terms it is from the Australian Bureau of Statistics last census figures and its projections for future growth. However, the detail is yet to be determined.

In an endeavour to overcome some of these concerns my staff wrote to a large number of government agencies earlier in the year asking them to address the issue of keeping up with the local population growth. I provided detailed responses to the shire based on the detailed responses that I received in turn from the government agencies some time ago. However, on 25 August this year, I received a letter from the Shire of Busselton saying that it was still not satisfied with the level of services and infrastructure provided by the State Government, and to a lesser degree by the Federal Government.

The detail is not all that important. However, I have publicly stated that I am now becoming somewhat perplexed by the differences of opinion between the shire and the State Government. On 8 September 1999 I received a document from the Shire of Busselton entitled "Demography & Planning - Shire of Busselton" dated July 1999. It refers to an average annual growth rate in Busselton from 1991 to 1996 of 4.5 per cent, which is reasonably in keeping with the state government projections. At page 20 it refers to the 1996 census for the Busselton town which projected a population growth rate of 4.8 per cent. At page 21 it refers to an increase in the number of dwellings from 1996 to 1999 of only 2.5 per cent.

I must admit I am a little confused. However, I subsequently commented in a newspaper article dated 22 September that the shire was perhaps using rubbery figures to achieve political goals. I cited some of the figures I had previously cited from the demography and planning report. I have since had another meeting with the shire president and the chief executive officer of the Busselton Shire, and we are still at loggerheads over the figure that should be used in order to ensure that government agencies are planning appropriately.

As I do not have any explanation of how the Ministry for Planning arrives at the growth figures it uses, I would be grateful for some comment.

**MR KIERATH** (Riverton - Minister for Planning) [9.38 am]: I thank the member for his grievance and for some notice of it. Somebody is definitely trying to play politics with the issue, but I am at a loss to understand why - perhaps the local member may be able to tell me. The shire had the opportunity of updating its population projections in, I think, January 1992 and January 1996, but it did not do that. I find it bizarre that the shire is complaining about the quality of the figures when its own inaction meant it did not participate.

The press articles seem to be focused more on what I would call the peak-transient population rather than the permanent population. One headline stated that the state figures need a reality check. However, the detail refers to the lack of facilities in peak holiday season rather than at other times of the year.

The Western Australian Planning Commission's 1996 projected population figures for both Margaret River and Busselton local government areas are based on 1991 census information and are 7 600 and 17 300 respectively. Following the 1996 census results, the error margin for the projection was slightly more than 6 per cent for Augusta-Margaret River and just under 5 per cent for Busselton. A 95 per cent degree of accuracy is usually considered acceptable. Historically, the projections have been within the boundaries and limits expected. Only one projection series based on fertility, mortality and migration trends was released - the medium scenario produced in 1996 and published by the Australian Bureau of Statistics in 1998. However, it is customary for the WAPC also to produce a low and a high-scenario set of figures. The WAPC is considering publishing the three sets of figures for the next round of projections to be published later this year. The WAPC does not produce only one projection figure; it produces a low, a medium and a high figure.

The article went on to say that the region's growth rate was about 3.6 per cent, but the correct figure is closer to 6 per cent. One must look at this in perspective. It is reasonable to say that the current growth rate for Busselton is closer to 6 per cent. The ABS' estimated resident population figures for 1998 suggest a 5.45 per cent annual growth rate from 1996 to 1998. Members should bear in mind that these figures are subject to revision and that they will be finalised after the 2001 census with the publication of the 2001 ERP figures.

Historical population measures reveal that Busselton's annual growth rates were 3.2 per cent for 1976-81; 4.1 per cent for 1981-86; 4 per cent for 1986-1991; and 4.5 per cent for 1991-96. The WAPC's unpublished projection for Busselton's population in 2006, based on the 1996 ERP, is 25 500. That is an annual growth rate of about 4 per cent from 1996 to 2001, and 3 per cent from 2001 to 2006, or an increase of about 7 300 people from 1996 to 2006.

I note that the WAPC local government area projections are not derived from annual growth rates. The population figures for the south west and the State's other statistical divisions are first derived using trends in a range of areas such as fertility, mortality and migration in the total population. The local government area statistical division share is calculated from historical population data. The annual growth rate is the result of the projection methodology - not the other way around.

The projected LGA populations are circulated to the shires for comment. Additional information is provided by the shires; for example, expected change in economic activity is taken into consideration before finalising the figures. Unfortunately, some shires in the State, including Busselton, have not responded to the survey for the past two rounds of projections - in January 1992 and January 1996 - depriving themselves and the WAPC of the opportunity to consider their views regarding their future, which may have resulted in a revised set of projections. I find it galling that the shires are telling the WAPC that it should undergo a reality check when it has been doing the right thing. They failed to participate by submitting their communities' views. I am reminded of the comment that when one points a finger, three will point back. Next time the WAPC sends those shires revised figures, I hope they give it the benefit of their advice, which can then be used in the calculation of the figures. If they refuse to do so, the WAPC will continue with the best information it has at hand.

Most of the complaints are aimed at what I call the transient population coming to the area during peak holiday seasons. I have no doubt that that causes some difficulties. Some services are affected by the short-term visitors. The ABS has recognised that and it is currently addressing the concept of a service population measure. However, different organisations appear to have different ideas about what should be included. For example, the service population catchment for health is different from that of education and water supply. The member will understand that the demands on some services are greater during peak holiday seasons. I have tried to provide as much information as possible. I would like to work with the shire to get a better set of figures.

### DENHAM, WATER CORPORATION CHARGES

#### *Grievance*

**DR GALLOP** (Victoria Park - Leader of the Opposition) [9.46 am]: My grievance is to the Minister for Water Resources. As Leader of the Opposition, I have the privilege to visit towns and communities throughout Western Australia. Indeed, the Opposition has been engaged in a concerted campaign in rural areas to offer strong representation to those many towns and communities. As we move around the State we see communities hard at work tackling social and environmental problems and seeking to secure their economic future. One of the key factors in determining whether they are able to achieve those objectives is whether government policy is working with them or against them. Currently in Western Australia the Government's policies covering privatisation, contracting out and commercialisation of public utilities are working directly against these communities in their desire to build a new future.

Unfortunately, the Government is not listening to the people. The Government ploughs on regardless of the consequences of its actions, including privatisation. Of course, the Opposition will vote against the privatisation of Westrail and AlintaGas. The Government is ploughing on with contracting out, particularly within Main Roads, and that is having a very negative impact in rural communities. It is also ploughing on with radical commercialisation of public utilities, seeking profits and forgetting the community service obligations of those utilities.

As a result of that, we now see a real alienation in Western Australia between non-metropolitan communities and the Government. A very good example of this is the town of Denham, in which water charges have become a major concern. Denham is trying to consolidate and extend its support for regional tourism. It has undergone significant change in recent days and it wants a Government that will support it in making the necessary adjustments. However, the Government of Western Australia, through the Water Corporation, is working against the town's interests with regard to water charges. I refer to sewerage rates on the one hand and charges for desalinated water over-quota consumption on the other. Of course, this all comes on top of Western Power's new policy of charging extra for electricity used by larger customers off the main grid. I will not discuss that issue during this grievance, but it is another concern for the people of Denham and all remote and rural communities in Western Australia.

The Water Corporation has struck a rate of 12¢ in the dollar for Denham for its sewerage rates. That has been reduced to 9.6¢ in the dollar for this financial year, but only for this financial year. I will compare the new rate set in Denham with rates in other parts of regional Western Australia. It is 8.6¢ in Carnarvon, 6.87¢ in Forrestfield, 5.15¢ in Katanning, 6.76¢ in Kalbarri, and 5.86¢ in Exmouth. What is the result of this? I will give one simple example: As a result of these increased sewerage charges, the pensioner flats in Denham will need to make a rental adjustment for its tenants of about \$10 a week or \$500 a year. What sort of Government makes it harder for a local community to provide aged care services for people? Throughout Western Australia, local communities are trying to ensure that seniors stay in their towns, and this Government is making it harder for them to do that through its sewerage rates.

What is the impact of water charges on businesses in the Denham area? They make it harder on business and are a clear disincentive for development in that area. That area has great tourism potential and could create new wealth for people in that area and in Western Australia. The Shark Bay-Denham Heritage Resort last year used 6 707 kilolitres of water at a cost of \$28 103.50. A similar resort in Carnarvon used 8 932 kL of water at a cost of \$13 032.20. Another used 13 240 kL at a cost of \$19 426.70. The reason is the high price of desalinated water above the quota of 315 kL. Rather than supporting development through its charging policies, the Government has again undermined development in regional Western Australia. Two issues are at stake. The first issue is fairness. Why should the people of Denham be charged extra compared with other towns in regional Western Australia? The community of Denham, like other communities in Western Australia, is trying to provide a future for itself. However, the water and sewerage rates are well above those being charged in other areas.

The second issue is the attitude of the Water Corporation. It is an insult to the people in regional communities when the chairman of the Water Corporation says in the business pages of *The West Australian* on 22 September that the corporation is doing a great job earning \$261.6m net operating profit this year. When people in places like Denham see that, when they are being charged such high sewerage and water rates, they ask why the Water Corporation is acting in such a ruthless and

commercial manner towards regional towns that are trying to build a future for their people. This Government is out of touch with the people and its utilities and ministers are out of touch with the people. The Opposition intends to go into bat in this Parliament for regional Western Australia to create a future for its residents.

**DR HAMES** (Yokine - Minister for Water Resources) [9.53 am]: I would like to spend some time addressing the diatribe of the Leader of the Opposition on the provision of services for country communities, for which this Government does an exceptional job - not only through my Water Resources portfolio but especially through my Housing portfolio. However, it will take some time to address the specific issues raised by the Leader of the Opposition as I will have to go through them in detail.

The problem in Denham is that it has no fresh water supply, so that industries have been established and developments have gone ahead in the past with no fresh water supplies.

Dr Gallop: That is the same in Perth. Perth has no natural water supply, so we built dams and supplied it to the people.

Dr HAMES: Did I interrupt the Leader of the Opposition? He should have a rest, stop his mouth from motoring along, and give me a chance to answer his grievance.

Without the support of the Government, Denham would have zero water supplies.

Dr Gallop: That is the same in Perth.

Dr HAMES: That is not true. The Government has done two things. It has constructed a desalination unit. The volume of water required for that area provided by desalination units of that nature is costly to produce. Nevertheless, the Water Corporation provides that desalinated water to residents at a cheaper cost than that which is provided anywhere else in the State. It also provides a supply of brackish water that the community uses to treat its gardens. If residents in Denham use the same amount of water as residents in Perth, they pay a lower price. When this issue was brought to my attention, I went through the prices with the member for Ningaloo. We considered what would happen if we changed the pricing system to that which applies elsewhere in the State and we found that bills of people in that area would go up, not down, provided they stayed within the available quota. We considered also what would happen if we allowed them to use water above the quota and they had the same pricing thresholds as other country towns in the State. The problem is that very few residences use an amount above the quota. A few businesses go over the quota, and the member for Ningaloo will tell me the name of the main business in that situation.

Mr Sweetman: It is Readymix concrete.

Dr HAMES: The Readymix Group is the main user of excess water in that community. If we allowed people to pay less for the water they used above the quota, businesses like Readymix would use a far greater amount than they do currently. That would mean the another desalination unit would be required and the residents would have to pay more. If we changed the pricing system, not only would the price for the basic rate be increased, but also they would have to pay extra for an additional desalination unit. In order to resolve this issue, I am looking at the cost of supplying the brackish water.

Does the Leader of the Opposition want to hear my answer to his grievance? He is so busy yapping about other issues it appears he only wanted to have his say on the issue and not listen to the answer.

The Government is negotiating with the local council and the Water Corporation to reduce the price for the brackish water. It is doing a deal with the local authority, so that the brackish water from the council can be used with the Water Corporation supply, thereby reducing the cost of the water.

The other issue is the charges for sewerage. Disposal of sewage in the Denham area is an environmental issue. Previously, the area had septic tanks, but no further development was allowed because of the environmental problems. The Government had to put in an infill sewerage system which was expensive because of the topography of the area and the small number of people in the area. The cost per household was high - 17¢ a unit for the installation of that sewerage system.

Dr Gallop: That is the case everywhere outside Perth.

Dr HAMES: No, it is not; it is nowhere near that much. The Leader of the Opposition is wrong. It cost 17¢ a unit in that area. However, under a statewide averaging system, the maximum charged is 12¢ a unit, and that is reasonable. The charge in communities like Moora is 12¢ a unit and it is based on the gross rental value. The GRV in Moora is only \$3 500 a year, so the sewerage rate is about \$300. The GRVs of coastal communities like Seabird, Denham and Port Hedland are high. Even if there is a reduction in the rate in the dollar - for example, the rate in Port Hedland is only 3¢ a unit - the people in those areas would pay about \$700 a house for sewerage. I agree with the community, and probably with the Leader of the Opposition, that that is not fair and the GRV of coastal properties results in an excessive charge for people in those communities. We could change the system to one based on service across the whole State. We could eliminate the GRV system and introduce a standard charge in the metropolitan area. It would mean that the average charge would come down to \$388 a house. Residents in Peppermint Grove and Claremont would pay a reduced sewerage charge of \$400 to \$500 a house, and residents in Balga would pay an increased charge of \$200 to \$300 a house. We cannot have a statewide averaging system for sewerage. The charges in Moora would increase by \$300 or \$400 a house, and others would come down by the same amount.

However, I agree with the local community that it is not fair and I have done two things. When the charges were released and the average cost for infill sewerage for an ordinary residential house was about \$700 - the same as Port Hedland - I reduced it by 20 per cent. I am now looking with the Water Corporation at a system which will place a cap on gross rental



values so people do not pay more than a certain amount. That amount will be in the order of \$500 to \$550. The high GRVs in places like Port Hedland, Denham, Seabird and other coastal communities will come down. I hope we will be able to announce that over the next few months.

## SUBCONTRACTORS CHARGES LEGISLATION

### *Grievance*

**MR BAKER** (Joondalup) [10.00 am]: My grievance is directed to the Minister for Works and Services and relates to the ongoing need in this State for a statutory framework to enable subcontractors, particularly those engaged in the building or mining industries, to secure the payment of moneys due and payable to them by contractors positioned further up the contracting chain, so to speak. I am talking about what are commonly described as superior contractors. The minister would be aware of a litany of cases, mainly in the construction and mining industries, where head or superior contractors or the owner-developer proper in various non-public sector constructions or developments have gone into forced or voluntary liquidation and have thereby frustrated their subcontractors who have duly completed or partially performed their obligations under the terms of the relevant subcontract but have not or cannot be paid all of the moneys due to them. The common, garden variety case involves the good old Australian \$2 company - a company which wrongfully refuses, fails or neglects to pay its subcontractors even if it has invoiced its head or superior contractor and been paid. These cases also involve superior contractors and owner-developers when the delinquent contractor decides to play what I call the "litigation game", the winner of which is the contractor with the deepest pockets to pay crafty litigation lawyers who at times use unethical litigation tools. Time and again in Western Australia we hear of cases involving what can only be described as the pure bastardisation of small subcontractors engaged in the building industry by semi-solvent, insolvent or simply unreasonable head or superior contractors who look for or invent any excuse not to pay at all or to pay only in part moneys which should otherwise be paid by them to their various subcontractors, be they bricklayers, tilers, plumbers, concrete workers, carpenters, cabinet makers, electricians, gas fitters, roof tilers or those subcontractors who provide only labour.

The time has come for the Government of Western Australia to stand up for these smaller, self-employed subcontractors and their employees and to ensure that they can properly secure moneys which should be payable to them by rogue or delinquent superior contractors. The minister would be well aware that I have been lobbying for the drafting and passage into law of legislation of this kind for some time. The legislation is generally known as subcontractors charges legislation. This legislation seeks to achieve the purpose I mentioned; that is, to secure the payment of contract moneys under the terms of subcontracts. As I have indicated, this is very much a mischief in the building and mining industries. It is Parliament's job to overcome this mischief. The minister may be aware that Queensland has such a statutory framework in place, the short title of which is the Subcontractors' Charges Act. The Queensland legislation works well and provides good protection for the small businessmen and women in that State engaged in subcontracting in the building industry or in the alteration or improvement of a chattel. The minister should also note that the definition section of the Queensland legislation is quite broad and makes it clear that the Act can apply in myriad circumstances involving subcontracts, be it in the construction or mining industries or in cases where a contract requires the improvement or repair of a chattel. The Act has a broad scope.

The minister may respond by citing various initiatives which the Government has undertaken since the last state election to help these subcontractors. However, it is my understanding that most of those initiatives apply only in cases where the owner-developer is the Government or an arm of government. In addition, the terms of the Housing Industry Association payment bond insurance scheme are far too narrow to apply to all subcontractors engaged in all facets of the building industry. I also do not accept that national competition policy will be contravened in any way through the introduction of this legislation in Western Australia. I understand that Queensland's Act has been amended on various occasions since that State became a signatory to the national competition agreement. I also understand that that legislation has been vetted and has passed the national competition policy requirements of the Australian Competition and Consumer Commission.

Head or superior contractors in the chain of "subcontractorship" are using the corporate legal entity structure to own and operate their businesses and generally refuse to provide directors guarantees to their subcontractors to further secure the payment of moneys due and payable to those subcontractors for building or mining subcontracts of any description. Litigation through the courts as a means of compelling a delinquent head contractor to pay contract moneys is costly and time consuming for a small subcontractor. Further, alternative dispute resolution clauses in written subcontracts which refer disputes to arbitrators, commercial arbitration, experts or referees can be just as litigious and expensive as litigation in a civil court.

Enough is enough. It is time for the Government to take action to protect the small businesses of Western Australia which are regularly burnt when venturing through the commercial and litigious jungle of the construction industry. Will the minister consider drafting the requisite legislation advocated by me as a matter of priority and thereby give the small businesses engaged in the construction industry in this State some confidence that they will be paid for a fair day's work, thus enabling them to pay their employees, who in turn have certain fundamental obligations to their families? The minister would be aware that several months ago I endeavoured to engage the services of parliamentary counsel to assist me in drafting such legislation. However, I was advised somewhat abruptly that that was not possible and while I may be a member of the Government, legislation of this kind must be "carried" by the Government through the relevant minister. In view of what I am proposing it could be argued that legislation of this kind falls within the jurisdiction of the Minister for Fair Trading. However, the Minister for Works would be aware that I have been corresponding with him on this issue for some time and it is appropriate that I present this grievance to him as opposed to the Minister for Fair Trading. I ask the minister to advise the House whether he can assist the small subcontractors in Western Australia to get a fair day's pay for a fair day's work.

**MR BOARD** (Murdoch - Minister for Works) [10.07 am]: I thank the member for Joondalup for his grievance and some notice of it. He has been persistent in supporting subcontractors and the need to provide protection for them. In the past couple of years we have seen a decline in the rate of failure of building companies in Western Australia, which is good. This issue was highlighted around Australia some years ago, particularly in the eastern States, with the massive failure of some building companies and with many subcontractors being caught up in the wash.

In short, the Government is looking at the proposal; it has been before the Government for some two years. As chair of the Australian Procurement and Construction Council, I initiated work throughout Australia on securing payments to subcontractors. The reality is that there are varying approaches and different points of view around Australia about how that can be achieved, whether it should be achieved legislatively and the role of Government in playing with the marketplace. Certain provisions can be put in place in the case of contracting between government and industry, but the extent to which Governments should legislate or control what happens in the private sector is of concern. Another concern is whether certain industries such as the building and mining industries, as referred to by the member, should be singled out from any other industry which also has concerns about security of payments.

Mr Baker: I accept what you are saying. I intended for my remarks to have broad application. I simply gave specific examples of the construction and mining industries.

Mr BOARD: It is an area of concern. The Government has moved on a number of fronts to protect government contracts so that the Government has a much stronger control of subcontractors. We have developed a code of practice and standards for the private sector to address many concerns, particularly concerns in the housing industry. We are taking a watch and see role in looking at the Queensland and New South Wales legislation to determine what may work in those States. The Cabinet has adopted a national action plan on security of payments in Western Australia. It is particularly pleased with the statutory declarations from head contractors with government contracts and the proof of payment now required prior to progressive payments being made. A pre-qualification categorisation of head contractors is also playing a very strong role in that people are not winning contracts unless they have a track record of security of payment to their subcontractors. Codes of practice and codes of tendering through the State Supply Commission and the Department of Contract and Management Services have been adopted by both the Government and the private sector. Dispute resolution processes have been implemented which tend to resolve many of these issues. Often there is confusion about a security of payment as against a dispute for work being done. The member for Bassendean raised a matter in which there is a dispute over work being done rather than the security of payment itself.

Mr Baker: The point I was trying to make is that sometimes these disputes are privately engineered.

Mr BOARD: I understand that. The member for Joondalup would also be aware that I am advised by the Building and Construction Advisory Council and the Small Business Procurement Advisory Council, both of which are looking at the security of payment issues. This morning I arranged, through the Department of Contract and Management Services, for a survey of all builders and many subcontractors throughout Western Australia on a number of issues that we wish to change in Western Australia. Those issues are: Whether we will continue the short-listing of expression of interest projects; how to strengthen regional preference in whole of government contracts; and security of payment. As a result of those two committees and that survey, I will consider a resolution to the issue raised by the member for Joondalup. The Queensland legislation, which has been reviewed by the Australian Procurement and Construction Council, has shown flaws. The recent New South Wales legislation does not seem to be satisfying a number of the stakeholders in many ways. In fact, a report of the national body indicated that various inadequacies in the Queensland Subcontractors' Charges Act and misuse of its provisions by some parties have resulted in significant criticism from many stakeholders which provided a catalyst for a review of the Act. That review indicated there was a lack of clarity, that proprietors' rights to deduct their legal costs from money dealt with in accordance with the charge was inadequate and a whole range of other flaws that were not meeting the expectations of the industry. There are two issues: Whether there should be legislation, or whether there should be self-regulation which is brought on by the way in which government contracts can create a standard. The Housing Industry Association has brought in a bond and lien system and an insurance program which tends to be working with regard to that standard. All of these things are currently being considered around Australia. It is an area about which we are concerned and in which Governments can play a role. Whether legislation is the correct way to go in Western Australia is a matter for negotiation between the Government and the industry. I will involve the member for Joondalup in that negotiation as I know he is particularly keen on it, and I will keep him informed of the progress as we move along.

The SPEAKER: Grievances noted.

## **AGRICULTURAL AND VETERINARY CHEMICALS (WESTERN AUSTRALIA) AMENDMENT BILL 1999**

### *Introduction and First Reading*

Bill introduced, on motion by Mr Cowan (Deputy Premier), and read a first time.

### *Second Reading*

**MR COWAN** (Merredin - Deputy Premier) [10.15 am]: I move -

That the Bill be now read a second time.

The Agricultural and Veterinary Chemicals (Western Australia) Act 1995 is the enabling legislation which brings into force in this State the Commonwealth's Agricultural and Veterinary Chemicals Code Act 1994 and associated regulations. It is the means by which agricultural and veterinary chemicals are registered for use in Western Australia and was the mechanism adopted to achieve national uniformity in the import, manufacture, registration and supply of agricultural and veterinary chemicals.

An inconsistency has been recognised through which certain veterinary chemicals and some veterinary preparations added to feedstuffs are exempt from the control of the Agricultural and Veterinary Chemicals Code Act. This means that controls that are intended to apply nationwide cannot be applied in Western Australia because of these exemptions.

The amendment Bill now before the House is a simple piece of legislation to rectify the inconsistency but is extremely important. In the current situation, the national registration authority has no control in Western Australia over the supply of some veterinary chemicals including hormonal growth promotants. These lack of controls include the inability to enforce record keeping of the final destination of hormonal growth promotants. It is necessary to ensure uniform national controls over the supply and use of these products in order to meet the standards set by important international meat markets.

Additionally, animal feeding stuffs, including medicated animal feeding stuffs, are exempt from the controls of the Agricultural and Veterinary Chemicals Code Act 1994. This means that there is limited ability to control the addition, in contravention of their registered use, of veterinary chemical products such as growth promotants and antibiotics to feedstuffs to be used for livestock consumption. This is of great concern in public and animal health issues.

While this inconsistency has been identified, the processes of control have been operated as if the inconsistency did not exist and the full effect of the Agricultural and Veterinary Chemicals Code Act 1994 has been applicable. However the correction is necessary. The national registration authority has requested urgent change to correct the anomaly in the Act and Crown Solicitor's Office advice supports the change. It is currently not possible to prosecute in Western Australia for some offences under the Agricultural and Veterinary Chemicals Code Act. The position is not acceptable and could threaten access to European meat markets for all Australian beef products.

I commend the Agricultural and Veterinary Chemicals (Western Australia) Amendment Bill 1999 to the House and for the information of members table an explanatory memorandum for the Bill.

[See paper No 216.]

Debate adjourned, on motion by Mr Cunningham.

### **REAL ESTATE LEGISLATION (FIDELITY GUARANTEE FUNDS) AMENDMENT BILL 1999**

#### *Introduction and First Reading*

Bill introduced, on motion by Mr Shave (Minister for Fair Trading), and read a first time.

#### *Second Reading*

**MR SHAVE** (Alfred Cove - Minister for Fair Trading) [10.19 am]: I move -

That the Bill be now read a second time.

The Real Estate Legislation (Fidelity Guarantee Funds) Amendment Bill 1999 amends the Fidelity Guarantee Fund provisions of the Real Estate and Business Agents Act 1978 and the Settlement Agents Act 1981.

The funds are designed to provide protection to people who suffer a loss in a real estate, business or settlement transaction through a real estate and business agent or a settlement agent misappropriating moneys. This amendment Bill gives consumers greater protection in their dealings with real estate and business agents and settlement agents, by improving their access to the fidelity guarantee funds. This proposal is consistent with government policy to promote equity and fairness in the marketplace.

The funds are administered by the Real Estate and Business Agents Supervisory Board and the Settlement Agents Supervisory Board. Currently, the Acts require a person to give the boards notice of a claim within 12 months of the consumer becoming aware of the defalcation on which the claim is based. Defalcation includes criminal or fraudulent conduct by agents in the course of their business which results in a pecuniary loss or a loss of property to any other person.

Under the current provisions, the boards have been required to decline claims made against the funds in circumstances where notice of the claim has not been given within the 12 month time limit. The amendment Bill extends to three years the time in which consumers can give the boards notice of their claim. The boards will also have discretion to accept a claim lodged between three and six years after the consumer becomes aware of the defalcation, where the boards consider it just and reasonable in the circumstances to allow the claim to be lodged outside the three-year period. The discretion is intended to enable the boards to consider the circumstances of each claim and the reasons for the delay in giving notice of the claim. This ensures that the boards can deal with claims lodged outside the time limit where they consider it just and reasonable to do so. A further benefit is that it will also increase the number of claims which the boards are able to deal with because of the time limit being extended. However, specifying the maximum time for giving notice of a claim as six years prevents the claim period from being open-ended and is consistent with normal limitations on civil actions. This will also provide certainty for the administration of the fidelity guarantee funds.

This amendment Bill will apply to all claims where, after enactment, notice can be given within the amended time limits, even if they are currently outside the existing time limits. This means that consumers who have not previously given notice of a claim because it was beyond the existing time limits, will now be able to have their claim considered. Claims of which the boards have already had notice, but which have not yet been determined, will be subject to the extended time limits following enactment of the legislation. The boards will also have specific powers to revisit claims previously declined on the basis they were not lodged within time. This ensures that people who have previously suffered a loss as a result of a misappropriation by an agent, and who have had their claim declined because notice was not given within the current time

limits, will be able to have their circumstances reconsidered by the boards within the six-year period. If notice of a claim has already been given, and is within the amended time limits following enactment of the new provisions, the boards are required to consider the claim in accordance with the new time limits. Additionally, the claimant will not have to give notice of the claim again. This ensures an obligation on the boards to identify and reconsider claims that fall within the scope of the amendments. In this way, consumers will benefit from the amendments without having the onus of determining whether their claim is likely to be within the scope of the amendments.

The boards have been consulted during the drafting of the legislation, and the Bill's key features have been explained to stakeholders, including agents, consumer groups and other interested parties. There has been general support for the legislation. The amendment Bill demonstrates the Government's commitment to protecting all individuals in our society. The Bill increases consumer protection in the event that a real estate and business agent or a settlement agent misappropriates money in the course of a real estate, business or settlement transaction by extending the time frames for the giving of notice of a claim against the funds.

I am sure that these measures will be welcomed by those who are concerned to ensure that adequate protection is available for consumers in transactions within the marketplace. I commend the Bill to the House. For the information of members, I table an explanatory memorandum for the Bill.

[See paper No 217.]

Debate adjourned, on motion by Mr Cunningham.

### **APPROPRIATION (CONSOLIDATED FUND) BILL (No. 3) 1999**

#### *Introduction and First Reading*

Bill introduced, on motion by Mr Cowan (Deputy Premier), and read a first time.

#### *Second Reading*

**MR COWAN** (Merredin - Deputy Premier) [10.25 am]: I move -

That the Bill be now read a second time.

This Bill seeks to appropriate out of the consolidated fund the sum of \$247 281 850.40 for recurrent payments made during the financial year ended 30 June 1998, for purposes and services detailed in schedule 1 of the Bill, and the sum of \$348 154 996 for recurrent payments made during the financial year ended 30 June 1999, for purposes and services detailed in schedule 2 of the Bill. The payments, which were of an extraordinary and unforeseen nature, were made under authority of the Treasurer's Advance Authorization Act 1997 and the Treasurer's Advance Authorization Act 1998 and charged to the consolidated fund under authority of section 28 of the Financial Administration and Audit Act 1985. These payments reflect excess expenditures against appropriations, and expenditures for which there were no appropriations during 1997-98 and 1998-99.

In 1997-98, recurrent expenditure transactions amounted to \$6 860.5m, a net decrease of \$63.1m from the 1997-98 budget estimate of \$6 923.6m. The unforeseen expenditure appropriation of \$247.3m sought in this Bill was offset by underspendings of \$273.8m against other votes and lower expenditure of \$36.5m authorised by other statutes. In 1998-99, recurrent expenditure transactions amounted to \$6 967.7m, a net increase of \$291.8m from the 1998-99 budget estimate of \$6 675.9m. The unforeseen expenditure appropriation of \$348.1m sought in this Bill and higher expenditure of \$43.2m authorised by other statutes was offset by underspendings of \$99.5m against other votes. As underspendings against other votes cannot be netted against excesses or new items approved under the Treasurer's Advance Authorization Act, parliamentary authorisation is required for each vote where expenditure exceeds appropriation or for a new item.

I commend the Bill to the House and for the information of members, table an explanatory memorandum for the Bill.

[See paper No 218.]

Debate adjourned, on motion by Mr Cunningham.

### **APPROPRIATION (CONSOLIDATED FUND) BILL (No. 4) 1999**

#### *Introduction and First Reading*

Bill introduced, on motion by Mr Cowan (Deputy Premier), and read a first time.

#### *Second Reading*

**MR COWAN** (Merredin - Deputy Premier) [10.30 am]: I move -

That the Bill be now read a second time.

This Bill seeks to appropriate out of the consolidated fund the sum of \$270 617 088.24 for capital payments made for the financial year ended 30 June 1998 for purposes and services detailed in schedule 1 of the Bill, and the sum of \$24 316 297.25 for capital payments made during the financial year ended 30 June 1999 for purposes and services detailed in schedule 2 of the Bill.

These payments, which were of an extraordinary and unforeseen nature, were made under the authority of the Treasurer's Advance Authorization Act 1997 and the Treasurer's Advance Authorization Act 1998 and charged to the consolidated fund

under authority of section 28 of the Financial Administration and Audit Act 1985. These payments reflect excess expenditures against appropriations and expenditures for which no appropriation was made during 1997-98 and 1998-99.

Capital expenditure transactions in 1997-98 amounted to \$1 444.5m, which was a net increase of \$963.3m from the 1997-98 budget estimate of \$481.2m. The unforeseen expenditure appropriation of \$270.6m sought in this Bill, and increased expenditure of \$721.6m authorised by other statutes, was offset by underspending of \$28.9m against other votes. Capital expenditure transactions in 1998-99 amounted to \$485.9m, which was a net decrease of \$47.5m from the 1998-99 budget estimate of \$533.3m. The unforeseen expenditure appropriation of \$24.3m sought in this Bill was offset by underspendings of \$44.4m against other votes and lower expenditure of \$27.4m authorised by other statutes.

As underspending against other votes cannot be netted against excesses or new items approved under the Treasurer's Advance Authorization Act, parliamentary authorisation is required for each vote where expenditure exceeds appropriation or for a new item. I commend the Bill to the House, and for the information of members table an explanatory memorandum for the Bill.

[See paper No 219.]

Debate adjourned, on motion by Mr Cunningham.

### **TRANS-TASMAN MUTUAL RECOGNITION (WESTERN AUSTRALIA) BILL 1999**

#### *Introduction and First Reading*

Bill introduced, on motion by Mr Cowan (Deputy Premier), and read a first time.

#### *Second Reading*

**MR COWAN** (Merredin - Deputy Premier) [10.34 am]: I move -

That the Bill be now read a second time.

The purpose of this Bill is to implement the Trans-Tasman Mutual Recognition Arrangement in Western Australia. All Australian heads of government and the New Zealand Prime Minister signed the Trans-Tasman Mutual Recognition Arrangement in 1996. The arrangement extends the mutual recognition principle to New Zealand.

The trans-Tasman arrangement builds on the 1992 Australian Mutual Recognition Agreement between the Commonwealth and States and Territories. That agreement removed regulatory barriers to the movement of goods and service providers between Australian jurisdictions. It is widely accepted that the agreement has provided significant economic benefits, such as wider choice for consumers; reduced compliance costs for business; increased movement of service providers; and freedom for service providers to practise in jurisdictions in which they are not registered.

The objective of the Trans-Tasman Mutual Recognition Arrangement is to remove regulatory barriers to the movement of goods and services between Australian jurisdictions and New Zealand. Subject to certain exemptions, goods sold in accordance with regulations in New Zealand can be sold in Australia, or vice versa. Also, any person registered to practise in New Zealand can seek automatic registration in an equivalent occupation in Australia, or vice versa, without having to satisfy further admission or practice requirements.

Permanent exemptions apply for goods such as firearms, fireworks, indecent materials and gaming machines, and special exemptions apply for goods which involve risk to health and safety and the environment - for example, industrial chemicals and hazardous substances.

The Western Australian Bill adopts the commonwealth Trans-Tasman Mutual Recognition Act 1997 pursuant to section 51(xxxvii) of the Commonwealth Constitution, rather than referring powers to the Commonwealth. The Bill will adopt the commonwealth Act only as it stands at the time the Western Australian legislation receives royal assent. Any amendments to the commonwealth Act will also have to be considered by the State Parliament for the amendments to apply in Western Australia. A review of the Western Australian legislation will take place after the Act has been in operation for five years. The Trans-Tasman Mutual Recognition Arrangement also includes a provision for a general review of the arrangement by 2003, or in conjunction with the second review of the Australian Mutual Recognition Agreement, whichever comes first. I commend the Bill to the House, and for the information of members I table an explanatory memorandum of the Bill.

[See paper No 220.]

Debate adjourned, on motion by Mr Cunningham.

### **GAS CORPORATION (BUSINESS DISPOSAL) BILL 1999**

#### *Third Reading*

**MR BOARD** (Murdoch - Minister for Works) [10.37 am]: I move -

That the Bill be now read a third time.

**MR RIPPER** (Belmont - Deputy Leader of the Opposition) [10.38 am]: The Labor Party reiterates its opposition to the privatisation of AlintaGas. Labor will also oppose any government attempt to privatise Western Power, or any of its power

stations, or to privatise the Water Corporation. Labor is already opposing the Government's attempt to privatise Westrail's freight operations. The public agrees with Labor as public support for privatisation has finished. There is no longer any community support for the privatisation of major government utilities, major strategic assets owned by the taxpayers or natural monopolies. The Government will find this out at the next election if the Government is prepared to be honest about its privatisation plans for the future.

Privatisation has been driven partly by the Government's ideology, although more latterly it is being driven by the Government's budget difficulties. This Government is running a budget deficit in the general government sector of \$638m. This is a fact which the Premier seems to find hard to admit, and psychologists might say that he is in a state of denial; however, the figures are revealed in the Government's own budget publications. At the end of the budget papers is a table based on Australian Bureau of Statistics guidelines. According to those nationally accepted guidelines, on a cash basis in the general government sector, this Government is running a budget deficit of \$638m this financial year. That is the worst deficit on that basis in the State's history.

We have compared that budget deficit for this financial year with the budget position in other States, and it is worse than the position in any other State. On whatever measure one likes to use, the forward estimates show that next financial year, there will be a deficit of \$261m on a cash basis in the general government sector, according to Australian Bureau of Statistics guidelines. Members of the Government need to recognise that this is the financial position that they are in. Perhaps I should be more accurate. I think members of the Government recognise that this is the position they are in, but they need to admit publicly that this is the position that they are in.

What does this have to do with privatisation? What this has to do with privatisation is that the Government needs the proceeds of privatisation to plug the hole in its budget position. When I put this argument, a commentator said that I had not provided any evidence to support my argument that this is the Government's intention. It is difficult to provide evidence of what is in people's minds, but I can make this link: State debt is increasing this financial year by \$800m. The reason that state debt is increasing is that a budget deficit must be financed. If a Government is running a budget deficit, state debt will increase, unless it is counteracted by the sale of government assets.

The Government intends to reduce state debt by applying to state debt the proceeds of the sale of AlintaGas, but the state debt which it is seeking to reduce would otherwise be increasing, as it is this year by \$800m, as a result of the budget deficit. That is the link. We have a budget deficit which is causing state debt to increase, but that state debt will be paid back by the sale of AlintaGas. In other words, by a two step process, the proceeds of the disposal of AlintaGas are being used to counteract the effect on state debt of the budget deficit which the State Government is running this financial year and which it projects to run next financial year.

It will not have escaped your notice, Madam Acting Speaker (Mrs Holmes), that the next state budget will be the last state budget before the forthcoming state election. The Government has not only a financial problem but also a political problem. In the run-up to that state election, the State Government will want to make promises. The Deputy Premier will probably want to make promises to regional Western Australia, given the results of the election in Victoria. How will the Government fund those promises if the budget is in deficit this year and is forecast to be in deficit next year, and when it is the worst deficit in this State's history and the worst deficit of any State? How will the Government fund its election promises when state debt is increasing by \$800m this financial year? The answer is pretty clear. The Government will be looking to the proceeds of privatisation to tidy up its balance sheet and give it, it hopes, the capacity to make some pre-election promises to the people of Western Australia.

We have here a double exercise. The first leg of the exercise is to tidy up the State's books and counteract the effects of the deficit that is being run this financial year and next financial year. The second leg of the exercise is to provide some financial capacity to make pre-election promises in what will be a difficult election for this State Government. It can be seen from the way in which the privatisation is being organised that the focus is on short-term returns to the state budget. This sort of privatisation always provides the potential for a trade-off between the immediate short-term realisable value of AlintaGas and the long-term benefits for consumers. Let me put it this way. If competition in the gas industry is enhanced, then consumers will benefit through lower gas prices into the future. On the other hand, the more intense the competition to be faced by the purchaser of AlintaGas, the less value that purchaser will place on the asset. However, if competition is restricted and the purchaser of AlintaGas has a relatively free run in the market, then the value of AlintaGas for the State Government will be enhanced.

We can see in this privatisation model that competition is being sacrificed for short-term returns. The first example is the Government's decision to sell AlintaGas as a vertically-integrated utility. The Government has decided not to separate the trading and retail operations of AlintaGas from its distribution operation. It clearly made that decision in order to enhance the value of AlintaGas in the sale; and the minister argued as much during consideration in detail. The perception of people in industry and commerce is that people who will want to compete with the trading operation of AlintaGas will be deterred by the fact that AlintaGas also owns the distribution system. This argument is put with more intensity when it comes to Western Power and competition in electricity generation, but it is equally argued with regard to AlintaGas. The first way in which the Government has sacrificed competition and benefits to gas consumers in the future for short-term returns is by its decision to sell AlintaGas as a vertically-integrated utility.

The second way in which the Government has sacrificed competition for short-term returns is by the length of time it proposes to restrict the ability of Western Power to compete in the gas market. I accept that it is reasonable to provide that Western Power cannot compete with AlintaGas in the gas market for a period of time after the privatisation of AlintaGas, because it would be difficult to sell a gas utility if the prospective purchaser believed that the Government would

immediately re-enter the gas market through its other energy utility. Nevertheless, the Government is proposing to direct Western Power not to enter the gas market for five years after the sale of AlintaGas; that is, the Government is choosing to deny gas consumers the benefits of competition between Western Power and the privatised AlintaGas for five years. I argue that that is an unreasonable length of time. My argument is supported by people in industry outside this Parliament, who argue that a shorter term of three or four years would be more reasonable. However, the Government has chosen the longer term, and in so doing it will restrict the benefits of competition for gas consumers but enhance the benefits of privatisation for the State's budget, because the value of AlintaGas without competition from Western Power will be higher.

The Government has also made extensive provision for various liabilities of AlintaGas to be retained by the State following privatisation. The Government is not selling everything associated with AlintaGas and clearing all of the State's obligations and liabilities with regard to the gas business. There are certain matters which will cost the State money and which will be retained as the responsibility of the State and not passed on to the new private owners of AlintaGas. In other words, the purchasers of AlintaGas buy all the good things and the State gets the return on the sale of all the good things, but into the future the State will retain some responsibility for some of the negative aspects of the AlintaGas operation.

Gas consumers are not winners out of the privatisation of AlintaGas. However, there are those who will be winners. The financial services industry will benefit enormously from the privatisation of AlintaGas. It is no coincidence that the financial services industry often argues for privatisation. The minister told us in the consideration in detail stage that the cost of the disposal of AlintaGas will be at least \$20m; it will cost \$20m to sell this asset. He said that a large part of that cost will be in the reconstruction of the borrowings of AlintaGas so that those borrowings are with the private financial sector rather than with Treasury, thus putting AlintaGas in a better state for operation by the new private owner. The financial services industry will benefit enormously from the reconstruction of Alinta's borrowings.

That \$20m is not the only cost. There will also be fees to the Government's financial and legal advisers and commissions to the brokers involved in the float to the public of the majority of AlintaGas, after the minority portion has been sold to the cornerstone investor. The minister was not able to advise us what the full costs of the privatisation and the float will be. However, the cost will be at least \$20m, and that is a very significant cost.

There will be other winners as well. The remuneration of the senior executives of AlintaGas will rise. This has been common in privatised utilities. It became a scandal in the United Kingdom because the executives of the new privatised utilities were so greedy. During the debate in the consideration in detail stage, the minister eventually conceded that the remuneration of AlintaGas executives was likely to rise once the operation was in the private sector. Therefore, the financial services sector will win; the lawyers, the accountants, the merchant bankers and the stockbrokers will win; and the senior managers and executives of AlintaGas, or the people who replace them, will win.

Who will be the losers? I have already argued that the Government has sacrificed competition for short-term return. Consumers will not win out of this privatisation. In particular, small consumers will not win. At the moment, small consumers' contract arrangements with AlintaGas are governed by by-laws and regulations. By-laws and regulations are subject to disallowance by this Parliament, so there is a measure of protection for consumers against unjust contract arrangements. It is proposed under the privatisation that the form of the contract for small consumers must be approved by the Coordinator of Energy. I understand that the Coordinator of Energy will approve the form of those contracts during the transition period between public and private ownership. The coordinator's decisions, of course, are not subject to disallowance by this Parliament. Therefore, the nature of the contract between the privatised AlintaGas and consumers will be subject to less consumer protection than is the arrangement at the moment when Alinta is in public ownership.

Secondly, consumers have had a good deal from AlintaGas over the past three financial years. With AlintaGas in public ownership, there has been no increase in gas tariffs in the past three years - no increase whatsoever. The minister has argued that privatisation will reduce tariffs to small consumers. That is a misleading argument. Competition will reduce tariffs to small consumers, not privatisation. There is no logical reason whatsoever that privatisation should have any effect in lowering tariffs. By selling AlintaGas as a vertically-integrated utility, and by selling an operation which has elements of natural monopoly out of the public sector into the private sector, quite the opposite could occur.

When the minister was asked to put his assurances on lower tariffs into law, he provided in this legislation a power for the tariffs to be capped. He has not specified in the legislation what the nature of that cap will be, but he said that he proposed to put into regulations a cap of consumer price index plus 2 per cent. For the relevant financial years, the budget papers forecast CPI increases of 2.5 per cent. The cap is expected to apply from 1 July 2002. The minister is saying that he will cap tariff increases to small consumers to a maximum of 4.5 per cent per annum after 1 July 2002. He has said that he has an expectation that gas prices will increase by no more than the average of the CPI, but he has also said that all he will put into the regulations is a cap of CPI plus 2 per cent. He argued that privatisation will reduce prices. He then stated that he has an expectation that prices will not increase by more than the CPI. However, when he was asked to say what he would put into the regulation, he said CPI plus 2 per cent. After 1 July 2002, gas consumers in this State could face gas price increases of 4.5 per cent per annum compared with their experience under public ownership when prices have not risen for the past three years. I do not accept the minister's argument that privatisation will benefit gas consumers, and when he was asked to put his assurance into law, he did not appear to accept his own argument.

There will be one other set of losers from the privatisation of AlintaGas. That set of losers will be the future taxpayers of Western Australia. The Government is seeking to sell AlintaGas and to take the short-term returns into its budget to rectify the State's debt position that will arise as a result of the deficits in this and the next financial year. What we lose as a result of this transaction is all of the future income that AlintaGas would pay to the State Government. AlintaGas makes a profit; it returns to the State a dividend. It returns to the State tax payments equivalent to company tax and wholesale sales tax.

The State benefits year after year from this income stream from AlintaGas. We will lose that as a result of the Government's sale of AlintaGas, and that income stream will go to the new private owners.

I conclude with some remarks on the question of the Government's mandate. AlintaGas is a \$1b asset owned by the people of Western Australia. Selling AlintaGas is a major financial transaction. If this proposal had been mentioned before the last election, it would have been a major issue at that election. Regrettably, before the last election the Government made no mention whatsoever of its intention to sell AlintaGas. The issue was not put to the people of Western Australia; it was not debated; and, if the Government is successful with this proposal, by the time the people of Western Australia get to the next election, they will have lost ownership of this asset. The Government is proceeding with this major privatisation and major financial decision without a mandate from the people of Western Australia. The Government could have mentioned to the people of Western Australia that it had this idea, but it chose not to.

We need to bear this example in mind in the run-up to the next election. The Labor Party will tell the people that it is the only party that opposes privatisation and can be trusted not to privatise these major state utilities. This Government has form on privatisation. It has already been to an election without mentioning privatisation, and after the election has gone ahead with a proposal to sell a taxpayers' asset valued at \$1b. The minister says it is about giving the so-called mums and dads in Western Australia an opportunity to own shares in AlintaGas. That is a very misleading argument. The so-called mums and dads in Western Australia - 1.8 million of them - already own AlintaGas. After the privatisation, perhaps 100 000 people will have an opportunity to own shares, compared with the 1.8 million who already have a share of AlintaGas. The minister's argument is quite fallacious.

The Labor Party will tell the people of Western Australia that it has drawn the line on privatisation. It does not agree with the privatisation of AlintaGas and Westrail freight. The Labor Party will not privatise Western Power or any power stations or the Water Corporation. This Government, on the other hand, has a record of proceeding with privatisation without consulting the people of Western Australia, and it has also foreshadowed the sale of power stations currently owned by Western Power. At the next election, there will be a very clear choice on the question of privatisation. On the one hand will be the Government, which is intent on privatising as much as it can for ideological and financial reasons, and on the other hand will be the Labor Party, which has drawn a line in the sand on privatisation and is the only party in this State that can be trusted not to privatise the people's assets.

**MR PENDAL** (South Perth) [11.04 am]: I briefly contribute to the third reading of the Bill because, although I supported the second reading, I now oppose the third reading. I shall outline two strands to the argument that the Bill should not be passed. The first relates to the issue of salinity and, therefore, the proceeds of the disposal of AlintaGas. The second relates to the philosophical or ideological considerations within the debate.

I supported the second reading, as the record will clearly show, on the basis that the Government was prepared to instruct the House, at the consideration in detail stage, to consider an amendment I moved to insist that at least part of the proceeds from the sale of AlintaGas would be put to the public good and the common weal by a serious and concerted attack being made on the general problem of land degradation, but the specific problem of salinity. My amendment was to the effect that \$250m of the proceeds of the \$1b anticipated would be set aside for the immediate fight - which I continue to maintain is currently inadequate - against salinity.

I was reminded as late as last night when watching the television news program of how appropriate and urgent it is to set aside \$250m, at the very least, for this purpose. The Minister for Primary Industry was guest of honour at a function yesterday morning, and he subsequently appeared on a television program last night. He said that the State's spending on salinity was inadequate to such an extent that he was making an appeal for the private sector and individuals to contribute higher levels of funding. That plea will fall on deaf ears. There is only one source from which serious levels of funding can come to fight salinity; that is the Government. I personally think that is appropriate given that government, on the wider community's behalf, in the last half-century encouraged farmers to clear more and more land for agricultural production. I have never believed that it is the task or the responsibility of farmers to undo the horrendous mess evident today in the form of salinity. Therefore, the plea by the Minister for Primary Industry last night was almost an admission that the Government has given up. The tragedy of that will be recognised in every subsequent year from now on, because the current level of funding will not turn the problem around. Neither will the concentration on tree planting. I am amazed at the number of people in the wider community who believe that thousands of farmers, volunteers and schoolchildren planting more and more trees will solve the problem of salinity. I am astonished and staggered at the level of acceptance that has, because it is not true. Other matters are far more serious and they require serious attention. That is the first reason I now intend to vote against the sale of AlintaGas, having been prepared to support it in the second reading.

This Parliament is missing an historic opportunity, which probably will never come to it again. Various sectors of the Government have said over the past few months that it will spend some of the proceeds to wipe out state debt, or use some of the proceeds to finance the Perth-Rockingham-Mandurah rail link. My contention is that there is room for all those things to be accommodated. There is not an unlimited amount of cash, even with the privatisation of public assets. The southern suburbs railway cannot be built in one or two years and the Government should not expect to finance it over such a brief period. There is the opportunity to reduce some of the state debt with the sale of AlintaGas and other assets, including those relating to Westrail, which we dealt with earlier in this session. The opportunity is also there to do things that would almost put us in the category of what people did a century ago. The capacity of people 25, 50, 75 and 100 years ago to think big and have some real vision is lacking today. I lament the great opportunity we are missing by not committing serious funds to the fight against land degradation, particularly salinity. That sadness is underlined by the fact that, as late as last night, the minister made an appeal for funds to combat salinity. I fear those funds will never eventuate.



The second reason I oppose the sale of AlintaGas is philosophical. I make no bones about essentially being a Liberal in this Parliament. However, I have always been ambivalent about the indiscriminate privatisation of public assets. I am the first to admit that, as a frontbench Liberal Party member in the 1980s, I was as caught up in this great experiment as any of my colleagues. We fell under the spell of Dr Madson Pirie, who was the leading proponent of privatisation in Margaret Thatcher's Government. The Liberal Party actually brought him to Perth. It was not difficult to fall under his spell because the world saw a revolution in the movement toward privatisation. We became part of it. However, as I got older and remained in this Parliament, I asked myself why we were doing so much to undo what was done in the great period of the 1950s and 1960s, when we seemed to get it right on these matters.

Sir Robert Menzies, in my view, was a great Prime Minister and Sir David Brand was a great Western Australian Premier. Both those individuals led Governments that opposed unbridled, unchecked, monopolistic enterprises in the private sector at the same time as opposing the nationalisation and socialisation of industries, as proposed by the Labor Party. I think they got the equation right. Liberal Governments around Australia said there was a role for both public enterprise and a vigorous, competitive private sector. That balance has been lost. I am the first to admit that I was one of those who helped break that careful balance. Regrettably, we have moved on from the position of Menzies, Brand and others who said the private sector was the main driving force of our economy and economic growth and employment creation would occur in the private sector. However, they also said there was a need for public enterprises, such as those this Parliament has spent so much time privatising, corporatising or disposing of over the past few years.

The day will come when the fashion will change. I regret to say that I do not think privatisation is anything more than a fashion or fad. I would rather be caught out today and eat humble pie than continue saying that what we started to do in those days was right. I have lost the faith, in this political sense. I do not have any real commitment or faith in the belief that we are doing the right thing by the wholesale disposal of government assets. I admire some of the things the current Government has done to reduce state debt. My admiration will continue. However, the latest Treasury documents show that state debt is at its lowest levels in history. The problem of a bloated state debt is under control. The State is not in a position where it has to repair past problems or prepare us for great projects in the future. I do not see any great merit in selling something. I might drop dead in a week and my children could sell my home in a flash. There is no merit in doing that; that is, disposing of something that other people have built up over one or two generations. The merit is in building up the asset in the first place. This country has massive problems and salinity is one of them. There are absolutely horrendous problems that we are not addressing, and we could be.

Since I moved my amendment several weeks ago, I privately spent some time on the Murray River in South Australia. I took the opportunity to learn more of the Murray River's degradation problems and the agricultural, economic and environmental problems shared by South Australia, Victoria and New South Wales. No-one is tackling those problems. It is sad that the Liberal Party had an environmental policy that took salinity into account in 1993. The policy said a Liberal-National Party Government would take the issue of salinity and land degradation in Western Australia to a special Premiers Conference and seek to have the Western Australian problem put into a national context in the first national fight - the Commonwealth and States working together - to rebuild assets like the Murray River. The Murray River provides most, if not all, of the potable water for Adelaide's domestic use. The Murray River is so bad it is predicted that the people of Adelaide will need to drink imported water within our lifetime. The river has had the bomb. The draw on the river for agricultural use is reducing its flow. The nutrients going into the river are reducing its quality. In their own way, both these problems are giving rise to further salinity problems. It is not just one attack on the Murray River; it is three attacks, which will have the ultimate horrendous impact by which Adelaide people will be drinking imported water in a short time - maybe within 40 years. However, the problem is not being tackled.

I can only regret that we are not big enough in this State today to put our minds to great national and state projects, such as O'Connor and Forrest did a century ago with the pipeline, and that we are obsessed with the selling of great projects and assets rather than building new ones. It is beyond my understanding how we can preside over the denuding of country areas of services - I spoke about this on the Westrail Bill which left us some time ago - as though being an economic rationalist in those terms is being good to the State of Western Australia. Future generations will not thank us for that, and the irony is that the parties which are most committed to this trend, and which have the most seats representing rural Western Australia, are the ones which are denuding those areas of services. I do not particularly care whether we have a Government which offers uneconomic services. That is why we have a Government, otherwise - members might like to consider this - we are giving rise to the need to get rid of government per se. If we do not need a Government to run a water supply and rail services or to look after essential, albeit uneconomic, services in the country areas of a huge State like Western Australia, why then do we need a Government? Effectively, if we wanted to create a new fad following on from that of the economic rationalist period, we would be saying that our policy was to have no government anywhere within 25 years - no local, state or federal government. Why is that? Because we believe that all of these services should be provided by people out of their own pockets. No country in the world, even from a defence point of view, could possibly survive in threatening circumstances with those sorts of policies.

What we are doing today is not only very serious, but also will come back to visit us in 10, 20 or 30 years. It is a great tragedy, not just that we are selling AlintaGas, but that we are not necessarily looking to re-invest the money. Mr Acting Speaker (Mr Sweetman), you are a successful businessman. Would you think it prudent to sell part of your business without re-investing the proceeds and looking to the future? Of course you would not. You might set a little bit aside so you could go on an overseas holiday with your wife for three months or do something to enhance your lifestyle. All the time people are saying that if they dispose of a household asset, they will re-invest the proceeds.

The amendment I moved some weeks ago provided the opportunity to re-invest the proceeds from this sale in the single, biggest economic and environmental problem facing Western Australia. However, the amendment was rejected, and history

will show that it was a serious omission on the part of those members who rejected it. For those two reasons, regrettably, but unashamedly, I signify that having supported the second reading, but having supported it with some ambivalence and with some expectation that perhaps we would put some of the proceeds towards salinity, I am now in a position in which I will vote against the third reading of this Bill.

**MR BOARD** (Murdoch - Minister for Works) [11.24 am]: I will close this debate on the third reading stage, and put on record the absence of the Minister for Energy today, primarily because he is in Malaysia and will travel on to China to discuss both resource-driven and education activities. He regrets not being here to close this debate today.

This Bill is about growth in the energy sector. This Bill is about positioning Western Australia, like the rest of Australia and, indeed, many parts of the world, as a competitive energy sector. Before I develop that further, I will respond to the member for South Perth who made some very strong and concise points. However, what he did not say and what is incredibly relevant is that today the Government does not do many things because it does not need to do them. In the past, Governments needed to contribute to the development of infrastructure. Governments needed to invest in areas in which there was no investment by the private sector or bodies outside of government. Governments needed to take a deliberate and proactive role, otherwise development would not have occurred. We would not have seen growth in Kalgoorlie and in the gold industry. We certainly would not have seen the development of the north west, had a proactive Government not established it. In 1999 we see established companies, corporations and investments, and the world and the nature of competition has changed.

Government should be doing many things and should be using its resources and financial collateral to re-invest in areas that are of great concern to the community. I agree with the member's point that salinity is an important issue which must be addressed and must be a priority of government.

Mr Pandal: It is an issue that you will not find being addressed by the private sector, because there is not a quid in it.

Mr BOARD: However, I disagree that we should link these issues with other Bills, because that is a precedent with which this House could not deal on an ongoing basis.

Mr Pandal: That is one of the weaknesses of the minister who took the view that Parliament should not be saying where money is spent. I pointed out to him privately that Parliament makes the decisions on where everything is spent. It is just a question of whether it can be initiated there.

Mr BOARD: I am sure members would like to link many issues to the sale of AlintaGas. This is also about encouraging competition in a deregulated energy sector in Western Australia, which is very resource driven and has a great deal of potential, and about ensuring that we attract the sorts of investment, deregulation and flow-on of competition that will come as a result of that deregulation. This Bill is about price reduction, and I note that members opposite are concerned about that. They did give credit to the Bill in that prices will be capped until 2002, when we will see consumer price index plus 2 per cent maximum capping. I reiterate: That is a maximum capping. There is a great expectation and desire, and it is a reality, that prices will be driven down as a result of competition. This Bill is about maximising the economic potential for Western Australia. It is about investment in Western Australia and the flow-on of investment from cheaper energy prices not only in resource-driven projects, but also in downstream projects that must be driven by the reduction in energy prices.

Those energy prices will not be reduced by a monopoly government approach. As indicated by the Opposition, they will be reduced by competition, and competition is marketplace driven. The Government's proposal will benefit not only consumers, but also the long-term future of the State. We have not scratched the surface of investment in and the economic development of Western Australia. In many ways that depends on an efficient energy sector. People should be able to come to this State, acquire land and invest and be able to access the resources they need to drive their businesses. Gas is a crucial part of that. We are fortunate in this State to have so much natural gas to provide to the businesses that power the Western Australian economy. However, we must do that in a deregulated and competitive market.

The Bill deals with public ownership. The consumers and non-consumers of gas will be able to invest in this deregulated market. They will also be able to invest in the companies that come into the State and thereby create competition. While there may be only a limited float of AlintaGas shares, as a result of competition, many other companies will begin developing and the taxpayers of Western Australia will be able to invest in them.

The Bill provides price control mechanisms. That is a strong aspect of this legislation and it supports consumers. AlintaGas has performed very well, and in real terms there have been no gas price increases in recent years. That will continue this year, next year and the year after. That capping is in place as a safeguard, not as a goal. The Government believes that gas prices will tumble.

The minister dealt with the Bill very well in the second reading and consideration in detail stages. I particularly thank the minister and his staff for bringing the Bill to the House and for the way in which it has been dealt with. I congratulate Dr Des Kelly, the chief executive officer of the Department of Resources Development, and senior officers of AlintaGas for the work they have done to prepare this legislation.

Western Australia is on the brink of a competitive market. The sale of the Dampier to Bunbury pipeline demonstrated the investment that the private sector wants to make in energy. This is the last major gas distribution company still in public ownership in Australia. We will join the rest of Australia in a deregulated and competitive market. The consumer will be protected and will gain. Of course, the State will gain both a substantial financial return and a benefit as a result of the public float. It is expected that about \$1b will be raised through the privatisation process. Some of that money, about \$230m, will be used for debt reduction in AlintaGas. Of course, as indicated by the minister, costs will be incurred in the sale process.

However, the vast majority of the money raised will be available to the people of Western Australia, either for debt reduction or for investment in other projects in the State. This will be a benefit to the long-term future of Western Australia, not only by providing a deregulated market but also as a result of investment in areas in which the Government will become proactive from 2000 onwards.

Question put and a division taken with the following result -

Ayes (26)

Mr Ainsworth	Mrs Edwardes	Mr McNee	Mr Trenorden
Mr Baker	Dr Hames	Mr Minson	Mr Tubby
Mr Board	Mrs Hodson-Thomas	Mr Nicholls	Dr Turnbull
Mr Bradshaw	Mrs Holmes	Mrs Parker	Mrs van de Klashorst
Mr Court	Mr Kierath	Mr Prince	Mr Wiese
Mr Cowan	Mr Marshall	Mr Shave	Mr Osborne ( <i>Teller</i> )
Mr Day	Mr Masters		

Noes (17)

Ms Anwyl	Mr Graham	Mr Marlborough	Mr Ripper
Mr Brown	Mr Grill	Mr McGinty	Mrs Roberts
Mr Carpenter	Mr Kobelke	Mr McGowan	Ms Warnock
Dr Edwards	Ms MacTiernan	Mr Pendal	Mr Cunningham ( <i>Teller</i> )
Dr Gallop			

Pairs

Mr Barnett	Mr Thomas
Mr House	Mr Riebeling
Mr Omodei	Ms McHale
Dr Constable	Mr Bridge

Question thus passed.

Bill read a third time and transmitted to the Council.

**CENSURE OF PREMIER**

*Standing Orders Suspension*

**DR GALLOP** (Victoria Park - Leader of the Opposition) [11.38 am]: I move -

That so much of the standing orders be suspended as is necessary to enable consideration forthwith of a motion of censure against the Premier.

I believe there is an agreement between both sides of the House to allow this debate to occur.

**MR COWAN** (Merredin - Deputy Premier) [11.39 am]: The Government received some notice of this motion and, as has been suggested, there was some discussion behind the Chair. The Government treats any censure motion with some seriousness. As a consequence, it would like the debate to be on the main motion itself rather than on the motion to suspend standing orders. Therefore, it is prepared to agree to this first motion provided the behind-the-Chair agreements which were reached are honoured.

Question put and passed with an absolute majority.

*Motion*

**DR GALLOP** (Victoria Park - Leader of the Opposition) [11.40 am]: I move -

That this House censure the Premier for failing to deal with potential corruption in his office in 1997 and seeking to divert attention from his failure by making false and malicious allegations against another member of Parliament.

Yesterday in this House we saw the Premier under pressure about a very important report which was tabled in the Parliament. Rather than deal with the questions raised by this report, the Premier chose to attack a Labor member of Parliament, the member for Kalgoorlie. This morning, which was the first occasion available to the her, the member for Kalgoorlie responded in a personal explanation to all of the issues raised by the Premier. Political leaders make mistakes. There are probably many and varied reasons for that. Sometimes in the heat of battle, in the heat and fury of the conflict which is part and parcel of politics, political leaders say things they regret. That is part and parcel of the political conflict we engage in on a daily basis. However, sometimes political leaders make mistakes because they have made mistakes and they seek to divert attention from the problems they have created for themselves. That is an old political tactic; when one is in trouble and an issue is being focused on, one tries to create a diversion to take people's attention away from one's problems and put the focus on somebody else's problems. This issue is a good example of that. The Premier was desperate about the Gilleece report and rather than deal with the very important issues raised by it, he lashed out at a member of the Opposition. It was interesting that when the Premier lashed out at that member of the Opposition in the way that he did, all we saw were stony faces on the other side of the House in response to what the Premier had done.

The issue before us is the report of an inquiry into the misconduct of the Premier's former chief adviser, Mr Jack Gilleece. That report raises very serious issues about the Premier's office and the way it operates. This is not the first time issues like this have been raised. The Opposition has raised conflict of interest allegations about the Premier's office in this Parliament before. The last thing the Premier wants to do is debate that issue because it is an embarrassing issue for him. It exposes the fact that his political office, the Premier's office, has not been operating according to the codes of conduct and the requirements the people of Western Australia have for chief political office holders in this State. What did the Premier do? He used the privileges of this Parliament yesterday to launch a serious attack on the member for Kalgoorlie. He alleged that the member for Kalgoorlie used her electoral office to conduct a legal practice. That is what the Premier said yesterday. It was an unambiguous, clear statement about the activities of the member for Kalgoorlie. It is malicious and false, and the member for Kalgoorlie dealt with it this morning in her statement to the House.

However, let us note something about the attack the Premier made on the member for Kalgoorlie. It is interesting that the Premier did not seek to pursue this issue when it was raised in the media previously. There had been media discussion about the member for Kalgoorlie writing letters on behalf of a constituent about the non-payment of a debt. This issue had been raised in the media. Is it not fascinating that the Premier who thinks this is such an important issue did not even bother to raise or deal with the matter in the Parliament on that occasion? However, it went into his little knapsack, the dirty tricks knapsack, and he pulled it out when he was under pressure over the Gilleece issue.

The member for Kalgoorlie has conducted herself quite properly as a member of Parliament. She has answered all of the claims made against her about the way she has conducted herself as a member of Parliament. We, on this side of the House, stand behind the member for Kalgoorlie. She has nothing whatsoever to answer for in relation to this matter and inasmuch as the Premier has made claims, she has dealt with them properly and according to the standards the Opposition has set.

Let us look at the issue the Premier raised. The member for Kalgoorlie has answered the issues clearly. However, this whole issue of members of Parliament and ministers conducting businesses is a very interesting and complicated issue which arises from time to time when people are looking at members of Parliament. The fact of the matter is there are no laws or rules against it. The only requirement is that members disclose their businesses in the members of Parliament declaration and keep them separate from their electorate and parliamentary offices. Many members of Parliament conduct private businesses, particularly members on the other side of this Chamber. We had the very interesting example of the Minister for Police, the member for Albany. Did the member for Albany use his parliamentary office telephone when he rang his former business associates in Albany to talk about legislation coming into the Parliament? Is it true that the Minister for Lands conducts businesses in Kalgoorlie? Can he tell this House the he has never used his electorate, parliamentary or ministerial offices to make telephone calls about those businesses?

Mr Shave: You have a difficulty.

Dr GALLOP: Do I? Can the Minister for Lands answer the question?

Mr Shave: I am happy to if you let me.

Dr GALLOP: Has the minister ever used his electorate or parliamentary or indeed his ministerial offices to make telephone calls about his businesses?

Mr Shave: You are not letting me answer the question. I am not a director of any of the companies; I have no control over the companies at all.

Dr GALLOP: Here we go. Let us move to the Minister for Water Resources. Has the Minister for Water Resources continued his practice as a medical practitioner since being in Parliament?

Dr Hames: Yes.

Dr GALLOP: He has. He has continued his practice.

Dr Hames: Up until three years ago when I became a minister.

Dr GALLOP: Can the Minister for Water Resources tell the House that he has never used his parliamentary or electorate office to deal with any of that business?

Dr Hames: With regard to phone calls, no I cannot. With regard to my office for work, yes I can.

Dr GALLOP: This is the situation we have. Has the member for Joondalup continued his legal practice since he entered Parliament?

Mr Baker: I seek to avail myself of the right to silence.

Dr GALLOP: Oh, dear me! What a little pickle the Premier created with his intervention yesterday. Members of Parliament have very difficult jobs to perform. We all know that. We are people who set standards for ourselves.

Mr Court interjected.

Dr GALLOP: The Premier has nothing to contribute to this debate. It is very interesting.

Mr Court: You have missed the point.

Dr GALLOP: We have not missed the point at all. What about the member for Geraldton who unfortunately is not here today? I quote from *The Geraldton Guardian* of only a few days ago, 6 October, about the owner-onus legislation. It reports the member for Geraldton as stating -

"I don't agree it should be up to the owners to pay for the fines, it's up to the police to take good photos," . . .

I have respect for members of Parliament but the Premier came in here raising issues about the member for Kalgoorlie because he is desperate to cover up what went on in his office and I have referred to a number of members on his side about whom we could ask similar questions and pursue similar issues. Did the member for Geraldton declare in the party rooms his interest in the owner-onus legislation?

Mr Court: On owner onus?

Dr GALLOP: Legislation.

Mr Court: We would all have to declare an interest in it.

Dr GALLOP: We would all have to, would we? The Premier has obviously completely and utterly missed the point. The member for Kalgoorlie has answered all of the issues the Premier has raised in the Parliament. She has absolutely nothing to be ashamed of. She is a good and decent member of Parliament.

Mr Court: Intimidating a member of the public.

Dr GALLOP: Intimidating a member of the public! The Premier is out of his tree. Let us have a look at him and his office, because that is the real issue. We are talking about the Premier's former adviser conducting businesses right at the heart of the Government of Western Australia. This Premier is talking about the member for Kalgoorlie writing a letter on behalf of one of her constituents. The Premier has lost it. He is obviously totally desperate to cover up what happened.

The real issue is the standards he sets for himself in this Parliament and for his premiership of this State. Let us look at the Gilleece affair and get to the guts of the issue. The report on Mr Jack Gilleece, the former adviser to this Premier, raises many questions; indeed, many questions have yet to be asked because of the refusal of some people to cooperate. An example is the refusal of Mr McGay to cooperate with the inquiry. Who is Mr McGay of SoftCopy Digital Mapping Pty Ltd? Page 24 of the report reads -

Mr McGay's decision not to participate in an interview presents a significant obstacle to forming reliable opinions about whether Mr Gilleece's conduct affected the relationship between SoftCopy Digital Mapping Pty Ltd and Government. The fact that some of the events in question occurred in Mongolia exacerbates that obstacle. However, the evidence does demonstrate the following:

Mr Gilleece is a personal friend of Mr McGay.

Mr Gilleece attended the meeting of 7 February 1997 and the memorandum drawn up at that time noted that he was an . . . *adviser of Premier's Department of Government of Western Australia* . . . "

We are talking about the Premier's chief adviser. The report goes on to conclude -

These circumstances are open to a number of interpretations of Mr Gilleece's conduct. Those interpretations range from mere puffery to actively assisting SoftCopy Digital Mapping Pty Ltd in its endeavours to "export" Tengraph from Western Australia to Mongolia.

In all the circumstances, a reasonable interpretation of the limited evidence to hand is that Mr Gilleece's conduct could have had the potential to affect the relationship between SoftCopy Digital Mapping Pty Ltd and Government.

The Premier has the gall to come into this Parliament with this issue because the member for Kalgoorlie has made representations on behalf of one of her constituents. This is what we are comparing. These are the standards the Premier has set in this Parliament and this State on these issues. What is the Mongolian affair all about? It is about Tengraph, a system developed and used in Western Australia to administer mining and exploration leases, which is owned by the Western Australian Government. It would appear that Mr McGay and Mr Gilleece acted as some sort of intermediaries between the Department of Minerals and Energy and the Mongolian Government on that matter.

Mr Court: That is untrue, and you know it.

Dr GALLOP: How come that the report the Premier tabled yesterday said that it was not possible to reach the conclusion that this Premier reached a moment ago in this Parliament because Mr McGay had not cooperated? There is the cover-up. The Premier says it is not true.

Mr Court: When you sit down, you will have an explanation. You have it all wrong.

Dr GALLOP: The Premier had the chance to explain this yesterday. He did not; what he did do was attack the member for Kalgoorlie. The Premier said something in the Parliament a moment ago which is not backed up by the report. That is very significant. We have a Premier who will say anything.

Mr Court: The report said that it could have the potential. Anything could have a potential.

Dr GALLOP: The Premier said that it is not the truth. The report says that a finding cannot be made until all of the evidence is gathered and it is certain that all of the evidence comes to bear on the issue. We will continue to push for a full and proper inquiry on the matter. I assume that Mr Gilleece was on official leave at the time, was he?

Mr Court: You said that he was my chief adviser.

Dr GALLOP: Was he on leave at the time?

Mr Court: Yes, he was. He was on a private visit.

Dr GALLOP: Was he on official leave? Who approved the leave? The Premier will not answer the questions.

Mr Court: How can you be on leave in a private capacity if you are not on holiday?

Dr GALLOP: I do not know. Lots of things happen in the Premier's Government. His chief adviser had business dealings running all through the city of Perth, outside in the mining industry and even in Mongolia. That is how bizarre the Premier's Government is.

The fact of the matter is that these are serious issues. The member for Kalgoorlie has nothing to answer for; the Premier has much to answer for. He has failed to account to this Parliament for all of those issues that relate to the report on Mr Gilleece. Furthermore, as I said earlier, I saw the glum faces of the Premier's back benchers when he raised that matter yesterday. He knows only too well the complications that arise for some of them because they are business people. However, he is desperate to cover up this major issue relating to Mr Gilleece.

Let us look at another aspect of the Gilleece affair that remains a very big issue for the Opposition. The Premier of this State, when put under pressure on the Gilleece affair when it first arose, said that he knew nothing of the business dealings of Mr Gilleece until they had been disclosed to him at that time. We now know that the Mongolian affair had been disclosed to the Premier at the time and that it concerned business dealings involving Mr Gilleece.

Mr Court: No, my friend.

Dr GALLOP: Those business dealings had been exposed to the Premier.

Mr Court: If you want to make those sorts of allegations, you should get your facts right.

Dr GALLOP: What an interesting interjection. We asked for some of the facts yesterday about the communication between the Minister for Mines and the Premier. I think we asked for all of the correspondence.

Mr Court: When did you ask for that?

Dr GALLOP: It was through a question yesterday in Parliament. The Premier refused to provide it.

Mr Court: You asked for what?

Dr GALLOP: We asked for all of the correspondence and communications relating to the memorandum that went from the Minister for Mines and his office to the Premier's office following the Mongolian private capacity trip by Mr Gilleece.

Mr Court: That question was to be asked in the Legislative Council.

Dr GALLOP: We asked it yesterday.

This is what we have got: We have a Premier with a major problem. We will not leave that issue; we will continue to pursue it until all of the unanswered matters are answered and all of the questions that need to be asked are asked. We are talking about the reputation of the Government of Western Australia and whether at the heart of this Government there was corruption. It is a very serious question which is left unanswered by the report.

Mr Court: It is a very serious allegation.

Dr GALLOP: It is left unanswered by this report. Everyone who reads the report remarks on the questions left unanswered by it - questions that need to be answered. We intend to pursue this issue, and we will not stand by and let the Premier think that he can create diversions.

The second point is that the member for Kalgoorlie has answered all of the issues. She has represented her constituents properly and has nothing to answer for with regard to her conduct. If the Premier thought seriously about what he did yesterday, he would conclude that he made a mistake, and his colleagues on the back bench should tell him that he made a mistake and that, in the heat and fury of battle, he went too far. The heat was on and it was all bad, and the Premier's advisers said, "You need to create a diversion". The Premier created a diversion, but he got it wrong. That happens in the heat of battle, and the Premier's backbenchers and ministers should tell him, "You made a mistake. Come out with it and say you made a mistake and apologise to the member for Kalgoorlie", and we could then get on with the real issues with regard to this affair. There is a major problem for the Premier with regard to the Gilleece affair and the way that he tried to create a diversion from that affair by falsely and maliciously making claims against the member for Kalgoorlie. The Premier is in the hot seat. He has a chance here, and all his backbenchers want him to take this opportunity, with the exception of the National Party members, who are certainly not on duty today! The easy way for the Premier to handle this issue is to apologise to the member for Kalgoorlie.

**MR KOBELKE** (Nollamara) [12.02 pm]: This motion is about one thing: Whether or not Mr Gilleece, the chief adviser and right-hand man of the Premier, was involved in corrupt activities. That is the issue, and that is why the Premier went over the top yesterday and attacked the member for Kalgoorlie in a malicious and totally unfounded way. He knows that the smell of corruption goes right to him as the Premier of this State, and that is what he is frightened of; therefore, he will grab at anything to try to protect himself. Who is Mr Gilleece? The report states that he was the Executive Director of the Department of Premier and Cabinet. We all know that he has been the Premier's right-hand man for some time.

Mr Court: You said that about Mr Fletcher a couple of weeks ago. Tell me which one it was.

Mr KOBELKE: Is the Premier saying Mr Gilleece was not his right-hand man?

Mr Court: You have said that Mr Fletcher was, and you are now saying that Mr Gilleece was.

Mr KOBELKE: The Premier seems to believe he has only one hand! I do not want to say anything that may seem to be discriminatory, but the Premier is suggesting that.

Mr Court: You are now accusing someone of being involved in corrupt activities.

Mr KOBELKE: Mr Gilleece was the Premier's right-hand man at various times since the Premier came into government. He was the Premier's confidante in a range of matters to do with the Government of the State of Western Australia. That is correct, is it not?

Mr Court: I do not say it is correct.

Mr KOBELKE: He was not the Premier's confidante?

Mr Court: He did my media work, yes.

Mr KOBELKE: That is the play! He was the Premier's media junkie or media man! He was much more than the Premier's media man, and the report shows that. Was Mr Gilleece quarantined from any area of government?

Mr Court: Heaps.

Mr KOBELKE: Tell us! From which areas was Mr Gilleece quarantined?

Mr Court: He was never involved in any of the normal negotiations that we had in government.

Mr KOBELKE: Were there any areas from which Mr Gilleece was quarantined and people were told they could not deal with Mr Gilleece?

Mr Court: I just said that his responsibilities were on the PR side of things.

Mr Ripper: You are wrong! You are contradicted by the report!

Mr KOBELKE: The Premier is wrong on all his facts, because he is running for cover. He has corruption going to the top of government, and he is running for cover. This Premier simply does not deal with facts. I have asked the Premier whether Mr Gilleece was specifically quarantined from any area of government activity or from any government agencies.

Mr Court: I said that he had very few dealings with issues involving ministers.

Mr KOBELKE: We now know from the Premier's failure to answer - I have asked him three times now - that Mr Gilleece, as the right-hand man of the Premier, had entree to areas right across government. He could walk into any area of government, or get in touch with any office in government, and people would know that he was the Executive Director of the Department of Premier and Cabinet and was the right-hand man of the Premier on various matters, and they would assume automatically that he was there at the bidding of the Premier. Mr Gilleece was not just someone who did media work. Mr Gilleece was clearly the spokesperson and confidante of the Premier. He had access to all levels of government, and he had, through his status and his closeness to the Premier, the ability to open doors for himself and for other people who had a financial interest which Mr Gilleece could help to further. The Premier is trying to shift the position, as the report does, I think in a very biased way, by saying that Mr Gilleece, in doing work outside his role as the Executive Director of the Department of Premier and Cabinet, was writing a few press releases. The report found that there was a conflict of interest, because in doing that, he was going beyond what it was appropriate for him to do under the various rules that applied to his position; and I will not go through them all. The report makes the clear finding that because Mr Gilleece undertook these activities, there was a conflict of interest.

There is also clear evidence in the report that Mr Gilleece did far more than just write press releases. However, the inquiry was not asked to look into that matter. It was not a term of reference of the inquiry to inquire into whether there was corrupt activity. The inquiry was simply into whether there was a conflict of interest, and it found that there was a conflict of interest, but it did not take that investigation further and inquire into the extent of possible corruption in which Mr Gilleece was involved. That matter has not been addressed by the inquiry, yet the Premier waves around the report and says that matter has been addressed. I cannot quote from the uncorrected *Hansard* but, from memory, the Premier said yesterday - I have written it down - in talking about that report, that, "One cannot have a more detailed inquiry that is completely open". He said later with regard to the report, "One could not have a more detailed inquiry or one that was more completely open". They are nonsensical statements. This was not an open inquiry. It was not complete in any sense. It had limited terms of reference. However, that is the sort of nonsense the Premier went on with to try to say that this report cleared Mr Gilleece and cleared the Premier from having corrupt activity come out of his office. It did no such thing.

The first paragraph of the probity report states -

The probity audit however, does not include checking the content of the Inquirer's Report or the effectiveness of the results of the inquiry.

Paragraph 4.2 states -

As the Inquirer has no legal authority to compel Mr Gilleece, his business associates or other parties to answer

questions or produce documents, the inquiry therefore has been primarily limited to the cooperation of those interviewed and to the veracity of their responses.

Therefore, if they refused to answer, or told lies, that was simply accepted in the report. There was no proper process to investigate and authenticate and try to take the matter further. In fact, the probity report indicates that because of time and cost issues, term of reference No 2 was not even fully or effectively pursued. The Premier would have us believe that this report is a full inquiry. It is not the start of an inquiry; it is the tip of the iceberg. Even in this report there are a range of matters which are most serious and which require further investigation. As I say, this report is just the tip of the iceberg. I gave an undertaking to keep my remarks very short, but I will touch on just one other matter referred to by the Leader of the Opposition - the Mongolian affair. Paragraph 63 of report states -

Letters to international companies about business ventures Mr Gilleece proposed in Mongolia were also retrieved from Mr Gilleece's office computer. These letters are also suggestive of a relationship between Mr Gilleece and SoftCopy Digital Mapping Pty Ltd. One letter commented that ". . . *Currently, my main focus has been advising the Government [of Mongolia] on developing its rich resources sector which include oil, uranium, copper and gold* . . . . Another that noted Mr Gilleece had business associates in Mongolia who were making ". . . *major investments in the mining related industries in Mongolia* . . . ."

The Premier told us that he knew nothing about these dealings. In tabling the report, the Premier said - this is recorded in *Hansard* - that in July this year it was revealed that Mr Jack Gilleece who worked in the office of the Premier had been engaged in paid work outside his employment. He went on to state that prior to this time, he had no knowledge that Mr Gilleece was engaged in any work for any organisation other than the Ministry of the Premier and Cabinet. The report said Mr Gilleece was doing work in relation to Mongolia, and according to the report the Premier knew about that. We need only go to paragraph 55 which states -

Documents held by the Ministry and the Office of the Minister for Mines show that in April 1997 the Minister for Mines received a copy of the memorandum of 7 February 1997 from Mr Zarikkan's Office -

I understand he is an official of the Mongolian Government. It continues -

The Minister for Mines took the matter up with the Premier because the memorandum appeared to contain commitments made on behalf of the West Australian Government.

A person who is involved in the Mongolian Government was writing to a minister here, clearly under the impression that Mr Gilleece was doing work on behalf of the Western Australian Government when we know he was pursuing business on behalf of other interests. The Premier was told of that in the letter in 1997. The Premier says he knows nothing about it.

Mr Court: Told of what?

Mr KOBELKE: He was told that by the Minister for Mines.

Mr Court: That he was involved in business dealings?

Mr KOBELKE: That was in a letter. The Premier was told about the letter from the Minister for Mines back in 1997.

Mr Court: The member will get egg on his face.

Mr KOBELKE: We can all guess what the Premier's defence will be: He did not know about it. His right-hand man was going overseas purporting to represent the Western Australian State Government, but instead was involved in private commercial activity! The Minister for Mines, quite rightly, raised this with the Premier, and the Premier now says that he knows nothing about it.

Mr Marlborough: He continues to employ him for another two years.

Mr KOBELKE: That is right. He has taken no action at all. He then comes in here and tells us -

Mr Court: You have been going for 35 minutes. Are you going to stick to your agreement?

Mr KOBELKE: Yes. According to the information in this fairly flimsy report, the Premier has misled this House. The Premier had to know about this matter in 1997 because of the nature of Mr Gilleece's work with him and also because the Minister for Mines had raised this matter with him. A number of issues suggest corruption is involved in the activities of Mr Gilleece. As its terms of reference were limited, this inquiry did nothing about trying to investigate the extent of corruption that Mr Gilleece may have been involved in. That is a serious matter that this Premier has tried to hide by refusing to answer questions asked in this Parliament, and by refusing, until yesterday, to provide information that we have requested. He has further compounded his errors by viciously attacking the member for Kalgoorlie, an attack which was totally without foundation, because he knows the smell of corruption goes right to his office.

**MR COURT** (Nedlands - Premier) [12.07 pm]: I take very seriously the allegation that Mr Gilleece was involved in corrupt activities.

Dr Gallop: May have been.

Mr COURT: The Leader of the Opposition also said that a report has cleared Mr Gilleece. Nothing has done that. He has lost his job because he was involved in activities in his running of my office that I do not think were proper. That is the main point that those opposite are overlooking. There are two different standards in this Parliament. That issue was about an employee in my office using the office and equipment to do private business outside of what he was contracted to do.



Mr Ripper: It was about a conflict of interest.

Mr COURT: Yes, and I insisted that there be a full inquiry which took 10 weeks to carry out. No evidence whatsoever has been presented even to infer that there could be corrupt activities.

Mr Marlborough: Don't embarrass yourself. This man wouldn't open his books for the inquiry.

Mr COURT: No, to the contrary.

Mr Marlborough: Yes, he did; he absolutely did that.

Mr COURT: The member should tell the truth, because I am sick of all that false information. He said that he is prepared to provide all of his financial records -

Opposition members: Provided!

Mr COURT: - provided confidentiality is maintained.

Mr Marlborough: He went to an inquiry held on behalf of the people of Western Australia, and it said that it couldn't hide anything and would not support him.

The SPEAKER: Order! I remind members that if there is too much interjecting, we cannot hear and follow what is being said. All members are entitled to be heard.

Mr COURT: I reinforce the point that the inquiry did not find any evidence to support a motion that Mr Gilleece was privy to, or passed on, confidential information that had commercial implications for these organisations.

Mr Marlborough: Watch this space!

Mr COURT: It is good to see the member for Peel back again, but I am trying to make some comments about this matter. This issue is about my insisting that this inquiry take place, and the last thing I would ever have said is that this inquiry cleared Mr Gilleece. It confirmed that he had those dealings, and I want everyone to know about that information because I think it is proper. I asked this question: If Hon Nick Griffiths is a barrister and he is practising and he uses Parliament House as his office or electorate office and it is advertised as such -

Mr Kobelke: He did not; stop spreading false information.

Mr COURT: Members can see from this piece of paper I am holding up that that is how he advertised.

Mr Kobelke: It uses the listing in 1997. He did no paid work whatsoever from 1996 onwards.

Mr COURT: That is what the member says. The Leader of the Opposition said that he wanted the Clerk of the Legislative Council to inquire into probity issues raised by that matter and report back as soon as possible. A week later the Leader of the Opposition said that there was no need to have that inquiry. The Leader of the Opposition cannot have it both ways.

Dr Gallop: I am not having it both ways.

Mr COURT: How do we know what Hon Nick Griffiths did?

Dr Gallop: How can we know what the members for Geraldton and Albany are up to? It is all members.

Mr COURT: None of those members has advertised his business as being at Parliament House or his electorate office.

Dr Gallop: Do not be stupid, Premier. There is no allegation and there is no evidence. It is a disgrace and you know it.

Mr COURT: It is okay for the Leader of the Opposition to say that he has had his inquiry and he has decided a further inquiry is not required. How does the Leader of the Opposition know that has not been happening?

Dr Gallop: You are a joke!

Mr COURT: At least he should give some credibility to the fact that we were prepared to have that inquiry.

Dr Gallop: We are talking about the highest levels of government in Western Australia. What a pathetic Premier!

Mr COURT: This motion refers to false and malicious allegations.

Mr Graham interjected.

Mr COURT: I will come back to the Mongolian issue.

Dr Gallop: You keep saying that.

Mr COURT: I will do it now then. Yesterday, the Deputy Leader of the Opposition asked a question in relation to documentation. A question was also going to be asked in the Legislative Council of the Minister for Mines and he was going to table that documentation. I do not have a difficulty tabling that documentation. This documentation is part of this report. If the Leader of the Opposition read this report, he would see it spells out what took place in relation to that matter.

Mr Kobelke: Part of what took place.

Mr COURT: No. I will run through the documentation. The first part is a letter and a memorandum jointly signed by the

Secretary of State of the Ministry of Agriculture and Industry in Mongolia and Mr Doug McGay. The second part is the memorandum which is referred to in that report. The third part is advice from the Crown Solicitor's Office, which was asked whether the Government was involved in that document. That advice states that it appeared no liabilities were incurred on behalf of the Western Australian Government.

Dr Gallop: Why would they ask that question?

Mr COURT: I am giving the Leader of the Opposition all the documentation.

Dr Gallop: Because your chief adviser was up there peddling his wares.

Mr COURT: The memorandum is then attached. The memorandum is to Mr Gilleece from Mal Wauchope and asks Mr Gilleece to submit a report which addresses the minister's concerns and explains his involvement in the matter. There is then a letter from Mr Gilleece which points out that he was there on a private holiday, and that no commercial or financial arrangements existed.

Mr Ripper: Wasn't that misleading?

Mr COURT: There is also a letter from Mr McGay which refers to what took place.

Mr Ripper: It was written by Mr Gilleece. The report shows that the letter was found on his computer, and McGay's name was misspelt.

Mr COURT: Do the members of the Opposition want this information or not? I just told members that I will go through the report and give them all the information referred to in it. The next part is a letter from Mal Wauchope, after the different explanation, stating that he was satisfied that the explanation addressed any concerns the minister may have had. There is also a letter from me to the Minister for Mines. The Opposition had made an allegation that I knew of Mr Gilleece's business dealings. The director general of my office was asked to inquire into that matter and he was given the assurance that Mr Gilleece was not involved in those dealings. I can do no more than provide that information.

Mr Marlborough: As a result of the 97 actions, did you have cause to call Gilleece in front of you as his boss?

Mr COURT: I have just indicated to members of the Opposition that he had to explain.

Mr Marlborough: I am asking whether you, as his boss, had cause to call him in.

Mr COURT: He had to explain the position to Mal Wauchope and me. He explained that he was there in a private capacity and that he was not involved in any commercial or financial arrangements.

Dr Gallop: What was he doing at the Mongolian meeting?

Mr COURT: Why can he not go to Mongolia?

Dr Gallop: What was he doing at the meeting?

The SPEAKER: Order, members! Is the Premier tabling the papers?

Mr COURT: Yes, I will table them at the end of my speech as I may need to refer to them.

Dr Gallop: Do you want to give us your definition of business commerce?

Mr COURT: Members of the Opposition cannot understand that when an inquiry is held and all of the information is provided, it is open and it is there for all to see.

Dr Gallop: It is not all there and you know it.

Mr COURT: Why is the Leader of the Opposition not prepared to have an inquiry about similar allegations?

Dr Gallop: Similar allegations; what a joke!

Mr COURT: The Leader of the Opposition can make up his own mind. Now, I will quickly turn to the matter in relation to the member for Kalgoorlie.

Dr Gallop: We want an apology on this.

Mr COURT: The Opposition wants an apology! I tell members that a few people want an apology. Mr Main would not mind an apology.

Ms Anwyl: You are a gutless wonder! Why won't you go outside and repeat your allegations?

Mr COURT: Those are pretty strong words.

Ms Anwyl: It is pretty strong language because you are acting despicably.

Mr COURT: It is interesting; a member of Parliament has intimidated a member of the public. I will quickly run through the correspondence. On 23 April a letter was written to Mr Main by the member for Kalgoorlie. It states -

I have been approached by Mr Davidson who has presented me with a copy of the Deed of Loan executed by you and stamped on 21 January 1997.

I note that you have repaid a total of \$990.00 to date.

Mr Davidson is becoming very concerned about your breach of the initial Deed of Loan and I would be obliged if you could advise by return when monies will be paid in full to him.

In the member's explanation to Parliament this morning, she said that she thought she would help this man by giving him some legal assistance so he would not need to go to a lawyer. The member said that she would help him with some legal assistance.

Dr Gallop: Because he is a low income person, which you don't know anything about.

Mr COURT: The person that the member for Kalgoorlie is so-called "defending" has lent money to this person. It is a letter of demand and is what is called "shaking the tree" in the legal profession.

Mr Kobelke: Don't you ever do that for your constituents?

Dr Gallop: Do you ever do it for your constituents?

Mr COURT: Do I ever send a letter? I do not know of any member of Parliament who would get involved in someone's personal commercial dealings like that.

Mr Kobelke: I would do it regularly on behalf of my constituents in Nollamara, Dianella, Balcatta and Mirrabooka who cannot get access to the law. Their only chance to get justice is through their members of Parliament.

Mr COURT: Members should listen to the rest of the story. The second letter states -

I refer to my letter dated 23 April 1998 and note that you have not let me have the courtesy of a written response.

I note that a Daven Power spoke with my electorate officer on 30 April 1998 and 13 May 1998 and described my letter to you as 'rubbish'.

I understand that he is in a position to supply on your behalf a number of documents affirming that your business is functioning well. He also stated that Mr Davidson would receive his money with interest.

Could you please let me have a written response as soon as possible as you can no doubt appreciate Mr Davidson is concerned about the delay in repayment of his extremely generous loan to you.

Mr Kobelke: That is how you intimidate a wimp!

Mr COURT: The third letter is one whereby Mr Main's accountant writes to the member for Kalgoorlie outlining that he is trying to repay the money and is trying to do something to help. That letter was dated 8 June. The writ was issued on 10 June. A letter in reply is dated 8 June. The letter says the borrower is doing what he can to repay the money. The member for Kalgoorlie's legal firm issued the writ on 10 June.

Ms Anwyl: It is not my legal firm.

Mr COURT: The letter says the member for Kalgoorlie is a consultant. She has not denied she was a consultant for the firm.

Ms Anwyl: I did not receive any income. It is not a business if no income is received.

Mr COURT: That firm continues to correspond with the borrower. The member for Kalgoorlie sent a letter of demand. The borrower deals with the member and says he is desperately trying to repay the interest. The next bit of correspondence he receives is from the member's legal firm.

Mr Ripper: It was on her electorate letterhead!

Dr Gallop: The Premier has lost it! Is that his case against the member for Kalgoorlie?

Mr Graham: The Premier has more evidence about the member for Kalgoorlie than he does about his own staff.

Mr COURT: Curtin University of Technology associate professor of policy sciences, Allan Peachment, said that -

. . . Ms Anwyl had confused public and private interests by becoming involved in a private dispute.

"The fact that the letters were also legalistic makes it intimidatory," he said . . . Ms Anwyl had a pecuniary interest in the firm as a consultant.

Ms Anwyl: I received no income. It was not a business.

Mr COURT: The member did not have to receive an income. No-one said she received any income.

Opposition members interjected.

Mr COURT: I quote Allan Peachment again -

"To put business the firm's way when she is a consultant and a member of Parliament is questionable ethics," he said.

The SPEAKER: Order! Debates like this can be heated. From time to time people have interjected and said things that have been required to be withdrawn. Members should remember that in the past calling someone a hypocrite has been required

to be withdrawn. It is slightly different if members phrase it in a way that says they believe someone's behaviour is hypocritical. Even though it is an emotional debate and people get carried away, I caution members to think before they blurt out things.

Mr COURT: The Leader of the Opposition's response was that he would not warn the member for Kalgoorlie against future involvement in such complaints because that was part of her job. Is it her job to become involved in a personal financial-legal dispute?

Dr Gallop: How long has the Premier been in Parliament? He should look at his backbenchers; they are embarrassed by what he just said.

Mr COURT: It is fine if the member is acting as that person's lawyer. However, she sent a letter of demand as a member of Parliament. The next thing that person knows is he has been issued with a writ. I quoted an outside source who said the member used intimidatory tactics and the practice was questionable.

Ms Anwyl: The Premier is too gutless to say that outside the House. Gutless wonder!

Mr COURT: The member for Kalgoorlie does not like it when something emerges that outlines -

Dr Gallop: If this matter is so important, why did the Premier not raise it when it was first mentioned in the media?

Mr COURT: The Leader of the Opposition is the person involved. He is responsible because he is the Leader of the Opposition.

Dr Gallop: Who is responsible for the electorate offices?

Mr COURT: Whenever the Leader of the Opposition's members are involved in an issue like this he sweeps it under the carpet. My point is that if something like that happens in my office, I insist a full inquiry is carried out. That is the difference between the two cases.

Mr Kobelke: Not if Mr Gilleece did it.

Mr COURT: The end result of that issue is that there was an inquiry the results of which have been made public.

Mr Marlborough: It was not a full inquiry.

Mr COURT: A more extensive inquiry could only be carried out by the Anti-Corruption Commission. The Opposition has come into the Parliament and accused Mr Gilleece of being involved in corrupt activities. That is going over the top.

Mr Graham: We have to table some papers, Premier.

Mr Court: Sorry, yes.

The SPEAKER: The papers were tabled.

[See paper No 221.]

**MR SHAVE** (Alfred Cove - Minister for Fair Trading) [12.35 pm]: I feel that I should -

Dr Gallop: Is the minister going to tell the House about his business deals?

Mr SHAVE: Yes, I will. It is interesting that -

The SPEAKER: Order! We do not mind a bit of fun from time to time. However, the minister has only just been given the call. He has not even started his speech and there has been a barrage of interjections. Perhaps we can listen to the minister for a while.

Mr SHAVE: I first became involved in this issue in August 1998 when a couple of articles appeared in the newspaper.

Dr Gallop: So, the minister is the Premier's source.

Mr Court: It was a complaint to the Ministry of Fair Trading.

Mr SHAVE: The article by Gay McNamara reads as follows -

Frank Main said yesterday he was shocked to receive two letters from the Kalgoorlie MP referring to a private financial deal.

"I've tried to do the right thing but I'm under enough pressure as it is without a member of Parliament becoming involved,"

That is what Mr Main said, if we assume *The West Australian* is right; we know that it is not always right. Ms Anwyl is quoted as saying -

When asked whether the letters could be regarded as intimidating, she said: "I am a lawyer, maybe I tend to use legalistic language" . . . But she said she had no pecuniary interest and was not involved in the action.

The Curtin University of Technology professor, who is not always complimentary to our side of politics, said certain issues were involved. The Premier has discussed those. Gay McNamara subsequently contacted me for a comment. The following

day I said that politicians should be wary of getting involved in personal financial disputes. Mr Daven Power, who said he knew me, then contacted me. I did not recall knowing him but I asked some people to contact him regarding the matter. The people spoke to him and, as a result, he indicated that he was concerned about a member of Parliament being involved. The issue is that a series of letters was written in a legal manner by a member of Parliament, supposedly on behalf of a constituent, in the middle of a legal dispute.

Mr Carpenter: It means she can spell and the minister cannot.

Mr SHAVE: That is true; I am not a lawyer.

One letter was sent on 23 April by the member for Kalgoorlie and the next was sent on 25 April. A writ was then issued in the court by McKenzie Lalor Barristers & Solicitors. The firm also wrote to the person on 23 June 1999. The member for Kalgoorlie's name is on the top of the letter as a consultant. Members cannot have it both ways. Members of Parliament actively involved in a political process must be careful when they put their name on letterheads, particularly when they are consulting to a company that is sending demands and writs.

Mr Carpenter: Is the issue now intimidation rather than business?

Mr SHAVE: I can refer only to what the gentleman is reported as saying -

Dr Gallop: What are your businesses interests?

Mr SHAVE: - in the newspaper article. He said he was trying to do the right thing; he was in financial difficulty and he did not need to be pressured by a member of Parliament. Members should consider Tom Jones, who receives a letter demanding money from a member of Parliament on 23 May, another on 25 May, a writ on 11 June and another letter from a firm of solicitors on 23 June. The person who wrote the original letter - the member of Parliament - has her name on the letterhead. That is a problem. The member for Kalgoorlie has said that she was not receiving any remuneration; she was simply a consultant. We must therefore assume that she works for McKenzie Lalor, Barristers and Solicitors, for nothing. That may well be so; that is for others to judge.

Members using the letterhead of this Parliament and asking people to -

Dr Gallop: What about your telephone?

Mr SHAVE: I ask the Leader of the Opposition to show me one letter that I have sent to anyone dealing with a personal or legal dispute and demanding detail of the whereabouts of \$990. To imagine that a small business person under pressure receiving correspondence from a member of Parliament on Parliament House letterhead does not feel intimidated is nonsense.

I will not get into the argument about the fact that the interest charged on this loan was 20 per cent per annum. If one of my constituents charged 20 per cent per annum interest on a personal loan, I would not be rushing to send letters of demand to the borrower. I would not send letters on behalf of so-called battlers who enter into legal contracts involving 20 per cent interest per annum. At the time that contract was written, albeit with the agreement of the bloke under pressure in the restaurant, an interest rate of 20 per cent per annum was very generous. The bank interest rate at that time for personal loans was 9.75 per cent.

The point I am making - it is the same point I made in 1998 when I was asked to comment -

Several members interjected.

Mr SHAVE: Members opposite have chosen to raise all those details.

The Leader of the Opposition asked me about my business dealings, and I will comment on that.

Several members interjected.

Mr SHAVE: Members opposite do not want to know. It is true that at times I have had to go to Kalgoorlie to do business. It is also true that my family companies, indirectly or directly, have interests in hotels in Kalgoorlie. I am not a director and I am not involved in their management. I go there once a year, usually -

Ms Anwyl interjected.

Mr SHAVE: How many times has the member seen me in Kalgoorlie?

Ms Anwyl: I have seen you in discussions at the Star and Garter Hotel.

Mr SHAVE: I go there once a year. When I stay at the Star and Garter Hotel I do not charge the Government for my accommodation, even when I am in town on government business.

Mr Ripper: Who pays for your wife?

Mr SHAVE: It depends on the business. If it is personal business, I pay. If I am invited to open a grandstand on behalf of the Government, I make a judgment. If I am going there for two or three days, I will pay for all the accommodation. However, if the Government wants me to fly up, open the grandstand on its behalf, and fly back, it is appropriate that I claim for my costs. That is the answer to the Leader of the Opposition's question.

I will get back to the point I made previously. All these letters and the writ went out and the person involved felt intimidated.

The name of the member concerned is on the letterhead. If members think that the average battler would not be intimidated by that, they are mistaken. The person concerned confirmed that anxiety in the comments he made to the journalist.

*Order of Business*

The SPEAKER: Before I give the call to the Deputy Leader of the Opposition, it is standard procedure for the House to move on to private members' statements. I have discretion from the Chair, and we can defer that to a later stage. I also understand that an agreement has been reached behind the Chair on the timing of this debate. If members indicate that the debate will be wrapped up by 1.00 pm, we will have private members' statements immediately after question time this afternoon.

Mr COURT: We had an agreement that this motion would be debated for one hour, which lapsed some time ago. If the Deputy Leader of the Opposition speaks for a few minutes and we have the vote, the Government will agree to continue the debate. We had an agreement.

Mr Kobelke: If you agree, we can have the 90-second statements at 2.00 pm. We will have this debate finished by 1.00 pm.

Mr COURT: No. What is the worth of an agreement behind the Chair?

The SPEAKER: In that case, private members' statements will be heard immediately after question time, at approximately 2.35 pm.

*Debate Resumed*

**MR RIPPER** (Belmont - Deputy Leader of the Opposition) [12.48 pm]: Listening to members opposite, I wonder whether they do any electorate work. I do not want to deal at length with the situation in Kalgoorlie. It is enough to say that members on this side of the House assist people who cannot obtain their wages because of the industrial relations system imposed on them by the former Minister for Industrial Relations. We assist people who are having arguments with insurance companies about workers compensation matters because of the workers compensation system imposed on them by members opposite. We also assist victims of cons perpetrated by business people because they cannot get assistance from the agencies run by the Minister for Fair Trading. We take our duties seriously and act to protect our constituents from injustice, whether that is perpetrated by the Government or others. That is a diversion raised by the Premier to sidetrack members from the real issue.

I refer members to the dealings in the highest political office in this State and to the activities of a senior adviser in that office. That man was engaged in business dealings outside his employment that involved both potential and actual conflicts of interest. He was engaged in those activities throughout the 1990s, and particularly in 1997 and 1999. The only difference between the activities in 1999 and 1997 is that in 1999 the media knew what was going on. In 1999, Mr Gilleece and the Premier were sprung. That is why we had an inquiry, not because of the Premier's standards; the Premier demonstrated his standards in 1997. In that year, Mr Gilleece's business activities in Mongolia caused a problem; they caused embarrassment to the Minister for Mines. A memo arrived from Mongolia describing Mr Gilleece as adviser to the Premier, a memo which raised the question of whether commitments had been made on behalf of the Western Australian Government, a memo indicating that a private company run by a friend of Mr Gilleece - run by the husband of a failed Liberal candidate if the truth be known - was trying to sell Western Australian government property to the Government of Mongolia.

Clearly there was a problem. What happened? Mr Gilleece was allowed to get away with this by writing a memo to an officer of the Ministry of the Premier and Cabinet. He was able to do that. The whole matter was covered up. What would have happened if the Premier had had proper standards at that time? He might have asked Mr Gilleece to resign. At the very least the Premier might have counselled Mr Gilleece. The Premier might have asked Mr Gilleece to declare all his outside business interests. However, it is clear that nothing significant happened at that time and that is why we have this problem again in 1999. The test of the Premier's management ability is not 1999 when he says he ordered a full inquiry and Mr Gilleece resigned. The test of the Premier's standards, of his commitment to accountability, is 1997 when the matter was covered up, when the Premier was not subject to scrutiny from the media or the Parliament because no-one outside the Premier's office knew about it.

Yesterday the Premier said a full inquiry had been held into the matter. I suppose he thinks the Opposition should cease to ask questions about it. However, the report of the inquiry reveals that there were enormous limitations to the inquiry. I will run the House through a few quotes so members will get the story. Paragraph 18 states -

The precise total amount of the fees paid to Mr Gilleece during the period in question is unclear.

Paragraph 24 states -

... Mr Gloede of Roy Weston Real Estate declined to comment about the nature of the organisation's relationship with Mr Gilleece after Mr Howes' departure.

Paragraph 30 states -

Mr Mazza was unable to provide records of the precise details of payments made to Mr Gilleece or the number of press releases he wrote for that organisation.

Paragraph 90 states -

The inquiry did not establish the specifics of the discussions in question.

Paragraph 92 states -

Whether that potential was realised cannot be determined on the limited evidence available at this time.

Most damning is the statement in paragraph 94 which says that Mr McGay, the husband of the failed Liberal candidate for Kalgoorlie, would not participate in an interview. It states -

Mr McGay's decision not to participate in an interview presents a significant obstacle to forming reliable opinions about whether Mr Gilleece's conduct affected the relationships between SoftCopy Digital Mapping Pty Ltd and Government.

What was that company doing? Representatives of SoftCopy Digital Mapping Pty Ltd went to Mongolia and tried to sell the Mongolian Government a software system owned by the Western Australian Department of Minerals and Energy. I would like to know on what basis SoftCopy was operating in Ulan Bator. Did it have some sort of formal arrangement with the Department of Minerals and Energy? Was that arrangement subject to any sort of tender or did SoftCopy just travel to Mongolia on spec, taking its mate from the Premier's office along in the hope of impressing the Mongolian Government, getting a deal going with that Government and returning to Western Australia to present the deal as a fait accompli and put Gilleece's mate and SoftCopy in the middle copping the profit? That is what I think was happening. The Premier should have taken notice of what was happening in his office. If the Premier had taken proper action in 1997, this issue would not have arisen in 1999. The Premier cannot get away with saying that this was a full inquiry and that settles the matter. I have shown the House that there were enormous limitations on the work of this inquiry and that a lot more work needs to be done to determine precisely what Mr Gilleece was up to.

Mr COURT: Is anyone on that side going to get up and say why you do not think it is worth having Mr Wauchop or anyone look into allegations?

Mr RIPPER: The Premier diverts, diverts and diverts. He is the Premier of this State. He is the one who has responsibility for what is happening in his office. He is the one who demonstrated the low standards of accountability in 1997. He is the one who was forced to hold an inquiry because the media had the information in 1999. If the Premier had any management competence at all, or any standards of accountability, he would have asked Mr Gilleece to resign in 1997 or at the very least would have asked him to declare his interest and counselled him on the way he should exercise his responsibilities.

I conclude with the Premier's side issue. Everything that has been said about the member for Kalgoorlie indicates that she was behaving as a member of Parliament should, that she was fighting for her constituent as members of Parliament should, that she was behaving as she should and what the Premier has done is absolutely disgraceful. The Premier has traduced the reputation of a member of Parliament who has been acting exactly as she should in fighting for her constituent and he has done so to cover up what has been happening in his office, to divert attention from his failings. The Premier owes the member for Kalgoorlie an apology.

Question put and a division taken with the following result -

#### Ayes (17)

Ms Anwyl	Mr Graham	Mr Marlborough	Mr Ripper
Mr Brown	Mr Grill	Mr McGinty	Mrs Roberts
Mr Carpenter	Mr Kobelke	Mr McGowan	Ms Warnock
Dr Edwards	Ms MacTiernan	Ms McHale	Mr Cunningham ( <i>Teller</i> )
Dr Gallop			

#### Noes (28)

Mr Ainsworth	Mrs Edwardes	Mr McNee	Mr Sweetman
Mr Baker	Dr Hames	Mr Minson	Mr Trenorden
Mr Board	Mrs Hodson-Thomas	Mr Nicholls	Mr Tubby
Mr Bradshaw	Mrs Holmes	Mrs Parker	Dr Turnbull
Mr Court	Mr Kierath	Mr Pandal	Mrs van de Klashorst
Mr Cowan	Mr Marshall	Mr Prince	Mr Wiese
Mr Day	Mr Masters	Mr Shave	Mr Osborne ( <i>Teller</i> )

#### Pairs

Mr Thomas	Mr Barnett
Mr Riebeling	Mr House
Mr Bridge	Dr Constable

Question thus negatived.

*Sitting suspended from 1.00 to 2.00 pm*

**[Questions without notice taken.]**

#### WOMEN'S TOILETS

*Statement by Member for Perth*

**MS WARNOCK** (Perth) [2.37 pm]: Flushed with a sense of mission today, I will talk about toilets, specifically women's toilets, and how there never seems to be enough of them. For years, both here and overseas, I have joined long queues of

women outside toilets in theatres, halls, cinemas, department stores, museums and at the Royal Show. I agree with all those women that there are not enough toilets for women. Now a constituent has urged me to say something about this matter, and another constituent has sent me a fascinating article on the very subject from Britain, where, incidentally, the first public toilet for women was provided in 1893. Before that, apparently, it was a case of stay home or go out and suffer. What is the situation in Western Australia? Anecdotally, any woman will say that she has spent a lot of time in queues outside lavatories, that it is uncomfortable and annoying and that she has never seen a queue outside a men's loo. Is it our fault, or are we poorly provided with fewer loos, yet more time-consuming biological processes? I rang a member of the Australian Building Codes Board and he told me that the provision of toilets for women in Australia is better than that in many other countries, but not as good as that in some other western European countries. He also said that the matter was currently being studied most seriously by the board and would be given some rigorous analysis. "Ring me if you need any further information," he said.

### **SWAN VALLEY, SPRING IN THE VALLEY CELEBRATION**

*Statement by Member for Swan Hills*

**MRS van de KLASHORST** (Swan Hills - Parliamentary Secretary) [2.39 pm]: Last weekend I had the privilege of going around Swan Valley to help celebrate Spring in the Valley. I noticed that the roads outside all the restaurants, wineries and churches were busy. I have not had this confirmed, but I feel that this was one of the best Spring in the Valley events ever. I commend everyone who organised it. While around 50 000 people visited the valley and celebrated Spring in the Valley, the local West Swan volunteer bush fire brigade was on duty. I called into its headquarters to find the volunteers ready in their safety overalls busy doing maintenance on the fire units and tankers, which were already out of the sheds and ready to go in case some of those 50 000 people caused a fire. Once again I bring to the attention of the House the work of these wonderful volunteers, specifically volunteer fire brigade members who freely and tirelessly give of their time to ensure that our communities are safe while other people are enjoying themselves. These volunteers are special in that every time they go to a fire they put their lives on the line for their community. I publicly thank the members of the West Swan Fire Brigade, who were on duty while those visitors all around them were enjoying what the Swan Valley has to offer. They were there, ready to protect the valley.

### **WEST PERTH FOOTBALL CLUB**

*Statement by Member for Armadale*

**MS MacTIERNAN** (Armadale) [2.41 pm]: I will use this opportunity to congratulate West Perth Football Club for its magnificent win in the recent Westar Rules Grand Final and to dish out a brickbat to some of my fellow West Perth supporters whose behaviour disgusted me. As one whose heart beats true for the "red and blue", it was a wonderful game and a great credit to the players, the coach and all the club officials and support staff. In this Year of the Older Person, it was fantastic to see my favourite player, Paul Mifka, still mixing it with the best of them. It was also fantastic to see Stephen Koops show that he is well and truly on the way back. It was a great day for his family, especially his uncle, Bill Dempsey, who led West Perth to another brilliant premiership victory in 1975.

The West Perth coach, John Dimmer, was very gracious and quite rightly congratulated the South Fremantle Football Club on its fine season and its minor premiership. However, the graciousness of Mr Dimmer was not matched by the behaviour of many West Perth supporters, who after the game booed and hurled abuse at the dejected Bulldogs. Overweight drunks, who presumably had never played their hearts out on the field, jeered, "You are just a mob of losers." I hope that the various clubs and the Western Australian Football Commission can turn their minds to lifting the sportsmanship of footy patrons.

### **WEST PERTH FOOTBALL CLUB**

*Statement by Member for Joondalup*

**MR BAKER** (Joondalup) [2.42 pm]: I rise to commend to the House the stirring performance by the West Perth Falcons in this year's Westar Rules Grand Final against the South Fremantle Bulldogs. West Perth's 25-point demolition of the hapless South Fremantle side continues this Joondalup-based club's long tradition as Western Australia's premier football team, having won 17 premierships since 1897 and two since its recent relocation to Arena Joondalup.

I congratulate all the team members, in particular 20-year-old rookie, Clayton Lasscock, on his uplifting performance in the game and his spectacular clash with South Fremantle's David Gault, which resulted in Clayton's fracturing his clavicle in several places. I also congratulate team captain Kim Rigoll, coach John Dimmer, Simpson medallist Christian Kelly and Brendan Fewster, to name a few. This gutsy victory was also a resounding endorsement of the club's administration under general manager, Neil Bryant, and the decision made several years ago to relocate to the magnificent Arena Joondalup.

The Falcon's latest grand final victory, coupled with last month's grand final victory by the Edith Cowan University Joondalup soccer team and last fortnight's win by the ECU rugby union team in the Western Australian universities' pool of the National Intervarsity Games, has firmly cemented the Joondalup region's status as Western Australia's premier sporting region.

### **POLICE OFFICERS, KWINANA**

*Statement by Member for Peel*

**MR MARLBOROUGH** (Peel) [2.44 pm]: On a more sober note, over the past two years, the people of Kwinana have lost seven police officer positions from the local police station. The latest officer to leave departed on Monday. While the



number of police officers is decreasing, the area has been waiting seven weeks for the appointment of an extra Aboriginal liaison officer. I have been informed by Superintendent Monteleone that there is no short-term answer and that there is a shortage of police officers throughout the metropolitan area. The superintendent also explained that the reason for the decrease in the number of police officers is that Kwinana has enjoyed a reduction in its rate of crime.

I put to the Parliament and to the superintendent that another factor is having an impact. The people of Kwinana are running scared. The area has an abundance of young people, known as the "BMX Bandits", running riot in Kwinana. They are frightening many residents. I refer members to an article in last week's *The West Australian* that quoted the Australian Bureau of Statistics as saying Western Australian crime rates are unbelievable. Its research has shown that 17 per cent of victims do not report offences because they believe that the police are unwilling or unable to take action. In addition, 4 per cent of assault offences are not reported to police because the victims fear reprisals. I ask that more police officers be appointed to Kwinana immediately.

### **GLEN IRIS GOLF CLUB, CHARITY GOLF DAY**

*Statement by Member for Southern River*

**MRS HOLMES** (Southern River) [2.45 pm]: Despite the inclement weather last Thursday, 124 golfers braved the blasting wind and driving rain to play in my 1999 charity golf day at Glen Iris Golf Club. The charities that benefit from this annual event are Canteen - a group for teenagers with cancer - and the hospice.

This year the Jaguar Car Club of Western Australia took the Canteen children to the golf course in Jaguar sports cars, which got the day off to an excellent start. For the first time since the event started two years ago, we thankfully had the country club facilities at our disposal. This meant players were able to shower and warm up after being on the course.

I take this opportunity to record my personal thanks to my committee, the Glen Iris Golf Club and the country club and all the players and sponsors who supported this charity day. Particular recognition should also go to Shane and Craig Popperwell and Jason Clark from the Gosnells Bushfire Brigade, who raised money by shaving their heads for Canteen. A fitting finale to the day was the fact that thankfully we had three players who had participated in previous golf days playing in the Canteen team.

### **FINANCIAL RELATIONS AGREEMENT (CONSEQUENTIAL PROVISIONS) BILL 1999**

*Second Reading - Cognate Debate*

Resumed from 13 October.

**MR KOBELKE** (Nollamara) [2.46 pm]: A great deal has been said about the goods and services tax, and a great deal more remains to be said. These Bills are part of the edifice required to change the taxation structure and the impact that changes to ensure our legislation conforms with the intergovernmental agreement will have on Western Australia. I will refer later to that issue in more detail, but I will now make some general comments about the GST. I will be brief because there is insufficient time to cover the range of matters I would like to discuss regarding the impact of the GST on the State Government's finances and the lives of ordinary Western Australians.

I refer first to the lack of fairness in the GST. The tax will see a shift in the tax burden onto those who have the least income - self-funded retirees, pensioners and low-income earners. As a percentage of their total income, the tax burden will increase, but the relatively well-off will have a reduced tax burden. That is a gross inequity. The Australian Democrats in the Federal Parliament sought to address that by removing basic food items from the list of taxable goods but, in doing so, they have caused a range of compliance problems. That is the second matter I will comment on very briefly.

We now have an incredibly complex tax system. The Government initially proposed the GST as a simple tax. That was very misleading; it was never going to be simpler than the current system because it will require many more people to be involved in tax collection. It was always a far more evasive and complex system. The specific exemptions for food will cause small business uncontrollable collection problems. The Labor Party has real concerns about the cost implications for small businesses converting to the GST. Ongoing extra cost burdens will be incurred in maintaining the system. The Federal Government will be subjected to a huge backlash against the tax when all these small companies are required to comply with the law.

The third matter to which I will allude briefly is the secrecy of this Government about the goods and services tax. The Premier and government members worked for the election of the Howard Government because it would introduce a goods and services tax. Therefore, one cannot accuse this Government of not being totally committed to its stand at the last federal election. Its support for the goods and services tax has been consistent. However, it has not been willing to present to the Parliament and people of Western Australia the full implications of the tax. The Western Australian Government's political support for the election of the federal Liberal-National coalition to put in place a goods and services tax means it is now trying to protect itself and its federal colleagues by not allowing full and open discussion on the detailed analysis of the goods and services tax. That has already been debated in a procedural motion and so I will say no more about it.

My fourth point is the impact the goods and services tax will have on various industries. Some industries will be winners and others will be losers. That will always be the danger with a new tax system. There are far more negatives than positives for the housing industry, which is very important to Western Australia for creating jobs. The resources sector is overwhelmingly important to our State, and so the housing and construction industry is not seen as driving the State economy. However, it is extremely important in creating jobs. Following the high level of activity in that area prior to the

introduction of the GST, I am fearful there could be a major fall away and loss of jobs. Tourism is another important and growing industry, although it does not have the same significance as the resources sector. The tourism industry certainly needs to be looked after and encouraged to grow. The goods and services tax will put in place a range of disincentives and cost disadvantages which will make growth in the tourism industry more difficult.

My fifth point is the impact of the goods and services tax on the budget. The House may get more detail from the Premier during consideration in detail. The Government has been secretive about the fine details. A range of things are emerging and we do not know what their impact will be on the state budget. One area that has recently been in the limelight is the leasing of vehicles under the Matrix Finance Group contract. The type of contractual arrangement that the Government enters will be a major issue with the goods and services tax. The Government will pay goods and services tax on the vehicles or on the leasing agreement. The impact has not been fully explained. We have not been told how much more expensive vehicles will be for government departments. It is complex. Some of those agencies will have offsets because of taxes paid further down the chain and the full impact on its leasing agreement may be minimal. In other areas there could be a major impact. There are a whole range of issues. I have briefly touched on one small example of the state budget and the budgets of various government department instrumentalities being directly affected by the introduction of the goods and services tax. That is the subject matter of one of the two Bills currently before the House.

The sixth matter which I want to discuss is the impact of the goods and services tax on employment. We should make no bones about it: The goods and services tax is an anti-jobs tax. It directly attacks jobs.

Mr Court: What will the member do if unemployment goes down after the goods and services tax is introduced?

Mr KOBELKE: The Premier can play games with numbers.

Mr Court: Yes, but what if unemployment goes down?

Mr KOBELKE: The Premier knows the economy is far more complex than that. Other things totally irrelevant to the goods and services tax could have a far greater impact.

Mr Cowan: Like what?

Mr KOBELKE: I will put my arguments to the Government and they can be countered by members opposite. The goods and services tax places a greater burden on employment than other forms of taxation. When put in its place on the spectrum of what impacts on employment, it has a heavier impact than other forms of taxation. This is partly what inspired the Federal Government to take it up. I do not mean that in a tricky way; it is what the Federal Government was talking about. It said there was a new growth in jobs and in the economy in the service industry sector, but, unlike the existing industries, that sector was not being taxed. The Government had built up tax structures to gain revenue from those existing industries. Also, because of the need to be internationally competitive, business taxes have generally fallen because companies will go offshore.

Increases to personal income tax also has a direct impact on the cost of labour and the ability of companies to employ people. Therefore, the Federal Government was trying to find ways of taxing these new-growth industries, which are dominated by service industries. By their nature, a large percentage of turnover in the service industries is involved directly in paying people. Wages are a major component in service sector industries. Therefore, there will be a higher correlation between the level of taxation and the direct impact on employment when the tax burden is moved to capture those industries that employ lots of people.

One might say that is a hypothetical argument. However, it is not a hypothetical argument in Europe. The European Union has released papers on what it can do to get rid of its value-added taxes because it wants to create jobs. Many studies in European countries, and in the European Union specifically, have considered how the unemployment problem can be tackled and jobs can be created. A range of points have been put forward and one of the key proposals is to find a way of reducing or eliminating their equivalent of the goods and services tax. Those countries see that areas in which new jobs can be created is in the growth industries of the service sectors but they are being held back by their equivalent of the goods and services tax. Value-adding tax is a clear disincentive to employing more people and creating jobs.

We will see that in Australia. It does open up a new area of taxation and the Government is on a winner there. It will increase the revenue into the Federal Government coffers. However, one of the prices we will pay is that it will make Australia less competitive in some areas in which wages are a major component of the costs.

The seventh point I want to make is that the structure of the goods and services tax in the tax package - not intrinsically the tax itself - is a highly centralist tax. It centralises the taxation base under Canberra's control. That will only exacerbate a range of problems within Commonwealth-State financial relationships. On many occasions the Premier has spoken about the problems of raising state revenue and the narrowness of the state revenue base. He is absolutely right. His predecessor, Carmen Lawrence, ran with the same issues as did Brian Burke and Peter Dowding. The Commonwealth collects 79 per cent of all government revenue across Australia. Yet the areas of responsibility and services directly under the Commonwealth's control only take up 57 per cent of its expenditure. That imbalance indicates that the Commonwealth's taxation powers are well in excess of its responsibilities for the provision of services.

When one looks to a State such as Western Australia, one finds on the figures I have that currently we can raise about 56.5 per cent of the State's revenue from our own sources - I think that is roughly right. In Western Australia we have a taxation base which will provide revenue to meet only just over half of the required expenditure necessary to meet the needs of the services which are constitutionally the responsibility of the State Government. That is a situation which leads to a range of problems. It means that when there is not enough money in our health services and hospitals, the State blames the

Commonwealth because it waits for commonwealth grants to ensure that we can fund our hospitals. On the other hand, the Commonwealth blames the State and says it should put in more money. A service as fundamental to the welfare of the people of Western Australia as our hospital system is simply a debating matter or an arguing point between the Commonwealth and State Governments over who will provide the money. In the end, neither the Commonwealth nor the State Government is willing to take responsibility and do things to resolve the problems. Therefore, the problems continue from year to year.

One Government will get them just a little bit better and another makes them worse but the problems are not properly addressed because we have this fundamental problem between the State and Commonwealth over the financial relationships and the ability to raise the necessary taxes. If we could reach a situation where all State Governments had revenue collection bases which were of approximately the same proportion as the expenditure required to meet their services, Governments could be held clearly and distinctly responsible for how they managed their own houses. Governments could be held responsible for how they managed the collection of revenue and the expenditure needed to provide services because there would be an approximate match between their revenue raising power and the demand for expenditure. However, we do not have anything like that so we end up with a buck-passing situation between the Commonwealth and State Governments which leaves a range of problems fundamentally unaddressed.

What are we doing with the goods and services tax? We are reducing the revenue base of the State even further and giving those taxing powers to the Commonwealth. Under the first goods and services tax package - prior to the Democrats/Howard amendments which led to some exemptions of food - we would have gone from 56.5 per cent of all state revenue being raised through our own sources to only 42.3 per cent of state revenue being raised by taxation and other sources within the powers of the Western Australian Government. That percentage is probably not as low as 42.3 per cent with the second version of the goods and services tax which contains certain exclusions such as food. I do not have the figures, I have not been able to get the costings. However, I am sure it will still be considerably lower than the 56 per cent we currently raise. This goods and services tax shifts taxation power from the State to the Commonwealth. As we all know, he who pays the piper calls the tune. If one has the source of money, one decides what music will be played. In giving more taxing power to the Commonwealth and reducing the State's taxing power, the State is giving up some of its financial independence. Doing that will leave the State more at the beck and call of the Commonwealth. More situations will become squabbles between the State and Commonwealth and we will not have good government in this State if we cannot address that fundamental issue.

In debate a day or so ago the Premier suggested that the problem was all too hard for him as Treasurer of Western Australia. He suggested that we either take the goods and services tax or secede from the rest of Australia. That is arrant nonsense. A range of other proposals could be put. None of them is easy. Former Prime Minister Bob Hawke tried to put together a realignment of commonwealth-state finances which would have seen States receive a taxation share more closely aligned to their areas of expenditure. However, that plan was caught up in the national leadership tussle between Hawke and Keating, it was sabotaged by Keating and not progressed. It is time to return to a thorough review of commonwealth-state finances and a willingness to look at what areas of responsibility can be moved from the Commonwealth to the States or vice versa and what areas of taxation can be moved likewise. I realise that to do that one would need a Government in Canberra which was not as centralist as most. The Howard Government is as centralist as any Government, Labor or Liberal, has ever been. It is a highly centralist Government which is increasing its taxation base at the expense of the States. We have a commonwealth government tax with the GST. It cannot be put any other way; it is a commonwealth government tax. It is commonwealth law. It is policed and administered by the Commonwealth. The State Governments must pay a contribution to the Commonwealth for it to collect this tax for them.

The Commonwealth will decide the allocation of those funds to the States. Clearly the intergovernmental agreement contains the general principles of how that will happen but in the end the Commonwealth Government will call the tune. The Commonwealth will set the rules when it comes to how the split will be made and the fine details of the statistical bases between the States. A small tweak of the statistics affecting the proportion coming to Western Australia could determine whether millions of dollars come into the state coffers. This is not a matter the Treasurer can brush aside by saying we have an agreement that we will not be worse off. The fact is we can be far worse off when it comes down to the statistical basis on which the allocation is made. We may be able to go into that matter in the consideration in detail stage.

The Premier said that the GST is a growth tax, that the State will be better off because we will have a growth tax. That is totally misleading. The GST alone is a growth tax. It is likely to see a growth in total collection quite a bit above general inflation. I do not want to go into how that is measured but we accept that in that sense the GST is a growth tax. However, that does not mean there will be a growth in the taxation return to Western Australia. That is a totally different matter because the State will still be reliant on the GST plus other specific purpose grants from the Commonwealth.

The GST return to the State will not go anywhere near the total commonwealth payments on an annual basis. I do not have the figure but a large percentage of the State's funding will still need to be made up with specific purpose grants. Therefore, any time the Commonwealth wants to get money out of the States, it will not have to play with the GST and the growth it is getting there, it will simply need to reduce the specific purpose grants. The State Government is not in a situation of having a growth tax in terms of its total contribution from the Commonwealth and that is all that counts. It is no good looking at one little set of figures and saying they will grow if in the next column there is a major reduction in the amount of money coming through. The total package is crucial and it will not grow. As pressure mounts on the Commonwealth it will reduce the specific purpose areas and there will be a net overall reduction in funding to the States once we get past the guaranteed period.

Mr Court: I told you the solution yesterday.

Mr KOBELKE: The Treasurer was not listening. I just said he was speaking arrant nonsense yesterday. The Treasurer was suggesting that we are in the frying pan, we are in a tough situation whichever party is in power because of the commonwealth-state financial relations. We are sizzling in the frying pan and the Treasurer's suggestion was we jump out and get into the fire. He has no other excuse - out of the frying pan and into the fire. It is a nonsense.

Mr Court: Get into what fire?

Mr KOBELKE: I was using the old saying about jumping out of the frying pan and into the fire. We have a problem and the Treasurer's suggestion of secession is like jumping out of the frying pan and into the fire.

Mr Court: I said if you want a greater share of revenue, that is the only way you are going to get it.

Mr KOBELKE: The Treasurer was not listening. I have just explained to the House that that is absolute nonsense. The growth tax is only one part of the money we get from the Commonwealth.

Mr Court: Yes and if you supported us, you would support us being able to have an income tax as well.

Mr KOBELKE: I said that I am willing to put it all on the table concerning commonwealth-state financial relations, yet we are not on about that aspect now.

I return to the misleading statement by the Premier that growth will occur in money from the Commonwealth to the State because the GST is a growth tax. There is no guarantee of that growth at all. Whatever Government is in Canberra, allocations to the State are more likely to reduce.

Let us take an analogy. If a small business's revenue is expanding as it has a good product line, but it does not look at the expenditure side, and the cost of production gets out of control, the growth in expenditure will be in excess of growth in revenue, and that company will be doomed and will go under. One must look at the total picture. One cannot look only at revenue and not expenditure, and vice versa. The Premier has touted around Western Australia for some time that one should look at only the growth revenue from the GST. However, that growth must be put alongside the fact that the Commonwealth will still make contributions of hundreds of millions of dollars in specific purpose grants. Any time it wants to take money off the States, the Commonwealth can leave the GST revenue alone and eat away at the specific purpose grants. Therefore, the State will go downhill regarding its contributions from the Commonwealth. Although it is true that the GST is a growth tax in a narrow sense, that says nothing at all about the flow of revenue from the Commonwealth to the State. I am not a regular betting man, but I bet anyone in the Chamber a small wager that if we are here in three to five years, the same arguments will be made that the Commonwealth is taking money from the State, we are in a worse position and what will we do about it. That is as sure as night follows day. The Commonwealth will put pressure on the State to reduce revenue flow. To talk about GST as a growth tax is misleading as it does not address the issue of commonwealth-state taxation.

The Premier has been schizophrenic on this matter as he repeatedly attacks the Commonwealth for not giving the State a fair deal. He has tabled reports in this Chamber stating that the Commonwealth is treating the State in a miserly way and not providing our due share. He said that it cannot be trusted. The Premier now turns around and says, "Trust the Commonwealth. It is giving us a GST. They're our mates now. Don't worry about the Commonwealth taking money off us, as it's looking after us." One cannot have it both ways. The Premier cannot blame the Commonwealth every time we are short of revenue, and, when he wants to sell the GST, turn around and state, "You can have total confidence in the Commonwealth as it will guarantee that we will receive all the money we need." The Premier made such comment in the past couple of days. As we have an intergovernmental agreement on this matter, the Premier states it will be fulfilled to the total benefit of Western Australia. No-one who understands anything about commonwealth-state financial relationships would trust that statement by the Premier. When push comes to shove, and the Commonwealth must look after its revenue problems, and the demands of other States, Western Australia will be squeezed from time to time and we will be worse off. Few people would support the Premier's suggestion that we can trust the Commonwealth Government to maintain revenue for the State.

The centralisation of the GST was clearly illustrated by the way Mr Howard put together the final package. The Prime Minister sat down with the Premiers and Chief Ministers and came to an agreement. Regardless of whether it was good or average for WA, agreement was reached and all parties were apparently locked in. Nevertheless, as the Australian Democrats would not agree to that package, the Prime Minister and the Democrats cooked up another deal which the States had not agreed to, yet the States had to fall into line behind that deal. That was a good example of how the GST is a commonwealth tax, and a centralisation of taxing power with the Commonwealth. Whenever a problem of that nature arises, no guarantee can be given that the commitment by the Commonwealth to work with and consult the States will be fulfilled.

When the pressure is applied to the Commonwealth to meet its needs, deals will be done; that is clear to anyone who has had any involvement in decision making in government. When pressure is applied to the Commonwealth to fix up issues, one cannot guarantee that it will look after the interests of Western Australia. That is why we have a State Government. In agreeing to the GST, the Premier abrogated part of that protection of our interests by the State Government. We have handed over to the Commonwealth taxing powers so we will be increasingly subservient to the Commonwealth. We might see more deals by which specific purpose grants require the State to contribute more money, or to change policy in a certain way; otherwise, it will not receive money from the Commonwealth.

This Premier, who likes to attack Canberra, has been part of the biggest shift of political and financial power to Canberra since the Second World War when the Commonwealth acquired income taxing powers from the States. Regardless of what the Premier says about standing up for WA, he has rolled over and sold this State out. Consequently, we will see a further

deterioration in the financial situation in Western Australia, apart from how the State Government mismanages its financial affairs. The revenue base for Western Australia is inadequate to meet the constitutional requirements in service provision in a range of areas for Western Australia.

In supporting and helping to establish a goods and services tax, the Premier will put Western Australia in a more parlous situation. We will be further at the beck and call of the Commonwealth. Now is not the time to attack that arrangement. It is in place. We must look to the detail of the legislation and work out its likely impact on Western Australia, and how we might work with the Government where we can to see that the interests of Western Australia are protected to the limited extent available now that we have been sold out to the Commonwealth.

**MR COURT** (Nedlands - Treasurer) [3.17 pm]: I thank members for their participation in this debate, and I will spend some time addressing issues raised. Many of the comments made by members opposite were criticisms of taxation changes. We have heard them before. I answered a number of questions yesterday during the course of debate. I do not want to revisit the criticisms, but I set the record straight on a few misleading claims.

A number of speakers raised whether business will be ready for these tax changes. I share those concerns. A huge amount of work is being done inside government on GST preparation, just as a lot of work was done on Y2K preparation. It is critical that the Federal Government works as closely as possible at the grassroots in helping small businesses to prepare for the change.

One criticism was that the new tax reform package benefits only the rich. However, no-one bothered to mention that it involves \$12b in income tax cuts.

Mr Kobelke: To disproportionately benefit those on middle and upper incomes.

Mr COURT: Whether the member likes it or not, income tax rates will reduce. If packages go through, business taxes will also reduce. Members opposite will be stuck outside the tax debate. Their federal colleagues have woken up to the fact that they have become irrelevant and have started to take more interest in the business tax changes. It is accepted that we are trying overall, with a changed tax mix, to have a reduced tax mix.

Lower and middle income earners will benefit from the raising of the tax-free threshold; a cut in the bottom margin from 20 per cent to 17 per cent; the middle range rate being cut to 30 per cent from 43 or 33 per cent; and marginal rates for income earners over \$60 000 a year remaining unchanged. Overall, 80 per cent of taxpayers will now face a marginal rate of 30 per cent or less, compared with only 30 per cent of taxpayers currently. In addition, family assistance will be extended and pensions increased - 4 per cent indexed in real terms.

The second criticism related to the fact that the current wholesale sales tax is a good tax regime, and one which should be continued. The Opposition knows that it is a ramshackle tax scheme, which was designed back in the 1930s. It is full of inconsistencies.

Mr Kobelke: Do you think the goods and services tax will have fewer inconsistencies?

Mr COURT: There is only one rate.

Mr Kobelke: There are still inconsistencies with regard to classification.

Mr COURT: Yes, but it is the same rate. I think the best example was Doug Clegg and his fishing shop, when he worked through all the different rates. If the Opposition is saying that wholesale sales tax is a terrific system, it is not familiar with it.

Mr Kobelke: No, I am not saying that. No tax is terrific. You should know that.

Mr COURT: Wholesale sales tax permeates all business costs by cascading through the production chain. The GST is a fairer tax spread over more sectors of the economy, and it is a better tax for business.

The other issue raised was that small business will be overwhelmed by increased compliance costs. The Australian Taxation Office expects that the cost of complying with the GST will be marginal for most businesses, because the compliance requirements are for the most part the same as existing income tax and accounting requirements, although compliance costs will be higher for businesses selling a mix of GST-free and taxable items, or a mix of input taxed and taxable items. The ATO estimates that the recurrent gross compliance cost of the GST will be an average of about \$1 270 per business. However, after taking into account offsetting factors, such as the abolition of wholesale sales tax and cash flow benefits, from businesses not having to remit the GST for up to 111 days after collecting it from their customers, this figure falls to an average of \$240 per business. The Commonwealth has also set aside \$500m to help defray GST start-up costs for small and medium businesses, as well as charities and education groups.

Another criticism was that the GST-free treatment of exports will mean more tax paid by Australians. If one follows that line of reasoning, we should be levying extra taxes on exports, which I doubt Western Australians in particular would support, because we have an incredibly strong export sector.

There were calls for me to release the State Treasury analysis of the reforms. I catalogued yesterday all of the information that has been provided in this place. I tabled the Treasury figuring underlying the current analysis, and now the Opposition says that it is wrong.

Claims that the State will be even more exposed to the Commonwealth Grants Commission process than currently show a lack of understanding of how that process works, because the Grants Commission assessments of the State's needs will be

largely unchanged by these reforms, and the amount we will lose through the Grants Commission process is unrelated to the overall pool of money. If we are able to have access to a growth revenue, instead of what happened during the Keating years when commonwealth tax collections went up very quickly and our shares went down - the Commonwealth had more and more money to use as largesse but it starved us -

Mr Kobelke: That is what Howard has done; he has starved you.

Mr COURT: No, he is doing the exact opposite. He is saying that the States can now have all of that growth revenue, and it is a major change for a Federal Government to give up access to that pool.

Mr Kobelke: You came back from a Premiers Conference and told us how many millions of dollars we were forgoing to help Howard bail out his Government.

Mr COURT: Yes. All States, including Labor States, agreed to assist the Federal Government to get its budget back in line. That was done, and it was a remarkable turnaround. As a result of that, we are now able to negotiate through these tax changes and deliver the taxation cuts. The Labor Party in government kept promising income tax cuts - L-A-W law - but they never happened. A Government cannot give out income tax cuts if its deficits keep blowing out. This Government has reversed that situation.

Mr Kobelke: It is all rhetoric; it is nonsense.

Mr COURT: It is not rhetoric; it is fact.

I will deal with some of the more specific concerns. I refer to sponsorship and grants to charities and community groups. Charities and other non-profit bodies will be required to register for GST purposes only if their annual sales, including membership fees, exceed \$100 000. This is double the threshold applying to commercial businesses. Otherwise it is optional. They may wish to register anyway to obtain credits for GST paid on inputs. Charities which are registered for GST purposes will only have to collect GST on their commercial sales in order to avoid unfair competition with commercial businesses, and they will be able to claim input tax credits for the GST component of all of their inputs-purchases, effectively making them tax free.

Non-commercial sales by charities will not be subject to the GST. Non-commercial sales are defined as sales of things for less than 50 per cent of their tax-inclusive market value and sales of donated second-hand goods. Donations to charities will not be subject to the GST. In addition, the Commonwealth will assist charities with the \$500m implementation fund. The GST will apply when grants are payments in exchange for services provided by a registered community group. However, those providing the funds will be able to claim a credit so that there should be no net impact. Sponsorship will be treated in a similar way.

Comments were made about the first home owners scheme. The States and Territories will provide a first home owners scheme to compensate first home buyers for the impact of the GST on housing prices. The scheme will commence on 1 July 2000 and will provide eligible first home buyers with a non-means-tested grant of \$7 000. No restrictions on the value of the home are proposed. The scheme is restricted to first home buyers only, because other home buyers are expected to benefit from a GST-induced increase in the selling price of their existing home. The GST will not apply to the sale of an established home, only to the construction and sale of a new home. Nevertheless, it is expected that the increase in the cost of new homes, estimated to be around 5 per cent, will flow through to the value of established homes.

The specific design details of the scheme are being finalised in consultation with the Commonwealth and the States. This reflects the requirement for the scheme to be uniform across all States and Territories in terms of the amount of assistance, eligibility criteria, and the like. It is estimated that approximately 17 000 people will be eligible for the scheme in Western Australia each year, at a total annual cost of around \$120m. The scheme will be jointly administered in Western Australia by the State Revenue Department and the Ministry of Housing.

Dealing with state and local government charges, Western Australia's proposed list of GST-free state and local government taxes, fees and charges was tabled in the Parliament on 7 September. This list reflected the following principles set out in the intergovernmental agreement: Taxes for general revenue-raising purposes and fines and penalties will not be subject to the GST, and regulatory charges that do not relate to the supply of a particular good or service will also be GST-free. This was the list that Western Australia supplied to the Commonwealth. All other States have provided similar lists. The Commonwealth did not request a list of the fees and charges that will be subject to the GST, so such a list was not prepared.

The Commonwealth and State Treasuries are still consulting on these lists. We hope to have the final list by the end of this year. It is not proposed to include compulsory third party insurance in the final GST-free list. We wanted to, but the Federal Government made it clear that that would not be accepted. Western Australia has argued that it is a compulsory impost for a regulatory function of government. However, the Commonwealth and the other States did not support us on this matter, because they consider that compulsory third party insurance should be subject to the GST on the grounds that it is a fee for service. Western Australia has been forced to accept the majority view of the States, because, constitutionally, the GST must apply in a uniform manner across all of the States.

Concerns were raised about the increased compliance cost that local government will face with the goods and services tax, but it will enjoy some significant benefits. Of course, rates are GST free. Local government costs will fall as a result of the removal of embedded wholesale sales tax in its inputs and lower fuel costs, and local government grants from the Commonwealth should rise from the impact of the GST on the consumer price index.

The member for Pilbara raised the matter of Australian Taxation Office training for the not-for-profit organisations and the

lack of support for this sector. I understand the Australian Taxation Office has commenced its training and education, including public seminars, a telephone hot line, web site, booklets, and some specific industry programs. These activities are available to all sectors, including the community sector. The Australian Taxation Office is spending \$49m on education in this financial year, in addition to the \$500m of Commonwealth funding available for GST implementation to small and medium-sized businesses, education and charity services. In some cases, state training will also supplement the efforts of the Australian Taxation Office. I thank that member for raising these concerns. We do not want to see any cost shifts from the Federal Government to this State.

Some specific concerns were raised about the state legislation, including the impact of changes in the State's diesel fuel arrangements. The winners include the mining industry which will gain from the Commonwealth's current 93 per cent rebate, which will increase to 100 per cent, and it includes the state excise surcharge. Similarly, the commonwealth rebate for diesel used in generating power in residential premises, aged persons' homes, nursing homes and hospitals will increase from 76 per cent to 100 per cent, which also includes the state excise surcharge component. Rail and marine users of diesel - for business purposes - who currently receive the state subsidy but no commonwealth rebate will receive a full rebate for the first time.

The status quo will apply to farmers and fishermen who will receive the same benefit as they do currently from the full commonwealth rebate and state subsidy.

The losers include only recreational users of diesel off-road vehicles; for example, boat and four wheel drive vehicle. They will receive no compensation for the loss of the state subsidy of about 8.2¢ per litre. Western Power will lose the state subsidy and not qualify for the commonwealth rebate; however, it will gain the benefit of the GST input tax credit worth about 7¢ per litre. We have fought hard in addressing a number of regional power issues where there is a dependance on diesel.

Western Power has estimated that the net cost impact on its fuel purchases to be about \$1m per annum, or just 0.1 per cent of its cost base. Similarly, off-road diesel users in construction - that is, roadworks, earthworks, site clearing etc. - and manufacturing will lose the benefit of the state subsidy and not qualify for the commonwealth rebate, but will receive the GST input tax credit. The Commonwealth decided not to extend its diesel fuel rebate scheme to all off-road users, while effectively requiring States to abolish their off-road subsidy schemes completely; that is, by calculating the guarantee payments on that basis.

I turn now to the impact of the reforms on state stamp duties. The stamp duties have always applied to wholesale sales tax inclusive bases. As the GST is replacing the wholesale sales tax, the State would suffer a significant reduction in its revenue base otherwise. This approach is also consistent with that in New Zealand and the United Kingdom, and with what all other States are proposing to do. In some cases - for example, the sale of established houses - the GST will only affect prices indirectly, and it would not be possible to remove that impact before applying stamp duty.

Under this approach, some stamp duty revenue bases will still decrease, and some will increase, depending on the magnitude of the wholesale sales tax that is being replaced by the GST; for example, the replacement of the 22 per cent wholesale sales tax on motor vehicles with the 10 per cent GST, applied at the retail level, is expected to cut prices by between 6 per cent and 8 per cent. On this basis, after 1 July 2000, a \$30 000 car would cost only \$28 000, with the stamp duty falling from \$1 200 to \$1 064. Other stamp duties which should fall include those on rental business and most personal insurance policies, because of the reduction in the price of replacement goods from the GST substituting for a much higher wholesale sales tax.

The insurance industry has confirmed that the tax package will put downward pressure on household contents premiums, particularly because of the abolition of the 32 per cent sales tax on televisions, video recorders, stereos, etc. Stamp duty on conveyances and business insurance policies are likely to increase. It is difficult to quantify the revenue impacts and the timing of them, as that will depend on uncertain market reactions to the tax package, including some of the transitional arrangements - for example, for some electrical goods and cars - that are in place. As it is currently drafted, the Stamp Act will probably already have the effect of applying stamp duty to GST inclusive bases, and the proposed amendments are designed only to remove any doubt.

The insurance industry has confirmed that, all things being equal - for example, crime rates - the introduction of the GST will place downward pressure on home contents insurance premiums. This reflects the fall in the replacement cost of many house contents items following the replacement of the existing 32 per cent, 22 per cent and 12 per cent rates of wholesale sales tax with the 10 per cent GST.

As I mentioned yesterday in response to the issue of price monitoring, the Australian Competition and Consumer Commission is already monitoring prices under commonwealth law. The state legislation, which is in the Parliament now, will extend the ACCC powers to areas of state jurisdiction; for example, the non-incorporated enterprises. All States must pass this legislation and the Commonwealth is coordinating uniform introduction, currently aiming for 10 December.

The ACCC has already issued detailed guidelines setting out its views on when price exploitation has occurred. Where the ACCC believes exploitation has occurred, it has - or will have in areas of state jurisdiction - the power to investigate and start legal proceedings, if necessary. Fines of up to \$10m for corporations and \$500 000 for individuals are possible. The ACCC has already set up publicity and education campaigns. For the cost of a local call from anywhere in Australia, consumers and business will be able to report exploitation to an ACCC officer directly.

The following is a schedule of all of the different wholesale sales tax rates for the information of members -

**WHOLESALE SALES TAX (WST)**

WST is imposed on a wide range of goods (at varying rates), but not services. It is estimated to raise around \$15.7 billion in 1999/2000<sup>1</sup>. The various WST rates, and examples of goods subject to each rate, are shown in the following Table.

Rate	Examples
Exempt	Most food - including milk, tea and coffee Clothing and footwear Building materials Books and magazines
12%	Household furniture - including carpet Household appliances - eg. fridges, dishwashers, microwaves and air conditioners Bathroom fittings - eg. hand basin, bath and toilet Flavoured milk, fruit juice, ice cream, biscuits and confectionery
22%	Applies to all goods that are not exempt or taxed at another rate, including: <ul style="list-style-type: none"> <li>• Non-luxury cars</li> <li>• Computers</li> <li>• Toys</li> <li>• Commercial furniture</li> <li>• Soap, shampoo, toothpaste, toilet paper and cosmetics</li> <li>• Pet food</li> </ul>
32% <sup>2</sup>	"Luxury" goods, including: <ul style="list-style-type: none"> <li>• TVs</li> <li>• Video recorders</li> <li>• Stereos</li> <li>• Cameras</li> <li>• Jewellery</li> <li>• Watches</li> <li>• Furs</li> </ul>
37% <sup>3</sup>	Beer and spirits
41% <sup>3</sup>	Wine
45%	Applies to value of cars above the luxury threshold

<sup>1</sup> This figure excludes the revenue raised by the Commonwealth on behalf of the States through the 15% WST surcharge on alcohol (which is part of the section 90 safety net arrangements).

<sup>2</sup> With the exception of jewellery and furs, the 32% WST rate was reduced to the general rate of 22% from 29 July 1999 (to smooth the transition to the GST).

<sup>3</sup> Includes the 15% WST surcharge collected by the Commonwealth on behalf of the States as part of the section 90 safety net arrangements.

I answered some questions yesterday, and with my comments today I think I have covered all the issues that have been raised. I return to my original remarks. Some members have said that there is a concern about the preparedness of business for the change in the tax system, and I share that concern. It will be a big change for many businesses - particularly those that have not paid tax before! They will have to do so now, because to get the input credits businesses must be registered and participate. As I have said, in many cases it will be much simpler for those businesses that already have good accounting systems place.

Question put and passed.

Bill read a second time.

*Consideration in Detail*

**Clauses 1 and 2 put and passed.**

**Clause 3: Objectives -**

Mr KOBELKE: This clause refers to the main objectives of the Bill. I refer to subclauses (i) and (ii) at page 42 of the Bill, which contain the transitional arrangements in appendix C of schedule 1. How is the transitional period defined? I understand it is three years. Is it more complex or is it a set number of years? The transitional assistance in that first year is to be by grant or interest-free loan. Does "grant" mean a straight grant without strings attached or does it have a more complex definition? If it is interest free, are we looking at a mix? What details can we have on how that is likely to be determined?

Mr COURT: The transition period is three years and it can be extended. Regarding the calculations, some States, Queensland for example, start raking in some pretty big money in year two. Queensland has not imposed a financial institutions duty or fuel taxes. However, because they are being collected now, in effect the Queensland Government will



have a big increase in tax revenue without going through the political pain of introducing the taxes. That is why it has been making a lot of noise. When the crunch came it was the first to sign the paper. However, it should get that benefit because it has not imposed those taxes. The Federal Government will insist that it be an interest-free loan to be repaid the following year. However, in the guarantee - the moneys paid - it will include the money to repay that interest-free loan. I do not know why.

Mr KOBELKE: Subclause (i), to which we are referring, provides that the transitional assistance to the State can be in the form of a grant or an interest-free loan. That was the statement in the intergovernmental agreement. However, the Premier now says the Government has indicated it is not likely to be a grant, but is likely to be an interest-free loan. Can the Premier confirm that?

Mr Court: The Commonwealth has indicated it will be a mixture, but most of it is an interest-free loan. There will be a small grant element to it.

Mr KOBELKE: Do we have any indicative figures about what that is likely to be in the first year?

Mr Court: Only that which was tabled yesterday.

Mr KOBELKE: Will the Premier please repeat them; I do not want to refer to the wrong one?

Mr Court: It will be approximately \$213m.

Mr KOBELKE: Does it suggest any breakdown for how much will be in the grants and how much will be in the interest-free loan?

Mr Court: We have not been given that.

Mr KOBELKE: The Premier said that the interest-free loan would be made in one year and he then explained how that would be recouped or repaid, but I did not quite understand him.

Mr Court: In the guarantee grants for the next year there will be additional moneys to repay that interest-free loan.

Mr KOBELKE: In the document to which the Premier previously referred and which he tabled yesterday that was approximately \$40m. Are we saying that \$40m includes that figure, or will there be a top up?

Mr Court: The second year would be \$40m on top of \$213m.

Mr KOBELKE: With respect to the following transitional year, will that grant be quite firm without any other variation? It will be in the form of approximately \$78m.

Mr COURT: On current estimates, yes.

The ACTING SPEAKER (Mr Baker): I suggest we wait until we reach the schedule to discuss the various items within it.

Mr KOBELKE: The second "minus" in schedule 1, appendix C reads -

Growth dividend: the increase in revenue to a State or Territory (not including GST revenue payments) that is attributable to the impact of the Commonwealth's taxation reform measures on economic growth.

Has there been clear agreement on the measure of economic growth that will used, and baseline and technical detail established, so we can be clear there will not be further shifting of the ground on how that taxation advantage due to economic growth will be measured?

Mr COURT: The member has a table that shows the growth dividend estimated by the Federal Government is \$18m.

Mr KOBELKE: That brings me to a more fundamental question regarding the table. What is the status of the document tabled yesterday titled "Impact of Tax Reform on Western Australia's Finances Without abolishing additional taxes". A notation reads, "Source: Western Australian Treasury analysis, based on the South Australian Treasury analysis. Subject to revision." We are basing our discussion on those figures. Have these figures been ticked off by the Commonwealth or agreed to across the States?

Mr Court: They have agreed to those estimates.

Mr KOBELKE: What factors are likely to lead to variations to these estimates?

Mr Court: Outstanding growth in the Western Australian economy.

Mr KOBELKE: That is good news and bad news. It is good news in terms of total revenue but bad news in terms of a dividend.

Mr Court: It is good news for the other States.

Mr KOBELKE: The Opposition's concern is that the areas in which there will be real tax growth are not reflected in the revenue base of Western Australia, whether it be income or a range of other taxes. The taxation base of the State is too narrow. Schedule 1 refers to guaranteed minimum amounts and that minimum amount is reduced by increased revenue due to economic growth. Although we are all confident general state revenues will increase because of economic growth, it is a matter of when, and we will welcome it. However, it can be a negative, because that economic growth will reduce the money that the Commonwealth must contribute to the State.

Mr Court: It is gained in other areas such as payroll tax and royalties.

Mr KOBELKE: I accept what the Treasurer is saying and in the big picture the State's revenue base will improve because of increased economic activity in the State. The Opposition accepts that and hopes it will happen sooner rather than later. However, we are dealing with the transitional arrangements for the GST and the special transitional assistance to ensure that WA is not worse off. As I indicated in the second reading debate, I do not have confidence that the Commonwealth will not try to rip money off the State, whether it is a Howard Government or a Labor Government. I want to know the mechanisms involved and what room there is for the Commonwealth to move those figures or to play with the State to weaken our position.

Mr Court: This is only for the transitional year, and after that we keep the money.

Mr KOBELKE: Yes. This growth dividend, which is a reduction in the transitional assistance, is shown as \$18.1m in the first year, then \$27.5m and then \$36.7m. In the following years it is not relevant and will go into the general figure that will come to the State. The Treasurer indicated earlier that there was general agreement on these figures, but they were indicative figures and they are likely to be recalculated. I want some understanding of the basis for such recalculation. The Treasurer said economic growth would affect them. I do not know whether that is totally state based or wider than the state economic growth that feeds into that growth dividend.

Mr COURT: I am told that number will not be revisited. It has been agreed between the States and the Federal Government for the three transitional years.

**Clause put and passed.**

**Clause 4: The Act amended -**

Mr RIPPER: Part 2 refers to the Financial Institutions Duty Act 1983. How much financial institutions duty will be collected in 1999-2000, and what are the current forecasts for receipt of financial institutions duty in the next three years were that system to continue?

Mr COURT: It is estimated to be \$126m this year growing in three years to about \$140m.

Mr RIPPER: Can the Treasurer provide the estimates for each of the financial years?

Mr COURT: The chart that I gave members yesterday lists revenue forgone under the package year by year.

Mr RIPPER: If I am interpreting the Treasurer correctly, the financial institutions duty would be \$129m in 2001-02, \$145.8m in the following year, \$150.7m in the year after that and \$155.8m in 2004-05?

Mr Court: Yes.

**Clause put and passed.**

**Clause 5: Section 12A inserted -**

Mr RIPPER: This is the operating clause which effectively ceases the application of financial institutions duty after 30 June 2001. This naturally will remove a cost that now applies to bank customers. What is the WA Treasury's view of the overall impact of the tax reform on financial services? The banks through their organisations and senior executives have complained that their GST exempt status and their inability to claim input tax credits will result in significant increases in their costs. Their initial estimate of the increases they expect to pass on to consumers was \$260m-odd, but it is now up around \$500m. Can the Treasurer advise whether Western Australian banking consumers are likely to benefit, even though financial institutions duty has been abolished?

Mr COURT: We know they will benefit from the abolition of FID.

Mr Ripper: Is there an overall benefit?

Mr COURT: The banks have provided a number of estimates of what it will cost them. This week another major bank announced that it will cut its cost structures. If banks pass on too much in increased charges, they will lose business. One of the issues facing banks is the competition developing in some sectors of the industry. It is hard to break into the finance industry; one needs extensive capital, as the Teachers Credit Society found out. I am not aware of an estimate of how they might change their charging structures.

Mr RIPPER: This part of the package benefits bank customers. They will not have to pay FID and there will be no GST on banking services. On the face of it, bank customers should benefit. However, the banks have said that they have GST-exempt status, so they cannot claim input tax credits. Therefore, \$500m worth of costs will have to be passed on to bank customers. The State Government has signed up to this package. Presumably it gave some thought to banking costs when it signed up. What will happen? Are the banks correct, or are they trying it on?

Mr Court: If they try it on and are caught profiteering, they will have to answer under this legislation. As the most high-profile institutions, they will be watched.

Mr RIPPER: It depends on whether people accept the banks' claim that they will be faced with \$500m worth of extra costs and whether they are justified in passing them on. Will they face an extra \$500m in costs? What is the Treasury's view?

Mr COURT: They can provide estimates, but the Government does not have one. They are preparing us for the worst. If they are seen to be profiteering through bank charges, given their current bad publicity, they will cop it.

Mr RIPPER: Banks always seem to be profiteering through bank charges. Whether they will be seen by the authorities as profiteering is another question. The Australian Competition and Consumer Commission might well accept the argument about input tax credits. The banks might get away with saying that the abolition of FID has been balanced by their inability to claim input tax credits and the application of GST to inputs. Will this mechanism invalidate what is otherwise seen to be a positive part of the package? This is an unpopular tax and it is being abolished by the application of the GST. The bottom line is that people might not be advantaged by something that at first glance looks to be an advantage.

Mr COURT: FID charges will be removed from bank statements. I do not suggest that there is enough competition, but some banks offer to waive bank charges in certain circumstances. If banks profiteer through bank charges, they will be the most watched of all institutions during this change.

**Clause put and passed.**

**Clause 6 put and passed.**

**Clause 7: Section 21A inserted -**

Mr RIPPER: A number of clauses in the Bill contain provisions dealing with the legislation remaining in operation while audits are done, appeals are heard and the existing tax system is tidied up. This clause relates to the dates for returns and so on. Can the Treasurer explain how long it is expected to take to wind up the existing tax system, in particular that section related to financial institutions duty? Are we talking about a matter of months before the State is free of this administration burden, or is it likely to continue for a year or even longer?

Mr COURT: The estimate is about two to three years.

Mr Ripper: For two to three years the State will have to maintain some sort of residual administration for FID.

Mr COURT: It will vary for different taxes.

Mr RIPPER: Presumably there will be changes in the staffing of the State Revenue Department as a result of the adoption of the package. I expect that with the abolition of some state taxes there might be a reduction in staff numbers, perhaps phased over a period. Will there be any reduction in the number of people employed in the department as a result of the implementation of this package?

Mr COURT: It is currently a very efficient operation. I would not count on a cut in staff numbers. However, it will give officers the opportunity to put in a stronger compliance effort with the other revenues the State collects. With luck, they will be able to lift compliance in other areas.

**Clause put and passed.**

**Clause 8 put and passed.**

**Clause 9: The Act amended -**

Mr RIPPER: This part of the Bill relates to state fuel subsidies. Can the Treasurer advise how many off-road diesel users will be worse off under the new arrangements? In his response to the second reading debate, the Treasurer ran through certain categories of users who might be affected positively or negatively. How many people will be worse off under the new arrangements?

Mr COURT: About 1 000 recreational four-wheel drive vehicle owners and boat owners will be affected because they cannot claim any of the input taxes.

Mr RIPPER: In his response to the second reading debate, the Treasurer made reference to the impact on Western Power of the change in diesel fuel subsidy arrangements. I understand Western Power is one of the losers under the current arrangements. The Treasurer indicated an increase in costs to Western Power of about \$1m. This additional cost will be concentrated in regional areas in which Western Power uses diesel fuel. Will there be any impact on regional electricity prices? Of course, we still have most of what was a uniform tariff arrangement, but some larger consumers are now outside that framework. Will there be any significant impact on electricity prices in regional areas?

Mr COURT: It is certainly a cost burden. The State Government argued very strongly with the Federal Government that it was very discriminatory against remote regional power supplies. We have no option but to use diesel in many remote areas. We will obviously have to absorb that cost increase. Some of the new regional energy strategies will hopefully lead to a much lower purchase price than is currently the case. The Government certainly would not envisage an increase. As the member knows, the Government has not increased electricity prices for seven years.

Mr Ripper: There was one round of increases.

Mr COURT: It was only one. Costs have gone down significantly for businesses. In real terms they have also gone down significantly for residential users.

Mr Ripper: Costs are not going down as fast as they are in other States.

Mr COURT: We must continue that pressure to be competitive with the other States. It is not bad that it has run that way for seven years, because the Labor Government had a tendency to sneak costs up 2 to 3 per cent every year. That is one of the reasons that there was a big discrepancy with the eastern States.

Mr RIPPER: I know the Speaker will not tolerate a long debate on power prices, but I would like to correct the record. The gap between electricity prices in Western Australia and those in the eastern States is increasing. I accept there has been a real reduction in electricity prices throughout the 1990s in both Western Australia and the eastern States. The problem is that the reduction in the eastern States has been larger than that in Western Australia. Therefore, Western Australia is at a greater comparative disadvantage.

Mr COURT: Privatisation has occurred in Victoria and there are competition pressures in other States. The establishment of the grid has given those States a distinct advantage.

Mr Ripper: Of course it has. However, Western Australia is not prevented from doing the same.

Mr COURT: It is just distance. For example, we must maintain quite high safety generation backups. The eastern States can feed power now that the States are all becoming interlinked. They can close down a major power station for maintenance and have a power source elsewhere. It gives them much more flexibility and has put more pressure on us. We must do everything we can to ensure Western Australia remains as competitive as possible. The changes the Government has made through energy and gas deregulation and the like make that possible.

**Clause put and passed.**

**Clauses 10 to 12 put and passed.**

**Clause 13: Section 66 replaced -**

Mr RIPPER: The member for Armadale should be here for this question. Unfortunately she is engaged in other business.

Mr Court: I do not want the Deputy Leader of the Opposition to get her.

Mr RIPPER: The member for Armadale is a great asset to the Opposition and that comment only reinforces my view that it would be nice if she were here.

Transperth's bus fleet is a diesel fleet. How does the change in diesel subsidy arrangements affect - if at all - the operations of the Transperth bus fleet, and what are the implications for the operation of that fleet?

Mr COURT: Transperth's bus fleet will receive the 7¢ a litre input tax credit. Buses get an additional credit if they weigh over 20 tonnes. I think some of the articulated buses are over that limit. I will check that.

Mr RIPPER: I take it that the majority of the Transperth bus fleet will not be eligible for the reduction in the excise rate for on-road diesel from 43¢ to 23¢ a litre. Will only the largest of the Transperth buses be eligible for that rate?

Mr Court: I need to check how many buses are over 20 tonnes. I think it is the articulated buses.

Mr RIPPER: Did the States take up this issue with the Federal Government during discussions on the package? I understand transport vehicles in country areas which weigh more than four and a half tonnes will have access to the reduction in the excise rate for on-road diesel from 43¢ to 23¢ a litre. I would have thought the States had an interest in their metropolitan bus fleets.

Mr Court: The Government does have an interest, but it was left out. This is part of the deal with the Australian Democrats.

Mr RIPPER: I might come back to the possibility of us being left out of future deals as we debate further sections of the legislation.

Mr Court: That is the trouble with independent groups that have the balance of power.

Mr KOBELKE: I wish to follow through with the 7¢ credit and the two categories of fuel for Transperth buses. We have already alluded to the statistical table of costs. The table is a statement of revenue foregone and revenue under the new package, with some adjustments in the relationship between the Commonwealth and the State. It does not provide any overview on the impact on internal State finances. Are figures available that detail all, or any, government instrumentalities - such as MetroBus - so that we can see what the actual costs will be on either the positive or the negative side?

Mr COURT: I do not have specific figures here, but I am advised that work is being done within the agencies. We met with the chief executive officers a few weeks ago to explain they had to be GST-compliant. We also said that, by the next budget round, they must have a clear picture as to how the goods and services tax will affect different parts of their operations. The Western Power figure is one example. I cannot supply any specific details. I will provide some figures if the member for Nollamara puts a question on notice about the effect it might have on Transperth.

Mr KOBELKE: What is the current timing for the budget rounds for the next state budget? When will the agencies have to finalise those figures?

Mr COURT: Most of the agencies will have drafts in place prior to Christmas. We must have agreement by February or March. People are working on these issues all the time, because of the way the budget is done now. I am sure we can provide an estimate of the impact on fuel in Transperth, or whatever, if the member wants it.

Mr KOBELKE: I appreciate the Premier's offer. Can the Opposition have those figures from Transperth, or any other agencies which have already submitted estimates to Treasury, by the end of the debate next week?

Mr Court: If the member guarantees to finish the debate by five o'clock, I will get them to him by then! I will provide that information. It will be a saving for those agencies.

Mr RIPPER: On a number of occasions the Premier has referred to the tables and the explanatory notes he has provided to the House. Are these the totality of the Western Australian Treasury's analysis of the impact of the goods and services tax on Western Australia, or are there other documents which embody an analysis? The tables have a footnote which says the source is the Western Australian Treasury analysis and it is based on the South Australian Treasury analysis, subject to revision. If there are no other Western Australian documents, could the Premier make available the South Australian Treasury analysis which is meant to be the early pages of this analysis?

Mr COURT: The table says it is a South Australian analysis because South Australia was the party designated to do all the coordination for the States. Similar analyses for all the States have been prepared in this manner. It is not uncommon for one of the States to be designated to do the work for all the States and this is the material that we have. I am sure Treasury has a heap of work papers, etc; however, this is the analysis that has been provided to us.

Mr Ripper: I asked the question because this document looks like the table or appendix that appears at the back of an analysis. It does not look like the whole analysis. Is it the whole analysis or are there pages which we do not have?

Mr COURT: It is the table at the back of the analysis that was tabled in two versions - the original package and the revised tax package.

Mr Ripper: Is there argument that goes with that table?

Mr COURT: I gave it to the Opposition yesterday.

Mr Kobelke: That's just notes.

Mr COURT: Yes, plus the other table that was tabled previously.

**Clause put and passed.**

**Clause 14 put and passed.**

**Clause 15: Section 3D inserted -**

Mr KOBELKE: I seek some additional information on this clause so that I can understand the interrelationship between the state payroll tax and the goods and services tax. The provisions in the clause ensure that payroll tax applies to the wages component only in a particular contract. That has been reasonably well explained in the memorandum. However, which one of the two is levied first, payroll tax or GST? Are those protocols worked out or are they contained in the federal legislation?

Mr COURT: There is no GST on normal wages; it applies to contract payments.

Mr Kobelke: Is the GST clearly divorced from a contract that has labour or wages as part of that contract?

Mr COURT: It applies to the total contract cost.

Mr Kobelke: Is that taken into account first?

Mr COURT: Yes.

Mr Kobelke: Will this clause levy payroll tax only on that portion which is the true wages bill, not wages plus GST?

Mr COURT: Yes.

Mr KOBELKE: My understanding is that payroll tax in this current year is estimated to be 50 per cent higher than the total payroll tax collections in the 1992-93 budget. Is it true that in the seven years of this Government, although it gave an undertaking to eliminate payroll tax in two terms of government, payroll tax revenue is now 50 per cent higher than it was when the Government came to power?

Mr COURT: Of course payroll tax revenues increase when employment increases. If there are 100 000 more jobs, there will be a much larger payroll tax base. However, in that time we have increased the threshold and altered the rates. Despite that, there has been growth in payroll tax with growth in employment. I would have thought the Opposition would have been pretty pleased about that.

Mr KOBELKE: We are absolutely pleased about the employment growth in this State. My only wish is that this Government could have achieved that which was achieved in the Burke Government years. This Government has achieved two-thirds of the Burke Government's employment growth.

Mr Court: What do you mean by two-thirds?

Mr KOBELKE: I do not have the figures in front of me. However, total job growth in the first six years of the Burke Government was around 29 per cent. This Government's first six years achieved 19 per cent to 20 per cent. Therefore, this Government's total job growth was two-thirds of the growth achieved by the Burke Labor Government in its first six years.

Mr Court: I remember a figure of 12 per cent unemployment when we came into government.

Mr KOBELKE: The Treasurer can pick figures out of the air. He could go back to the 1929 recession and compare it with the then Labor Government.

Mr Court: No, we want the good new days; we want low unemployment rates.

Mr KOBELKE: When this Government came to power the State was coming out of recession. The Treasurer's own report from Access Economics said the economic settings -

Mr Court: Come on! We have just been through the biggest hit to the state economy since the Second World War and have been able to maintain employment levels. That is pretty good going.

Mr KOBELKE: I do not believe that is true. The Treasurer is gilding the lily again.

Mr Court: You tell me a bigger hit that we've had than the Asian financial crisis.

Mr KOBELKE: There was a much bigger stock market crash in 1987 that led to a worldwide recession in 1991.

Mr Court: No, that was the recession that we had to have.

Mr KOBELKE: It was worldwide. The Treasurer may wish to blame Mr Keating for what happened in the rest of the world but the figures are clear that it was a recession that affected all of the member countries of the Organisation for Economic Cooperation and Development, not only Australia. When this Government came to power, Western Australia was well on the way out of that worldwide recession, which obviously affected us because of our reliance on resource commodities. Similarly, when the Burke Government was elected in 1983 we were on our way out of a world recession. The Burke Government was able to achieve a very good job growth; this Government has achieved a very good job growth and we are thankful that has occurred. However, the Treasurer should be clear about the real record: This Government achieved two-thirds of the Burke Government's job growth and that is reflected in a considerable increase in payroll tax.

The Treasurer made a clear election promise in both the 1993 and 1996 elections that he would abolish payroll tax. He adjusted the rate, but the State has a greater reliance on payroll tax for revenue. As I indicated - and the Treasurer has not corrected me - it is now 50 per cent higher in actual dollars than it was in 1992-93. Has the Treasurer now abandoned that forlorn promise or does he have a scheme to try to cut in a real way the State's heavy reliance on payroll tax?

Mr COURT: I have already commented on payroll tax on a number of occasions. I said in 1993 that payroll tax would be abolished with the implementation of the then Fightback package, but that package was not to be. In the negotiations on this GST package, the Federal Government has said that the States must keep payroll tax to ensure that we receive all of the GST in its present format as other taxes and financial institution duties will be abolished. The pressure to abolish payroll tax will come from Queensland. As I mentioned, that State will receive a large revenue increase in the first few years of the GST. Queensland has always had an advantage with FID. If it is smart and can keep control of its budget, it will have a unique opportunity to bring down payroll tax because of the additional revenues it will receive; that will then force all of the other States to drive down payroll tax rates.

Mr Ripper: What is the source of Queensland's additional revenues?

Mr COURT: I explained it earlier. Queensland has neither FID nor fuel tax. Without going through the pain of bringing in new taxes, Queensland will receive a significant revenue increase commencing in year two of the GST because all the States are sharing the revenues, which have been based on most of the States having in place FID and fuel taxes. That is the reason that I said Premier Beattie was always the first to sign the document. He does not have to worry about taxes; he will just receive the revenue increase.

### **Clause put and passed.**

### **Clause 16: The Act amended -**

Mr RIPPER: Part 5 of the Bill deals with stamp duty changes. The Premier ran through the different stamp duties, and particularly made comment about insurance in his response to the second reading debate. To summarise, are premiums on the following insurance policies expected to rise or fall in the State Government estimates under this package - motor vehicles, building insurance, home content insurance, life insurance and workers compensation?

Mr COURT: Stamp duty on motor vehicle insurance is estimated to reduce, building insurance to rise, home content to reduce, and workers compensation and life insurance to increase.

Mr Kobelke: Do you have figures on those?

Mr COURT: We estimate that this will happen with premiums, but we have no figures.

Mr RIPPER: Does the Premier have figures for stamp duty revenues on each of those types of insurance policies? Are predictions available of how the stamp duty revenues on those insurance policies will change?

Mr COURT: The State Revenue Department advises that these are very preliminary estimates. The estimate is for no change with personal general and third party insurance, but business insurance stamp duty revenues generally will possibly increase by \$5m, and workers compensation possibly by \$2.3m. I have a figure for rental business, but that is not insurance.

Mr Ripper: The Premier might give us that figure.

Mr COURT: Rental business stamp duty revenue is estimated to decrease by \$1.2m.

Mr Ripper: Do you have the figure for home contents insurance?

Mr COURT: The areas within personal insurance has not been broken up. Basically, the estimate is for nil change. Motor

vehicle, building insurance, home content and life insurance come under personal insurance, and workers compensation is estimated to increase by \$2.3m. These are very much estimates.

Mr KOBELKE: I direct the Premier's attention to stamp duty on workers compensation insurance. A major problem exists in that area, and the problem is far from solved despite legislation being recently passed by Parliament. The stamp duty rate on workers compensation insurance increased from 3 to 5 per cent on 1 July 1998. Current total premiums on workers compensation is in excess of \$500m. The 5 per cent stamp duty may not apply to all of that amount as some is self-insured; I am not sure whether stamp duty is paid on that element. Stamp duty taken from workers compensation is of the order of \$25m. The Premier says the potential exists for a further \$2.3m to be raised following the imposition of the goods and services tax. It is a complex area. Insurance is paid now in premiums, but the cost to the insurer is likely to be paid out under the GST, which will affect costs in a range of ways. The transitional period presents difficulties. I do not know the premium implications. That could be another factor driving up premiums - I do not know - and the insurance industry is trying to work that out.

A major problem exists. People spoke to me today regarding home and community care services, which are funded by the Commonwealth. Commonwealth funding is usually minimal and in no way meets demands. These services, whether run by local government or community-based groups, try to stretch the dollars allocated to HACC and the like to the maximum extent, and they have little or no reserves. When they must find \$20 000 or \$30 000 in workers compensation premiums, they are in a dire situation. They can survive only by cutting their cloth to meet the costs; that is, they lay off people and reduce the services provided to people in their homes. A major problem is looming. I know the Premier is aware of the matter as he was willing to allocate \$6m - that was, \$2m each year for three years - to help disability services. Programs which are directly commonwealth funded and not a state responsibility have been caught by workers compensation premiums increasing by a large amount. The programs are unable to budget for this increase.

The Government has stamp duty revenue approaching \$25m, with another \$2m to be collected as a result of the GST imposition. Will the Premier consider providing some immediate concession, whether short term or longer lasting, to assist this industry and a range of community groups facing difficulties in meeting workers compensation premiums?

Mr COURT: It is a little late for my friend to start worrying about that issue. The Government tried to address it last year unsuccessfully, and a compromise situation was reached this year. The member is right: Workers compensation premiums for many people have skyrocketed, and stamp duty has always been paid on workers compensation.

Mr Kobelke: You put it up from 3 to 5 per cent.

Mr COURT: An increase occurred. It is estimated that \$23m will be collected in stamp duty from that area, but that is minuscule when compared with the increase in premiums businesses must pay. A huge payout has occurred in the past two years. For the member for Nollamara to suggest that stamp duty is a big component of that huge increase is misleading. The Government was very concerned about workers compensation last year. It was only the huge backlash received by the Opposition on the cost of the premiums which has seen a little commonsense enter this debate. I know that workers compensation must be addressed from a number of different directions, with rehabilitation, medical and legal costs. The estimate for the stamp duty revenue is \$23m.

Mr KOBELKE: I must respond as a result of the tone of the Premier's remarks. The major problem in workers compensation was totally the making of this Government. The 1993 changes - which the Labor Party opposed - were the source of the problem. The Government removed lump sum redemptions from the system, and that ended up causing a huge gaping hole in the section 93D second gateway because the insurers had no other way of getting cases off their books.

Mr Court: When we tried to address that last year, why did you reject it?

Mr KOBELKE: Because the Government introduced legislation in 1995, and the Labor Party supported it. However, the Government did not put it through the Parliament. The Government had that legislation in the Parliament in 1996. The Labor Party supported it, but the Government did not put it through the Parliament. The Government had that legislation in the Parliament in 1997 and we debated it. The Labor Party supported it, but the Government did not put it through the Parliament. In 1998, the Government had the same legislation in the Parliament, and at the last minute it tried some absolutely stupid moves to remove common law. We still supported the Bill that returned redemptions and made other reforms; we did not support the removal of access to common law.

Mr Court: You are rewriting history, my friend.

Mr KOBELKE: They are the facts. The Bill that went through the Parliament this year was drafted and introduced into the Parliament in a similar form in 1995 to fix up the problems the Government created in 1993. Therefore, we support that. The Treasurer has quite rightly pointed out that the solution involves more than just the unfair restriction on benefits which the last piece of legislation addressed. The difficulty is that the Government has not yet addressed in any thorough way the range of other issues to which the Treasurer alluded. The Pearson review recommended in its report that there should be an independent body to give some transparency to the insurance industry to ascertain whether there could be savings there as well. Although the Treasurer is right that 5 per cent of the overall cost is quite small, when one has a range of enterprises, companies and community service-based groups which are in dire straits, if the Government could, even for one year, give back to them, perhaps across the board in a selective way, that 5 per cent, it would make a substantial difference to many of those organisations.

Mr RIPPER: In this part of the Bill we are dealing with the abolition of certain stamp duties. There are provisions for the debits tax and various stamp duties to be removed at a later stage of the process. The intergovernmental agreement says that

debts tax will cease to apply by 1 July 2005, subject to review by the ministerial council. When the ministerial council conducts that review, must all members of the council agree before the debts tax can be abolished? Will that rule also apply to stamp duties when they are reviewed by the ministerial council?

Mr COURT: They must all agree. Clause 44 of schedule 1 of the Bill states -

All questions arising in the Ministerial Council will be determined by unanimous agreement unless otherwise specified in this Agreement.

Mr RIPPER: That raises the question that we will not be able to abolish debts tax or any stamp duties unless we get the agreement of all the other members of the ministerial council.

Mr Court: It will depend on what revenue flows are coming through at that time from the goods and services tax. If the revenue flows are greater than the budget forecasts, the pressure would be on for them to be abolished.

Mr RIPPER: The pressure might well be on, but there might be jurisdictions that -

Mr Court: If there is a majority view, I think huge political pressure would be put on those States that do not agree to it.

Mr RIPPER: Nevertheless, I can imagine a situation in which the impact on different States will vary. We have already discussed the particular advantage that Queensland might enjoy. There may well be other circumstances in which particular States feel that they are doing well and others feel that they are doing badly. It seems that we have lost, via this mechanism, a fair amount of autonomy and flexibility with regard to these tax changes. We cannot abolish debts tax or any stamp duties unless everyone else agrees.

Mr COURT: If one judges the Labor Party's track record in government, all it did was bring in new taxes.

Mr Kobelke: Not as much as you have.

Mr COURT: No, new taxes. The Labor Party brought in the financial institutions duty and the like.

Mr Ripper: There has been enormous revenue growth during your period in government.

Mr COURT: I hope there has been. The economy has been growing strongly. If we do not have enormous revenue growth, we have a problem.

Mr KOBELKE: I will move on to another matter which is dealt with in the explanatory memorandum, for which I again thank the Treasurer. This matter refers to the stamp duty in respect of the insurance and rental businesses. Particular problems arise in these areas in the GST environment. This relates to the fact that the business, rather than the customer, is currently liable for the stamp duty. The result is that stamp duty recovered from the customer, as part of the premium or the hiring charge, would also be subject to the GST, while the GST itself is also subject to stamp duty. This will lead to a multiple compounding of the GST and the stamp duty, which is clearly an undesirable outcome.

We have already been told in the Treasurer's second reading speech and in the memorandum that work is still being done on this matter, and it is likely that once the matter is sorted out there will be retrospective legislation to implement the proposals. That is a most unsatisfactory situation. Will the Treasurer put on the record some indication of how matters are progressing, what are the most likely forms of solution to this problem, and what, if any, are likely to be the cost impacts of the resolution of this matter?

Mr COURT: The latest advice I have is that we are hopeful that the Commonwealth will amend its GST legislation so that we will not need retrospective legislation.

Mr Kobelke: What is the form of the solution you are hoping the Commonwealth will accept?

Mr COURT: The amendment that the Commonwealth is considering will exclude stamp duty from the amount on which the GST is charged.

Mr KOBELKE: That assumes that in the majority of cases the stamp duty will be levied only once and there is not a series of transactions.

Mr Court: Yes.

Mr KOBELKE: That is the normal practice, so that provides an opportunity for a mechanism to be structured whereby stamp duty can be exempted.

Mr Court: Yes. If that amendment goes through, it will solve the problem.

Mr KOBELKE: I accept what the Treasurer is saying. I am just trying to gain an understanding of the mechanism that the Premiers of all the States are proposing to the Commonwealth. The Treasurer gave a very simple explanation. I am not sure whether the situation is as simple as that.

Mr Court: That the Federal Government will amend the legislation?

Mr KOBELKE: I understand that. However, what is the mechanism, because the mechanism may have implications on what happens with our stamp duty?

Mr Court: I am advised it is as simple as that.



Mr KOBELKE: Thank you. The Treasurer made it sound simple. I was not sure whether he was just giving a brief summary or whether that was the full extent of it.

The next matter I raise concerns compliance of government instrumentalities with stamp duty provisions. I assume that the requirement, which I understand already exists for government instrumentalities, to be fully compliant in the commercial environment means that stamp duty is levied on government departments when vehicles or leasing arrangements, et cetera, are involved. Is what I am suggesting currently the case, and what will be the situation under the GST? Will there be any variations to that?

Mr COURT: The general government agencies are exempt from stamp duty, but the government trading enterprises in most cases are liable.

Mr Kobelke: That will remain the same?

Mr COURT: Yes.

Mr KOBELKE: What arrangements will apply with the Matrix Finance Group leases? Does that group have to pay stamp duty because the motor vehicle is going directly to a government agency? The Ministry of the Premier and Cabinet could have the motor vehicles under lease to Matrix and it may have to acquire new vehicles. Because it is a leasing arrangement with a private organisation, does that group have to pay the stamp duty or, because it is for a government agency, can that be avoided? It is all government money. Is it just a matter of how it is accounted for?

Mr Court: We will have to confirm that. The initial advice is that as they are government vehicles, stamp duty would be not be paid.

Mr KOBELKE: Is it a matter of whether it is defined as a government vehicle or owned by the private company on a leased basis?

Mr Court: I will confirm that advice for the member.

Mr RIPPER: We had a discussion about stamp duty revenues. I want to pursue one further question: What is the bottom line with regard to revenues from all stamp duties? Following the passage of this legislation and the introduction of the new commonwealth taxation regimes, where will this State be in terms of these stamp duty revenues?

Mr COURT: The State Revenue Department is saying it would be an estimate of about \$15m.

Mr Ripper: We will be \$15m better off?

Mr COURT: Yes, but the advisers stress it is a rough estimate at this stage.

Mr KOBELKE: I refer to the stamp duties which are likely to be payable on a whole range of financial transactions on the stock market and on a whole range of different financing companies. It has always been an issue when that was totally within state control that we had to be careful to be uncompetitive in attracting those industries to the State. My understanding is that there has been a move to establish a standard across all States. In the light of these changes, are there still some problems in that general arena of different rates?

Mr Court: Yes.

Mr KOBELKE: Are we getting closer to having a standard across Australia so that Perth is competitive with other States on the basis of taxes and charges and stamp duties?

Mr COURT: Common rates are not good in the sense that if there is competition between the States, as occurred with the securities, there is quite a difference between the States. That will continue.

Mr Kobelke: Why would you say that is good because that industry is highly mobile with technology?

Mr COURT: If one State lowers its rate, and the others do not follow, they lose the business. That is competition.

Mr Kobelke: If one State is seeking to gain an advantage, it reduces the tax take across all States.

Mr Ripper: It would be nice if there was some compensation in quality of services.

Mr COURT: With shares, when one State does that, the others must follow straightaway. It has happened before, and it would happen again.

Mr Kobelke: I take it that the Premier is not an advocate of having that as part of the restructure.

Mr COURT: As a Treasurer, I must say that we like to get revenue, but from a consumer's point of view, I would fight very strongly to have competition. That is why we advocated for the proposal on income tax for the Federal Government to pull out of a component of income tax, but allow the States to have differing rates.

**Clause put and passed.**

**Clause 17: Section 4 amended -**

Mr RIPPER: I do not know if this is a huge political issue: I am interested as a matter of curiosity why stamp duty on quotable marketable securities is to be abolished, but stamp duty on other marketable securities is not to be. What is the rationale for that? I imagine that non-quotable marketable securities are a much smaller proportion of all marketable

securities. I wonder why the arrangement did not go the whole way and abolish stamp duty on all marketable securities. The Treasurer might want to advise me on the revenue implications of that.

Mr COURT: The simple answer is that to make the package balance, the Commonwealth could not afford to get rid of all the duties. The States agreed to leave it on some of the securities. Although it would have been preferable for it to go on all, the books would not balance otherwise.

Mr Ripper: Can the Treasurer give an idea of the revenue implications and perhaps explain what are these non-quotable market securities?

Mr COURT: Let us look at the chart. The third line refers to the marketable securities. That is the total of the listed and unlisted shares. At the bottom, there is an item for the retained duty on unlisted shares and that gives those figures.

Mr Ripper: The duty on unlisted shares is about one-third of the total?

Mr COURT: It is just under.

**Clause put and passed.**

**Clauses 18 to 35 put and passed.**

**Clause 36: *Tobacco Sellers Licensing Act 1975* repealed -**

Mr RIPPER: The explanatory memorandum claims that the State Revenue Department currently administers the tobacco sellers licensing scheme which exists, primarily, to provide information to monitor safety net payments. It claims that 12 wholesalers are currently licensed while no retailers hold licences. Why do we have no tobacco retailers holding licences when there are demonstrably thousands of tobacco retailers around the State? It seems rather strange that we are in this position.

Mr COURT: It is paid at the first point by the wholesaler. A licence is not needed at the other end of the chain.

Mr Ripper: A licence is needed only when buying from an interstate wholesaler.

Mr COURT: If the wholesaler at the other end does not hold a licence, one would be required.

Mr KOBELKE: The changes are just tidying up after the dust had settled on the tobacco taxes and following the decision of the High Court of Australia and arrangements made, with the safety net covering revenue payments from the Commonwealth. There are much wider issues besides just the revenue which the State used to get. In the 1980s, when the Labor Government moved as a public health issue to do something about smoking, the use of tax on tobacco was an integrated part of that health and safety package. The question is this: What arrangement is being made between the States and the Commonwealth to tie in these financial powers with the broader range of health issues? In the United States prosecutions against tobacco companies are billion dollar deals. There is link between the straight tax issue and the health issue. What is the arrangement at the ministerial level between governments hopefully to maintain that connection and not just treat it as a revenue issue on one hand and forget totally the connection through preventive health and community health issues on the other hand?

Mr COURT: I do not think there is a connection between the two, although I appreciate the point the member is making.

Mr Kobelke: Is it up to the Health Ministers if somebody initiates something?

Mr COURT: Yes, if they wanted to initiate some sort of licensing arrangement. I have just been to Europe. It was not until I left Australia that I realised the change that has occurred here. In France in particular, where I think the Government has a direct involvement in producing cigarettes, smoking is prevalent everywhere. It makes places very uncomfortable and very unpleasant. The same applies even in other States in Australia. One gets used to eating in smoke-free restaurants.

The work done by the Opposition and continued by the Government is much more significant than we realise. I do not think that will be reversed. Once we have operated in a smoke-free environment we do not want to go back to the other option.

Mr Ripper: Is your Cabinet room smoke free?

Mr COURT: Yes. When I first walked into the Premier's office there was one machine I could not work out. I thought it was a speaker box or amplifier or something, but it was Carmen Lawrence's mechanical air freshener to get the smell out of the office.

**Clause put and passed.**

Debate adjourned, on motion by Mr Court (Treasurer).

*House adjourned at 5.02 pm*

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### QUESTIONS ON NOTICE

Questions and answers are as supplied to Hansard.

#### MAIN ROADS WA, PURCHASERS OF LOTS 70-72 CLONTARF ROAD, BEACONSFIELD

501. Ms MacTIERNAN to the Minister representing the Minister for Transport:

Will the Minister advise the purchaser/s of Lots 70, 71 and 72 Clontarf Road, Beaconsfield, disposed by Main Roads Western Australia?

Mr OMODEI replied:

The Hon Minister for Transport has provided the following response:

Lots 70, 71 and 72 Clontarf Road, Beaconsfield, was disposed by the Metropolitan (Perth) Passenger Transport Trust to Keith Stevenson Pty Ltd of 15 Pakenham Street, Fremantle, and/or nominees.

#### HEALTH, CHIEF EXECUTIVE OFFICERS

609. Ms McHALE to the Minister for Health:

I refer to the positions of Chief Executive Officer, Health Department of Western Australia and Chief Executive Officer of the Metropolitan Health Services Board and ask -

- (a) which position attracts a superior salary package; and
- (b) on what basis was this difference justified?

Mr DAY replied:

- (1) The monetary value of the salary package of the Chief Executive Officer of the Metropolitan Health Service (MHS), exceeds the salary package for the Commissioner of Health.
- (2) The Commissioner of Health is the principal policy adviser to the Minister for Health and is responsible to the Minister for the health system as a whole. The remuneration of the Commissioner of Health is set by the Salaries and Allowances Tribunal. The salary package for the Chief Executive Officer of the MHS was set following consultation with Treasury and the Ministry of the Premier and Cabinet, having regard to the operational responsibilities of the position and the remuneration of other comparable positions.

#### GOVERNMENT DEPARTMENTS AND AGENCIES, GRANTS, LOANS AND FINANCIAL ASSISTANCE

744. Mr RIEBELING to the Minister representing the Minister for Finance:

Will the Minister provide the following details of all grants, loans and any other form of financial assistance, offered within the Minister's portfolio -

- (a) the name of the financial assistance;
- (b) the purpose of the assistance;
- (c) the eligibility criteria for assistance;
- (d) the actual expenditure in -
  - (i) 1997-98;
  - (ii) 1998-99; and
- (e) the budgeted allocation in 1999-2000?

Mr COURT replied:

The Minister for Finance has provided the following response:

Insurance Commission of Western Australia

- (a)
  - (i) Foundation for Advanced Medical Research
  - (ii) Office of Road Safety; Western Australia Police Service; WorkSafe, Western Australia
- (b)
  - (i) Research into asbestos-related diseases, specifically mesothelioma.
  - (ii) To finance a variety of road safety programmes.
- (c)
  - (i) Related to core business of the Industrial Disease Division of the Insurance Commission of Western Australia as per State Supply Commission's "Sponsorship in Government" guidelines.
  - (ii) Section 7(2)(o) of the Insurance Commission of Western Australia Act 1986 which states "... power to initiate, or participate in, and promote programmes and schemes for the prevention of accidental death and personal injury..."

(d)	1997-98 (i)	\$150,000
	(ii)	\$782,000
	1998-99 (i)	\$64,750
	(ii)	\$1,854,771
(e)	(i)	\$145,250
	(ii)	\$2.17 million

State Revenue Department  
(a)-(e) See below.

	Title	Actual 1997/98 \$	Actual 1998/99 \$	Estimate 1999/2000 \$
Name	<b>Pensioner Rates Concession</b>	21,672,420	22,649,810	25,855,000
Purpose	To provide either a 50% rebate on, or allow for the deferment of, local government general rates and the Water Corporation's annual service charge			
Criteria	Where an applicant, at the commencement of the rating year: · holds a pensioner concession card and receives a relevant pension or allowance or holds a State concession card; and · owns or has a relevant interest in land; and · occupies that land as his or her "ordinary place of residence"; and · registers with the administrative authority by the registration date (with the Water Corporation by 31 July and with the local authority within 35 days of the issue of its rates notice) To obtain the rebate the applicant must pay the rebated amount of the current year's rates prior to 30 June of the rating year.			
Name	<b>Swimming Pools - Subsidies for Operating costs</b>	309,000	261,000	360,000
Purpose	To provide a contribution (maximum of \$3,000 per pool in any one year) towards the operating losses incurred by local authorities in the operation of public swimming pools.			
Criteria	The swimming pool must be developed and operated by local government authority on local government land.			
Name	<b>Inner City Living Rebate Scheme</b>	22,552	19,947	40,000
Purpose	Incentive for inner city residential living			
Criteria	Land owned in the inner city area as defined in the Land Tax Assessment Act Regulations which is zoned for other than residential purposes but which is used for residential purposes is entitled upon application to a rebate of land tax where the notional residential land valuation is less than the valuation which applies to the land's actual zoning.			
Name	<b>Senior's Rebate Scheme</b>	0	39,682	60,000
Purpose	To provide a rebate of up to 25% to eligible seniors on Water Corporation water, sewerage and drainage rates or on rates charged by several country Local Authorities who operate their own water, sewerage and drainage scheme.			
Criteria	Where an applicant, at the commencement of the rating year: · holds a pensioner concession card and receives a relevant pension or allowance or holds a State concession card; and · owns or has a relevant interest in land; and · occupies that land as his or her "ordinary place of residence"; and · registers with the administrative authority by the registration date (with the Water Corporation by 31 July and with the local authority within 35 days of the issue of its rates notice) To obtain the rebate the applicant must pay the rebated amount of the current year's rates prior to 30 June of the year.			
Name	<b>Reimbursement of Stamp Duty on the Refinancing of Farm Loans</b>	79,198	102,882	101,000
Purpose	To provide relief for farmers who refinance their loans to take advantage of more attractive terms offered in respect of the existing loan(s)			
Criteria	A farmer who is a natural person personally engaged, other than as an employee, in the rural industry or a company whose shareholders are bona fide primary producers relying on the income of the company for their livelihood who/which has established a replacement loan facility, the funds from which are used to extinguish the outstanding balance of an existing loan(s) prior to maturity.			
Name	<b>Fuel Suppliers' Licensing Act 1997</b>	56,041,129	156,479,428	163,700,000
Sub Name	<b>Off Road Diesel Scheme</b>			
Purpose	To allow certified off-road diesel (ORD) users to purchase diesel fuel, that is to be used for off-road purposes, at the ORD price.			
Criteria	The diesel must be used by an ORD certificate holder for purposes other than propelling a diesel engine road vehicle on a public road.			
Sub Name	<b>General Diesel Scheme</b>			
Purpose	To allow all users of diesel fuel to purchase diesel fuel at the general subsidized price. (The scheme came into existence pursuant to a commitment by Western Australia under the "safety net arrangements" introduced by the Commonwealth, following the High Court decision that State Business Franchises were unconstitutional.)			
Criteria	The diesel fuel must be supplied to a person in Western Australia.			

## Valuer General's Office

## Government Employees Superannuation Board

(a)-(c) Not applicable.

## GOVERNMENT DEPARTMENTS AND AGENCIES, GRANTS, LOANS AND FINANCIAL ASSISTANCE

746. Mr RIEBELING to the Minister representing the Minister for Racing and Gaming:

Will the Minister provide the following details of all grants, loans and any other form of financial assistance, offered within the Minister's portfolio -

- (a) the name of the financial assistance;
- (b) the purpose of the assistance;
- (c) the eligibility criteria for assistance;
- (d) the actual expenditure in -
  - (i) 1997-98;
  - (ii) 1998-99; and
- (e) the budgeted allocation in 1999-2000?

Mr COWAN replied:

The Minister for Racing and Gaming has provided the following response:

## Office of Racing, Gaming &amp; Liquor

(a) Racecourse Development Trust

(b) Funds are derived from unclaimed dividends and refunds from investments on thoroughbred and harness racing on the WA TAB. Grants and loans are made to assist racing and trotting clubs and training establishments improve their facilities.

(c) All racing and trotting clubs and training establishments in Western Australia are eligible for assistance.

(d)	(i)	1997/98	\$1,976,266
	(ii)	1998/99	\$2,150,112 (unaudited)

(e)	1999/2000	\$3,000,000
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## Burswood Park Board

(a) Grant to State Tennis Centre (situated on Burswood Park Board land)

(b) To enable construction of two additional rebound ace tennis courts and overhead cover over one of the courts.

(c) Burswood Park Board capital land improvements budget.

(d) (i)-(ii) Nil.

(e) \$200,000

## Totalisator Agency Board

(a)-(e) Not applicable.

## W A Greyhound Racing Authority

(a)-(e) Not applicable.

## Lotteries Commission

(a) The Lotteries Commission direct grants program as required by section 22(2) of the Lotteries Commission Act 1990

(b) See Grants List in 1997/98 and 1998/99 Annual Reports tabled in Parliament.

(c) See section 19 of the Lotteries Commission Act 1990 for eligibility criteria.

(d) See Grants Lists in 1997/98 and 1998/99 Annual Reports as tabled in Parliament.

(e) \$41.5 million as tabled in 1998/99 Annual Report.

## HOUSING LOANS ADVERTISEMENT

861. Mr BROWN to the Minister for Housing:

- (1) Is the Minister aware of the television/radio announcement which proclaims that a person does not need a job to obtain a housing loan?
- (2) What involvement did the Minister/State Government have in the development of the advertisement?

- (3) Is the Minister aware that some unemployed people have found the advertisement particularly offensive?

Dr HAMES replied:

- (1) No, but the Scheme Manager has taken action in the past to curtail the newspaper advertisements of organisations that make improper references to the State Government Scheme.
- (2) None.
- (3) No.

#### HARVEY DAM, LAND PURCHASES

883. Dr EDWARDS to the Minister for Water Resources:

- (1) With respect to land purchased by the Water Corporation in relation to land affected by the proposed Harvey Dam, how many properties have been purchased to date?
- (2) How many properties are about to be purchased or are currently being negotiated?
- (3) How many properties planned to be acquired are awaiting further actions?
- (4) Is the purchase price at settlement the same as the figure on the land transfer document?
- (5) If not, why not?

Dr HAMES replied:

- (1) 12.
- (2) 8.
- (3) None.
- (4) Yes, the land value component of any settlement is as shown on the land transfer document.
- (5) Not applicable.

#### HARVEY DAM, COURT ACTION ON LAND TRANSACTIONS

884. Dr EDWARDS to the Minister for Water Resources:

- (1) Why is the Water Corporation negotiator for the purchase of land affected by the Harvey Dam telling land owners they will be taken to court if they don't do a transaction based on the offer received from the Water Corporation?
- (2) How does the Water Corporation arrive at a figure of \$40 000 per day if court action proceeds?

Dr HAMES replied:

- (1) In March 1999 the Water Corporation advised all landowners who will be affected by the proposed works of the Corporation's obligations under section 168 of the Land Administration Act 1997. This section details the procedures for compulsorily acquiring land for a public work, compensation for land taken and the Compensation Court process. It has always been, and will continue to be, the Corporation's commitment to reach a negotiated settlement with landowners. The compulsory acquisition process is only used when a negotiated settlement cannot be reached based on the offers made between the parties and this has been made clear to all landowners during negotiations.
- (2) The Water Corporation has quoted no such figure.

#### WATER AND RIVERS COMMISSION, EMPLOYEES ON FIXED TERM CONTRACTS

913. Dr EDWARDS to the Minister for Water Resources:

- (1) How many people in the Waters and Rivers Commission are employed on fixed term contracts?
- (2) What is the average length of time of these contracts?

Dr HAMES replied:

- (1) 78.
- (2) 14 months.

## QUESTIONS WITHOUT NOTICE

### GOVERNMENT BUS FLEET, PROPOSED LEASING AGREEMENT

**300. Dr GALLOP to the Minister for Works:**

I again refer to the proposed leasing agreement for the State's bus fleet and, in particular, to the minister's answer to a question yesterday in which he stated that the assessment panel signed off on the deal subject to the resolution and agreement between the Treasurer and the Minister for Transport of a number of issues agreed by Cabinet. What were the issues Cabinet agreed needed to be resolved between the Treasurer and the Minister for Transport?

**Mr BOARD replied:**

It is a normal process of government that tenders of this nature and contracts of this size go to Cabinet for endorsement. There is nothing unusual about this tender proceeding to Cabinet. In my answer yesterday to the Leader of the Opposition I indicated that the panel had ticked off on the particular contract.

Mr Ripper: Subject to conditions that you would not discuss.

Mr BOARD: I have already indicated in that answer that the conditions are subject to some tax rulings from the Australian Taxation Office. The Opposition already knows about that.

Mr Ripper: Is that the only condition?

Mr BOARD: It is the only condition that I know of.

### SENTENCING LAWS, INTERFERENCE BY FEDERAL LABOR PARTY

**301. Mr BAKER to the minister representing the Attorney General:**

I refer to recent attempts by the federal Labor Party to overturn our State's mandatory sentencing laws. Can the minister please confirm that the State Government will oppose this interference in matters within our constitutional affairs?

**Mr PRINCE replied:**

I thank the member for some notice of this question. I have received the usual answer from the Attorney General at some length. I would like to paraphrase his answer by saying that for at least 13 years, probably a good deal longer, federal Labor misused the Constitution of this country to try to subvert what are the sovereign duties, rights and responsibilities of the States of the federation of Australia. What they have tried to do again but they have not the power to do, and if they even came being close to being successful, of course we would challenge it, is to take control over the issues to do with law and order and crime and punishment, which are properly the province of the States. In answer to the question, will we resist attempts by the Labor Party in Federal Parliament to overturn our State's sentencing laws, in the Attorney's succinct language, yes.

### TENGRAPH SYSTEM FOR THE ADMINISTRATION OF MINING AND EXPLORATION LEASES

**302. Mr RIPPER to the Premier:**

Some notice of this question has been given. I refer to the report into the business activities of the Premier's former right-hand man, Jack Gilleece.

- (1) Can the Premier advise whether the Tengraph system for the administration of mining and exploration leases was exported to the Mongolian Government?
- (2) If so, when did this occur and on what basis was this undertaken?
- (3) Who was involved in arranging the provision of the system to Mongolia?
- (4) Was any fee or commission paid for making these arrangements?
- (5) What role did SoftCopy Digital Mapping Pty Ltd have in this deal and did it receive any payment for its role?

**Mr COURT replied:**

I thank the member for some notice of this question. I hope the member does not want facts to get in the way of his stories.

- (1) It was not.
- (2)-(4) Not applicable.
- (5) There was no deal.

### LOCAL GOVERNMENT'S ROLE IN NATURAL DISASTERS

**303. Mr SWEETMAN to the Minister for Local Government:**

I understand that the Department of Local Government has recently completed a report on the roles of the local governments in the two recent natural disasters in the Shires of Exmouth and Moora. That report assessed how those roles could be improved, assisted, coordinated and recognised. Will the minister please outline the major findings of the report?

**Mr OMODEI replied:**

I thank the member for some notice of this question and for his ongoing interest in this important issue, both within his electorate and generally. The department commissioned Mr Laurie Vicary, a local government consultant and former chief executive officer of the Shire of Ashburton to undertake the assessment. The report, which has been sent to all Western Australian councils, made nine findings and produced an action plan for clearer local government involvement in emergency management. The report highlights the need for in-house training for local government personnel, which clarifies the roles and responsibilities of the Fire and Emergency Services Authority and the other hazard management agencies. It also proposes the Department of Local Government be represented on the State Emergency Management Advisory Committee and that local government liaison officers be appointed to work with the appropriate hazard management agency in an emergency. The Department of Local Government will also examine opportunities for greater resource sharing and assistance from councils when an emergency exists. Mr Vicary's report is an excellent one which bears close consideration and implementation.

**GILLEECE, MR JACK, LETTERS OF INTRODUCTION****304. Mr RIPPER to the Premier:**

- (1) Did the Premier provide any letters of introduction to Mr Gilleece prior to his trip to Mongolia; and, if so, for what purpose, and will he table them?
- (2) Has the Premier ever provided references for Mr Gilleece; and, if so, has the Premier withdrawn those references?
- (3) Will the Premier give a guarantee that no documents, tapes, transcripts, memos, files or records of any sort relating to the business affairs of his disgraced former adviser have been or will be shredded or destroyed?
- (4) If not, why not?

**Mr COURT replied:**

- (1)-(2) I will triple check all the records because the Deputy Leader of the Opposition did not give me notice, but to the best of my knowledge, no.
- (3)-(4) All of those records were given to the investigators. I understand that they would still be in their hands. We would have no reason for wanting them destroyed. I want to make the point to the Deputy Leader of the Opposition that all of that information and full access to all of those records was available.

I will talk about the Opposition's double standards. It would be very interesting if an inquirer could get into the computer records to look at some of those allegations. One cannot get much more open than having full access to all of these records. As I have said, the records are currently with whoever did the investigation. It is the exact opposite of what happened with WA Inc. We have been completely open. All the Opposition can do is continue to say that the complaints being made about some of its members are irrelevant.

**DENTAL EDUCATION****305. Mr BRADSHAW to the Minister for Health:**

Can the minister advise what is being done to improve the provision of dental education in Western Australia?

**Mr DAY replied:**

I thank the member for some notice of the question. I was pleased to be involved with the Premier this morning in announcing the establishment of the Western Australian Centre for Oral Health, which will be located adjacent to the Queen Elizabeth II Medical Centre. The establishment of the WA Centre for Oral Health has resulted from some concern about the conditions at the School of Oral Health Sciences at the University of Western Australia, which is collocated with Perth Dental Hospital in Goderich Street, Perth, and the need to establish a new facility and school. I am pleased that the University of Western Australia has given this matter serious consideration over the past few years. The outcome is that education and training facilities will be collocated with public dental facilities on one site. This will ensure that for the first time in Western Australia, there is collocation between the education and training facilities for dental students of UWA and dental therapy and hygiene students who are trained by Curtin University, and for dental technicians and dental assistants who come under the auspices of TAFE in this State. The total cost of construction will be about \$34m, of which \$19m will be contributed by the State Government through the capital works allocation via the Health budget, and \$15m will be contributed by the University of Western Australia. In addition, the university will contribute land to the value of about \$3.5m. Detailed planning is now under way for the construction of the centre, and I expect that it will commence operations by the beginning of the 2002 academic year. The establishment of this centre will provide a centre of excellence for training, education and research in dentistry in Western Australia, which will be a great credit to this State.

**ANTI-CORRUPTION COMMISSION-WA POLICE SERVICE INVESTIGATION, KALGOORLIE DETECTIVES****306. Mrs ROBERTS to the Minister for Police:**

I refer to the joint Anti-Corruption Commission-WA Police Service investigation referred to in the recent Kalgoorlie detectives' case before Commissioner Gregor in the Industrial Relations Commission and ask -

- (1) How much of the \$18 000 given to registered informant 396 was provided by WAPOL and how much was provided by the ACC?



- (2) What action has been taken to recover that public money?
- (3) Did Inspector Dalwood recommend that registered informant 396 be charged with stealing the \$18 000; and, if so, on what date?
- (4) Who made the decision not to proceed with a prosecution against that informant?
- (5) Was the Commissioner of Police and/or the ACC consulted?

**Mr PRINCE replied:**

I thank the member for the question and some notice of it.

- (1)-(5) As the member is aware, I have sought from the Police Service the information to respond to the question. I am advised that the investigation is continuing into issues surrounding the matter that was dealt with by Commissioner Gregor. The information and brief is presently before the Director of Public Prosecutions, and it is not appropriate at this time to make any comment with regard to any prosecution that may or may not be laid.

#### ANTI-CORRUPTION COMMISSION-WA POLICE SERVICE INVESTIGATION, KALGOORLIE DETECTIVES

**307. Mrs ROBERTS to the Minister for Police:**

I ask a supplementary question. Was an exemption from prosecution sought or received from the Director of Public Prosecutions?

**Mr PRINCE replied:**

I cannot answer that question, simply because I do not know the answer. I shall endeavour to get an answer to that, but if it is still part of a matter that is before the Director of Public Prosecutions, I may or may not be able to answer the question, even when I get specific advice. At the present moment, I cannot answer it.

#### YOUTH ADVISORY COUNCILS, STATE CONFERENCE

**308. Mrs van de KLASHORST to the Minister for Youth Affairs:**

Last weekend, 230 people from across the State came to my electorate to discuss youth issues. Can the minister please give details of this gathering and whether it was connected with the Youth Advisory Council network?

**Mr BOARD replied:**

I thank the member for Swan Hills for the question. Last weekend, over 230 young people went to Swanleigh Residential College for a two-day seminar, and they had a tremendous time. They were there because they are part of the Youth Advisory Council network around Western Australia. There are now 76 Youth Advisory Councils in Western Australia, from Kununurra to Esperance. Some 1 100 young people sit on those Youth Advisory Councils, and the young people who came to Swanleigh represent those 76 Youth Advisory Councils. Those Youth Advisory Councils look at local as well as statewide issues. The state conference was looking at three major issues. It wanted to raise the profile of the Youth Advisory Councils in the wider community with regard to what they are achieving, and hence raise the profile of young people; it wanted to make sure that the state network fed into the federal Minister for Youth Affairs' Youth Round Table, and while the Federal Government has 50 representatives around Australia, we have 1 100 in Western Australia; and it also wanted to make sure that the YACs have input into our state youth policy, and it discussed where our state youth policy was going and had direct input into that policy. The YACs are a powerful network. They have direct input into my office and are making a significant difference not only in their own areas but also to youth affairs in Western Australia.

#### POLICE, INQUIRY INTO INTERNAL AFFAIRS UNIT

**309. Mrs ROBERTS to the Minister for Police:**

I refer to the recent case before the Western Australian Industrial Relations Commission and to Commissioner Gregor's finding with regard to the evidence of former assistant commissioner Jack Mackaay and the operations of the internal affairs unit, and I quote -

Trying to inculcate ethical behaviour into WAPS when the keepers of the ethics have a poor appreciation of their own ethical responsibilities creates serious problems for WAPS generally.

What action does the minister intend to take in light of this damning finding?

**Mr PRINCE replied:**

I have read the decision handed down by Commissioner Gregor, and the Commissioner of Police has it, and I think he has read it. He and I will be having our regular weekly meeting this afternoon, and I have no doubt we will discuss it at that time.

Dr Gallop: You are pretty slow!

Mrs Roberts: It has only been a fortnight!

Ms MacTiernan: Are you going to ask him whether he is corrupt?

Mr PRINCE: No. Do not be stupid! A couple of other things have arisen, as the member for Midland is aware, with regard to the operations and professional standards portfolio, and a new assistant commissioner is to be appointed, and I understand that recommendation is coming through. What may or may not result from those discussions I cannot say, but it is, of course, a matter for the Commissioner of Police to consider and to advise me about, and I will be involved in those discussions.

Mrs Roberts: There are clearly huge problems with the internal affairs unit. Every little window that we have had into it - and there have been about four recently - has had the most damning findings, whether it be by judges or by an industrial relations commissioner.

Mr PRINCE: If the member is referring to the case concerning former detective sergeant Taylor, I think she is wrong.

Mrs Roberts: I am not referring to that. The minister knows the Kalgoorlie case to which I am referring. I am also referring to the case involving the other detective -

Mr PRINCE: The civil decision.

Mrs Roberts: - who was awarded \$50 000 damages because of the behaviour of internal affairs officers.

Mr PRINCE: That decision may well be appealed.

The SPEAKER: Order! This is question time and not a fireside chat. I wonder whether we can move on so that other people can ask their questions.

Mr PRINCE: We can, Mr Speaker, because -

Ms MacTiernan interjected.

The SPEAKER: Order, member for Armadale! I am trying to get things moving along. I will then give the member a question should she want one.

Mr PRINCE: If internal affairs and if the whole concept of professional standards were as poorly handled and as much on the nose as the Opposition and members of the Police Union would like to pretend, the police officers in this State would not have an approval rating from the community that is 11 per cent higher than that of any other Police Service in Australia, where 78 per cent of the people of this State consider that our Police Service has the highest integrity and honesty. A lot of that has to do with professional standards. That does not mean they get it right all the time, but it does mean they get it right much of the time, and the public trusts them.

#### MARINE SEARCH AND RESCUE OPERATIONS

##### **310. Mrs HODSON-THOMAS to the Minister for Emergency Services:**

I ask -

Dr Gallop interjected.

The SPEAKER: Order, Leader of the Opposition! I have given the member for Carine the call, and if the Leader of the Opposition persists, he will be formally called to order.

Mrs HODSON-THOMAS: In respect of marine search and rescue operations undertaken in Western Australia during the last fiscal year, will the minister advise -

- (1) The total cost of search and rescue operations;
- (2) the number of operations conducted;
- (3) the number of operations lasting multiple days; and
- (4) the number of operations in which emergency position indicating radio beacons were utilised?

##### **Mr PRINCE replied:**

I thank the member for some notice of this question, which allowed me to find some of the figures she has asked for.

- (1) The cost of marine search and rescue in Western Australia during the 1998-99 financial year was \$27.5m. This is the monetary cost to the State, which includes moneys spent on marine search and rescue volunteers, victims of search and rescue incidents, and the cost of state government resources to prosecute search and rescue incidents.
- (2) A total of 1 017 marine search and rescue operations have been conducted.
- (3) Records are not kept in the form requested. However, the total number of manhours used in the 1998-99 financial year was 6 182.
- (4) EPIRBs were utilised in 20 operations.

I have a more detailed breakdown by cost of the various assets used, which I am more than happy to make available to the member.

## POLICE SERVICE, INTERNAL AFFAIRS UNIT

**311. Mrs ROBERTS to the Minister for Police:**

I refer to tabled paper 168 concerning Mr Frank Scott, which the minister reluctantly tabled last month, and which states that it is apparent that the investigating officers have not attempted to accord procedural fairness or natural justice. I ask -

- (1) Does the Solicitor General's advice raise further concerns about Mr Mackaay's administration of the internal affairs unit?
- (2) Is this another instance of investigating officers from the internal affairs unit not affording those they are investigating any procedural fairness or natural justice?
- (3) What actions has the minister taken as a result of the Solicitor General's advice, and how alarmed is he about the operations of the internal affairs unit?

**Mr PRINCE replied:**

- (1)-(3) The professional standards area of the Police Service has been handled extremely well in the past four or five years. The result is that the professional standards of our Police Service have risen to such an extent that the WA Police Service has the highest rating of regard for integrity and honesty in the whole of Australia.

Mrs Roberts: Are you saying that the report by the industrial relations commissioner did not count?

Mr PRINCE: No, I am not saying that. They do not get it right all the time and, of course, many police officers object strongly to being on the wrong end of police methods of detection of crime when they are used on them, because they find that to be an offence and an affront. A few officers have raised the problem, taken it on and been quite celebrated as a result. However, professional standards generally within the Police Service have risen measurably in the past four or five years. A number of cases have raised concerns, and that concerns me. I have taken it up with the Commissioner of Police and a number of matters are yet to be resolved. We need to appoint a new assistant commissioner for that portfolio, and that is coming to me through the system right now. Members can rest assured that I and the commissioner will deal with the matter properly and with dispatch.

## PEEL REGION SCHEME

**312. Mr MARSHALL to the Minister for Planning:**

Articles have appeared in local newspapers in the Peel region recently claiming that people will lose land because of the Peel region scheme. Will the minister explain the true nature of the land use permitted under the scheme?

**Mr KIERATH replied:**

I thank the member for Dawesville for some notice of this question, and I am pleased to say that the various articles claiming that landowners will lose part of their land is total rubbish. One article claimed that a farmer would lose 40 per cent of his farm. Members will be aware that these claims are not new. I have outlined the situation previously in this House. I remind members that the current use of the land can continue even if the land is reserved for parks and recreation along the foreshore of the Murray River. In other words, people who are currently farming the land can continue to farm the land.

The allegation made is completely false. I cannot put the situation any clearer than by saying that the claims that land will be lost are totally erroneous. I feel sorry for the poor landowners in the area who have been grievously misled by the very dishonest campaign to paint that as the case. I am puzzled about the agenda of newspapers which continue to run that line. The landowners need and deserve honesty and certainty, not stupid, frightening and malicious campaigns of wilful dishonesty. I thank the member for Dawesville for bringing this matter to my attention. I hope this answer will reassure his constituents, and particularly the constituent referred to in the *Mandurah Mail*, that people have the right to continue to use the land in the way it is currently being used.

## METROPOLITAN HOSPITALS, CHIEF EXECUTIVE-GENERAL MANAGER POSITIONS

**313. Ms McHALE to the Minister for Health:**

I refer to the minister's defence in the censure motion in this House on 23 September when he said that there is no intention whatsoever of removing or sacking chief executives or general managers and that their roles will not in any way be downgraded. I ask the minister to confirm that he was not accurate in his remarks and that the chief executive-general manager positions at each metropolitan hospital will cease to exist by 1 July 2000.

**Mr DAY replied:**

The member for Thornlie is correct in reporting me as saying there will be no sacking of chief executives or general managers. I also made it clear in that debate that the roles of the chief executives or general managers may change somewhat over time.

Mr McGinty: And they will not be downgraded?

Mr DAY: I do not believe they will be downgraded. Their roles may change somewhat given the new arrangements that may be put in place for the management of the Metropolitan Health Service. The board of the Metropolitan Health Service

and the CEO have the responsibility of ensuring that the maximum level of resources is put into providing patient care in the most effective way. At the moment they are involved in discussions on how to best provide services for the future.

#### FRINGE RESIDENTIAL LAND DEVELOPMENT MARKET

##### **314. Mr BAKER to the Minister for Lands:**

Mr Speaker -

Mr Brown: The man of the fifth amendment.

Mr BAKER: Members opposite cannot take a joke!

I ask the minister to provide the House with details of LandCorp's movement out of the fringe residential land development market over the past 18 months.

##### **Mr SHAVE replied:**

I thank the member for some notice of this question. It is correct to say that LandCorp was created pursuant to the Western Australian Land Authority Act. The minister responsible for the administration of that Act was required to undertake a ministerial review after five years of operation. As Minister for Lands, I arranged for that review process to be effected. It included analysis of LandCorp's activities and achievements, and an extensive consultative process with public agencies and private sector groups.

At the conclusion of the review process, I tabled the ministerial review findings in the Western Australian Parliament in June 1998. These findings set the path and future direction for this agency. In 1998, I introduced the Western Australian Land Authority Amendment Bill, which was proclaimed on 31 December 1998. That amendment Act redefined LandCorp's core functions and gave effect to the review findings. A number of findings of a non-legislative nature and actions to address these findings were given effect concurrent to the amendment process occurring in the Western Australian Parliament. A key finding related to LandCorp's presence in the fringe residential land development market. The review finding recommended that LandCorp rationalise its residential landholdings.

LandCorp acted on this recommendation and set about exiting from projects focused on this market. A number of significant milestones have been achieved, and 1 000 hectares of fringe in globo land have been sold for more than \$70m. This equates to approximately 80 per cent of the authority's landholdings.

In the past 12 months, LandCorp has moved on to focus on core functions; namely, the provision of industrial land, major urban and regional projects and government asset disposal. These functions are a direct demonstration of the Government's commitment to these higher-level objectives that bring benefit and prosperity to all Western Australians.

#### STATE CHILD DEVELOPMENT CENTRE, CLOSURE

##### **315. Ms McHALE to the Minister for Health:**

I refer to the closure of the State Child Development Centre in Rheola Street.

- (1) Who gave the instruction that the centre be removed from its Rheola Street premises?
- (2) To where does the Metropolitan Health Service Board intend to relocate this community-based facility?
- (3) Will the minister confirm that parents and children are being shifted in order to accommodate the board executives?
- (4) Is this yet another ill-conceived, ill-planned decision which will jeopardise the statewide community health services and the ultimate development of children?

##### **Mr DAY replied:**

- (1)-(4) It is not correct that children or staff at the State Child Development Centre are being shifted to accommodate board executives, as the member for Thornlie put it. It is interesting to look at some of the background to this issue.

Mr McGinty: We do not believe a word you say.

Mr DAY: I will give the facts and the member for Fremantle can go on with his histrionics.

The SPEAKER: The member for Fremantle will come to order.

Mr McGinty: You should tell the truth about these matters.

The SPEAKER: Order! Time has moved on, we are on another question and members are still toing-and-froing across the Parliament. It is not acceptable.

Mr DAY: The facilities at Rheola Street are regarded as not being ideal for the best provision of child development services. As a result of that view, the facilities were reviewed by the chief executive of King Edward Memorial Hospital for Women and Princess Margaret Hospital for Children with a view to providing better facilities from which the staff can operate. There has been a proposal that they be relocated to the site of Princess Margaret Hospital, or in that vicinity, not for the purpose of providing accommodation for staff of the Metropolitan Health Service Board, but to provide better facilities for the staff of the State Child Development Centre and the children who are provided with these facilities. I understand that the Rheola Street building contains vacant offices, and it is proposed that six finance staff of the Metropolitan Health Service

Board make use of those vacant offices. As I said, there has not been any decision to relocate the State Child Development Centre for the purpose of accommodating executives of the Metropolitan Health Service Board. No decision will be made to move the State Child Development Centre until better and more appropriate facilities are available.

STATE CHILD DEVELOPMENT CENTRE, STAFF

**316. Ms McHALE to the Minister for Health:**

As a supplementary question, can the minister guarantee that the centre staff will not be moved out within the next month?

**Mr DAY replied:**

That sounds highly unlikely. If the member had been listening, I just said that no decision will be made to move the State Child Development Centre until better and more appropriate facilities are available to provide a better service and better accommodation than it has at the moment.

POLICE ACADEMY, JOONDALUP

**317. Mr BAKER to the Minister for Police:**

I refer to the design of the new police academy in Joondalup, which will greatly benefit from utilising state-of-the-art technology and automation systems. In keeping with this scenario, I ask -

- (1) Is the minister aware that the very latest state-of-the-art LonWorks open network building controls technology is now available in Australia?
- (2) Will the minister inquire into this availability and ensure that the new academy is equipped with the world's best technology resulting in higher efficiency and substantial operational cost savings?

**Mr PRINCE replied:**

- (1)-(2) Yes.

UNDERCOVER POLICE OFFICERS

**318. Mrs ROBERTS to the Minister for Police:**

Recommendation 31 of the interim report of the Select Committee into the Misuse of Drugs Act 1981 stated that the WA Government, as a matter of urgency, should enact legislation extending the powers of, and providing additional protection to, undercover police officers involved in covert activities, and related to the power to sell, exchange and otherwise deal in illicit drugs. Given that the minister's response to the House in March 1998 supported the recommendation, what progress has he made?

**Mr PRINCE replied:**

If I responded in March last year, it would have been as the minister representing the Attorney General, because I was Minister for Health at that time. The recommendation from that select committee was quite right and proper. There is a need for proper legislation to deal with covert operations to provide a proper form of authorisation and all the necessary checks and balances. Therefore, officers who are authorised effectively to operate to a certain extent outside the law will do so in such a way that they are indemnified and operate within the authority they are given. There are a number of examples of where this has been done around the world. Some of the provinces of Canada have some of the best rules and regulations which work extremely well. This matter has been the subject of much debate between the Director of Public Prosecutions and the Attorney General's area, because it is an area that is under his portfolio. I am aware that the recent draft has progressed and is close to completion. It is a difficult and vexing area and must be very carefully handled. I have been informed of that only in the past few days. I want to introduce into this place legislation dealing with covert operations, as well as with general criminal investigation and procedure, together with the police administration Bill to bring the legislation into the twenty-first century. I understand from the Attorney General that that is the case with regard to covert operations.