



WESTERN AUSTRALIA

Parliamentary Debates

(HANSARD)

THIRTY-FIFTH PARLIAMENT
FIRST SESSION
1998

LEGISLATIVE COUNCIL

Tuesday, 7 April 1998

Legislative Council

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

PROPOSED DEEPWATER PORT AT OAKAJEE

Petition

Hon Giz Watson presented the following petition bearing the signatures of 87 persons -

To the Honourable the President and members of the Legislative Council of the Parliament of Western Australia in Parliament assembled.

We the undersigned residents of Western Australia are concerned about the proposed establishment and impact of a deepwater port and heavy industrial estate at Oakajee, north of Geraldton.

Your petitioners therefore respectfully request that the Legislative Council will investigate and evaluate the suitability of the proposed development.

Your petitioners, as in duty bound, will ever pray.

[See paper No 1509.]

PREGNANCY TERMINATIONS

Petition

Hon John Halden presented the following petition bearing the signatures of 14 persons -

To the Honourable the President and members of the Legislative Council of the Parliament of Western Australia in Parliament assembled.

We the undersigned call for repeal of Sections 199, 200 and 201 of the W.A. Criminal Code. We urge you to amend the law to reflect the view that the decision to terminate a pregnancy is one for the woman in consultation with her doctor.

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

[See paper No 1510.]

ACTS AMENDMENT (SEXUALITY DISCRIMINATION) BILL

Petition

Hon Giz Watson presented the following petition bearing the signatures of 563 persons -

To the Honourable the President and members of the Legislative Council of the Parliament of Western Australia in Parliament assembled.

We, the undersigned petitioners and residents of Western Australia, call on you to support and pass the Acts Amendment (Sexuality Discrimination) Bill 1997 which would provide an equal age of consent for gay men and include the grounds of sexuality in the state's Equal Opportunity Act 1984.

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

[See paper No 1511.]

WESTERN AUSTRALIA POLICE FORCE

Urgency Motion

THE PRESIDENT(Hon George Cash): I have received the following letter addressed to me and dated 7 April -

Dear Mr President

At today's sitting, it is my intention to move under SO 72 that the House, at its rising, adjourn till 9.00 am

on Thursday April 30 for the purpose of discussing the Government's failure to address matters of public concern with respect to the WA Police Force including:

- (a) the low morale of its officers;
- (b) the inadequacy of the Police Force's resources and management to protect the public;
- (c) the increasing incidence of serious crime;
- (d) the number and nature of allegations of improper conduct and corruption within the Police Force; and
- (e) related matters.

Yours sincerely

Nick Griffiths MLC
Member for East Metropolitan Region

In order to discuss this matter, it will be necessary for at least four members to indicate their support by rising in their places.

[At least four members rose in their places.]

HON N.D. GRIFFITHS (East Metropolitan) [3.37 pm]: I move -

That the House at its rising adjourn until 9.00 am on Thursday, 30 April.

I move this motion because of the Government's failure to properly address matters of public concern with the Western Australia Police Force. Although the President has read out the matters of concern, I will refer to each in turn. The low morale of the officers of the force is crucial, and I put this proposition to the House: If police officers are not treated fairly and are not seen to be treated fairly, what hope has the ordinary citizen? It is very dangerous to disregard the civil rights of police officers. It is dangerous that in the minds of some a lack of due process is occurring with respect to the actions of police officers. There is a concern that police officers do not have the right to remain silent as a result of a particular piece of legislation. Many officers in the Police Force, and particularly their families, are concerned that some are being required to undergo the prejudicial process of trial by media - the prejudice of the glare of publicity.

There is a question in the public arena about whether police officers are receiving the right to legal representation with some processes. I refer to the section 8 saga about the Commissioner of Police seeking to dispense with the services of his officers. Again that relates to the treatment of police officers and that impacts on their morale. What impacts on the morale of police officers above all else is the effect these concerns have on their families. In that context I understand that a number of serving police officers are under suspension. I am concerned about what that effect and the processes they have been required to undergo have on the day-to-day lives of their families.

The second area of concern relates to the inadequacy of resources and management within the Police Force to protect the public. That is patent when consideration is given to the lack of effective operational funding to, for example, the drug squad, the child abuse unit and the unit dealing with organised crime. In addition, the public is concerned about cuts in the operating budgets of those police units which are on the ground dealing with crime as it occurs in the day to day protection of the public - namely, police stations and districts' operating budgets have been cut by up to 17 per cent. That is coupled with the pressure from the Police Force to have local authorities engage in what are properly policing activities. They are now called security and matters to do with safety, but they are properly policing activities which are being forced onto local authorities. Local authorities are being required to consider using their resources to provide for that which the Police Force is obliged to provide under our system, namely, protection of the public.

Reference to the increasing incidence of serious crime was made in the last annual report of the Police Force. It is not necessary for me to go over that as members will be familiar with it. However, if other members want to raise it, so be it. I wish to draw to the attention of the House what has happened in the past 24 hours. I refer to a document titled, "Early morning news summary - Tuesday April 7th, 1998" On page 2 of that document under the heading "Armed robberies" reference is made to - would members believe they exist in Western Australia? - a massage parlour being hit by armed bandits overnight. The next item reads -

3 men held up Wattleup Continental Deli at around 4.30 am this morning . . .

Police have charged seven people on a total of 23 counts regarding armed robberies committed over the past week . . .

Four men armed with a firearm have held up a convenience shop in Wilson . . .

I regret to read that a member of the staff was injured during that incident. The document also refers to incidents of sexual assault and drugs charges. That is the latest example of an increased incidence of serious crime, and I am sure the public of Western Australia agree with my position.

The fourth area of concern deals with the number and nature of the allegations of improper conduct and corruption in the Police Force. The public is aware that a number of bodies are concerned with this issue: The Anti-Corruption Commission, the Joint Standing Committee dealing with the Anti-Corruption Commission, the Parliamentary Commissioner, and within the Police Force the professional standards portfolio comprising the former internal investigations bureau and the internal affairs unit. We should look to two people in relation to the number of allegations of improper conduct and corruption and how that relates to public concern. The first is the Commissioner of Police who, we read, may be under a cloud. I do not know whether he is. However, it is a nonsensical state of affairs to have a law in the State of Western Australia which prevents someone holding an office as important as that of Commissioner of Police being unable to comment on whether they are under investigation. It is vital in order to maintain the confidence of the public in the Police Force to assure the public that the Police Commissioner is like Caesar's wife. Frankly, the nuclear ships' policy - as the Police Commissioner calls it - is not appropriate. It is more in the nature of a nuclear mushroom policy. It is something which keeps the public in the dark and feeds it a substance it would rather not receive.

The second person on whom the administration of this portfolio turns is the member for Darling Range, the Minister for Police. At the end of the day it is not the Police Commissioner's job to ensure that these matters of public concern are addressed. In any department, whether it be Agriculture WA or the Police Force, the buck always stops with the Minister. Frankly, that is not occurring here.

I will refer briefly to one recent example to do with the number and nature of allegations of improper conduct and corruption within the Police Force and how the Minister for Police addresses the matter. On 2 April 1998 the Minister for Police caused a media statement to issue. That media statement commenced with the words -

Police Minister John Day said 512 serving police officers were currently under investigation by the Western Australian Police Service for allegations of corrupt or improper conduct.

The media statement referred to a number of observations made by the Minister for Police - some of which are fair and some of which others may take issue with. However, the pertinent point is this -

Mr Day said that last year the Ombudsman investigated a total of 1,719 allegations made against serving police officers. The majority of those allegations - nearly 95 per cent - were not substantiated.

For the Minister for Police to have a degree of credibility, he must get it right. His crucial words are "last year the Ombudsman". I refer members to item 32 in the annual report of the Ombudsman. It is not the Ombudsman who carries out these investigations and one would think the Minister for Police would know that. The Ombudsman and the Minister clearly are talking about the same point, but the Minister gets it wrong - or is the Minister saying that the Ombudsman gets it wrong? The report states -

Delays in police completing internal investigations has been a noticeable feature of the year. Of the 1719 allegations finalised during the year, in 715 cases police sought an extension of the 42 day period within which the internal investigation was, initially, to have been completed.

The simple fact is that the police carry out these investigations; that is, the 1 719 allegations dealt with, which were referred to by the Ombudsman, were investigated not by the Ombudsman as the Minister for Police claims, but by the police. It is the Minister's job to instil confidence in the Police Force - we need to have that confidence. However, the Minister has got it wrong on such an elementary point. The member for Darling Range has certainly had his day as Minister for Police.

HON JOHN HALDEN (South Metropolitan) [3.49 pm]: It is unfortunate that in society many of the tasks we ask police to perform are difficult. Police must attend to matters such as horrendous traffic accidents and murder; they must deal with people who have been emotionally upset as a result of, perhaps, sexual abuse, and they include children; they must respond to potentially violent situations in domestic disputes; and they are often spat on and abused. In handling the debate today we must be cautious not to denigrate the Police Force in its generality. We must make specific comments about the problems that exist within the Police Force to try to assess where and how those problems can be rectified.

There is no doubt that in the past five years the Government has made great claim to fame with regard to the law and order issue. It could be said that it won its original election on its policy on that matter. In the last election campaign the Government's manifesto on law and order at page 24 stated that much had been done with the aim of restoring

the community's confidence in the justice system, and that a coalition Government would implement an action oriented strategy that would have three strategic foci - crime prevention, enforcement and punishment. The manifesto stated that a coalition Government would monitor and evaluate the effectiveness of the significant reforms introduced to generate responsibility and accountability, and introduce further changes to improve the accountability of government agencies.

If that had happened, we would all be better off. However, the reality is that daily the community is made aware of a plethora of government problems in the justice area, including corrective services and the police. Day after day the Government is seen floundering and the community sees problems across the whole broad spectrum of issues, which the Government seems incapable of addressing because of its incompetence. A report of a committee of this Chamber suggested that a royal commission should be established. The Government has avoided that at all costs. Perhaps a royal commission would clear the air and perhaps it would not; however, something must happen quickly to restore public confidence in the Police Service and also to restore the Police Service's confidence in itself and how it is perceived by the public. That will not be an easy task and no-one should think it is.

The Government has made one significant advance in the policing area, by improving physical facilities. In its five years in government it has made a significant advance in that area. However, what did it do in the last financial year? It cut the operating budget of the Police Service by \$6.25m. A funding cut of that extent should not be imposed on a Police Service that is under enormous pressure. What are those pressures? Western Australia has the highest rate of armed robberies in the nation; and its figures are above the national average for crimes against the person, assault, sexual assault and crimes against property. That does not allow any opportunity to cut the operating budget of the Police Service. It has been said by members opposite from time to time that when the Labor Party was in government a significant amount of money was lost. However, in those days the operating budget of the Police Service was never cut. I concede that the allocation to capital resources may not have been adequate, but no cut was made to the operating budget.

Other problems that must be dealt with concentrate on the issue of morale. In recent days a number of police have been charged with offences. I understand the standing orders in these matters, Mr President, and I will be very careful in my comments. Police officers have been charged with giving false testimony to the Anti-Corruption Commission, and officers have been charged with speeding while using an unmarked police car. An unspecified number of police officers from the firearms branch have been investigated by the police internal affairs department. Cases have involved drugs, diamonds, false driving licences, and a bad joke by a policeman investigating a drug matter. The list goes on. Most of those matters have arisen in the past four or five months. The Government has said it has tried to rectify the situation, but how has that been done? Hon Nick Griffiths addressed this matter very well.

An attempt has been made to address these problems using a new beast - the Anti-Corruption Commission. After a brief experience with the ACC, people are now calling for a new watchdog to be set up to watch the current watchdog because its powers in these matters are unlimited. There is no due process or protection under conventional law against investigations by the ACC. This issue must be reviewed again. It was reported to me - I do not know whether it is true but if it is it should be of great concern - that officers from the ACC have investigated the wives of police officers and asked questions about not only the activities of their husbands in relation to corruption or police duties, but also their morality. What does that do for the morale of the Police Service, when a body with unbridled and significant powers can wander around the families of police officers? If it is true, it should be curtailed immediately. In my view it is legitimate to talk to the families of police officers about criminal activities, but not about their morality. It is a matter of further concern in regard to this matter.

The structure of the Police Service has been reformed in Operation Delta, but I am not sure it has been successful. The recent Investigative Practices Review report highlighted a number of areas relating to morale and efficiency, which by now should be well known and should have been addressed in a responsible way by the Police Service. The report team highlighted the following matters: A critical lack of training; excessive case loads; short cuts taken with a risk that certain evidence may be strengthened through a corrupt process; workloads that were too high; detectives in district offices who were not able to meet demands and provide 24 hour coverage; holes in the training for the handling of informants; and an organisational culture that reflected old attitudes where conducting investigations was held out to be something mystical or simply intuitive.

It seems that those who run the Police Service are not getting the message that now is the time to reform the department. Additional resources have been provided, but those resources are not being used in a way that would improve the morale of the Police Service, the capture rate of offenders, or the standing of police in the community. It is a multi-dimensional problem and it is not being addressed in a serious and thoughtful enough manner.

The stage is being reached at which calls for a royal commission will be unquashable. Without a thorough investigation of the Police Service everyone in the community will lose collectively. The police, who have a very

difficult task, will leave or will burn out and become inefficient. That will be a loss. The community's confidence will be lost, and members of Parliament will look like a collective group of asses because they have not dealt with this very difficult problem in an effective and efficient way. The problem cannot be resolved by cheap, political, point scoring or by hiding from the truth. The truth will emerge through a royal commission. The Government has not been backward in coming forward with those.

HON MARK NEVILL (Mining and Pastoral) [3.59 pm]: I do not have confidence in the management of the Western Australia Police Service. Over the past three years, it has failed to reasonably address significant allegations and these allegations have been met with obfuscation and avoidance. We get the impression that the police seem more concerned about keeping the lid on things than fixing problems. I could only guess before the figures were reported last week that the Anti-Corruption Commission would have been up to its armpits in formal complaints from the public and I assume from other police officers. I do not believe that is a result of the lack of resources for police. One can sheet it home to management. Whenever a question is asked of the current Commissioner of Police or whenever one wants a briefing, one gets a lecture on the Delta program. We seem to have had that ad infinitum over the past three or four years, during which time the crime rate has spiralled. My house has been broken into twice in the past 10 days. My home office was broken into. My new Legislative Council computer was taken, without the power pack. Two days later the police telephoned me at five o'clock in the morning to say that they had my computer.

Hon Derrick Tomlinson: Had they downloaded your files?

HON MARK NEVILL: It had all my prisons information on it. Conspiracy did go through my mind for a while.

The police said that a 14 year old had borrowed it. I am not sure whether his mother had telephoned the police and turned it in. My brother said that we had better improve the security and I said that it would not happen again for a while. Lo and behold, last Thursday, after we had been up until 6.00 am debating the abortion Bill, at 11.30 pm I heard my brother running past the front of the house shouting, "Call the police!" I immediately got my wife to call the police and started off up the street in my jocks. I realised that I had better beat a hasty retreat and put on some shorts. It turned out that the same person who had been to my property previously had come back for a second lash; he had removed a laundry window and stolen some other material. Twice in one week the same person had broken in, obviously after he had been caught or dobbed in.

Hon Derrick Tomlinson: Why not 'fess up? What were they after?

HON MARK NEVILL: The person took a backpack and a purse on the second visit. They were thrown in the street when we were in hot pursuit.

Hon Max Evans: Did you get him?

HON MARK NEVILL: We did not catch him but he jumped a fence which coincidentally belonged the house where the previous offender lived. We put two and two together. The police responded quite promptly. However, that is side-tracking. It happened in an area of East Fremantle where one would expect very few incidents of crime.

Trying to get this Police Force to do anything to answer questions is absolutely hopeless. In June 1995 I asked a whole series of questions about the Brennan case. A year later I asked whether the Commissioner of Police had sought answers to those 200 questions, so that when the investigation by the police had finished he could provide me with that material. The Minister for Police said that the Commissioner of Police had not. When the police investigation had finished, the Ombudsman had taken up the matter, so his inquiry was used as a reason not to give me answers. I asked again if the Minister had sought the answers to those 200 questions. I was told that he had not. I asked if the Commissioner of Police had sought the answers to those questions, so that when the Ombudsman's inquiry had finished I could be provided with that information. I was told that he had not. Now, nearly three years later, he has not sought the answers to the original questions, which is absolutely amazing. Many of the people involved, like Detective Senior Sergeant Ian Brandis, are retired. The deputy commissioner has retired. That is what people wanted; there is absolutely no doubt about that. The three principal officers who would have had a cloud over them until the answers to my questions were given to clear up any doubt were Ian Brandis, Jack MacKaay, the head of professional standards, and Steve Robbins. Ian Brandis was subsequently promoted to the Bureau of Criminal Intelligence, where he saw all incoming confidential briefs from interstate and federal police. However, the Commissioner of Police had never sought the answers to those questions which may have changed his whole view about that officer.

Jack MacKaay has been in charge of professional standards. To my knowledge he has not been forthcoming in providing answers to this whole saga of the Brennan case, which involves stolen cars, trafficking of drugs east and west and police officers. There is only one reason police officers could be involved - an undercover operation. To my knowledge no-one has ever been arrested as a result of that undercover operation. The matter was raised in the

Royal Commission into the New South Wales Police Service. I asked both the Minister for Police and the Commissioner of Police whether they had read the transcripts from the Royal Commission into the New South Wales Police Service. They said that it would be inappropriate for them to comment. Why would it be inappropriate to comment? I asked the Minister and the commissioner to answer those questions that I had asked and that were not subject to the Ombudsman's inquiry. I was told that it was improper to answer. Why? People wonder why the public has no confidence in the Police Force. The Internal Affairs Branch officers spend most of their time and effort protecting people in the hierarchy of the Police Force. Until we have some of these outstanding matters cleaned up, whether by judicial inquiry or answers to questions in Parliament - God forbid! - or a royal commission, we can have no confidence in the Police Force in this State.

Over the past three or four years we have seen a slippage in our capacity to control crime. The report I have is an absolute indictment of the prison system and the Police Service in this State. The report was the subject of a front page article of *The West Australian* about the state of fear as WA crime soars. If we go through this report, we will find that in lots of cases no information is available for Western Australia. It is the only State for which there is no information. Heaven help us if that information had been put into this report.

Hon Ljiljanna Ravlich: We would be the leaders.

Hon MARK NEVILL: We are already. It is a question of how much further ahead we may advance. Our high crime rate is no wonder to me. We do not look at the outcomes of our prison system. We are churning out brutalised people who are worse off than when they went into the system. We are contributing to our crime rate. We have silly laws like the truth in sentencing, where there is no remission for a prisoner who behaves well or improves his education standard; he has to do 10 years. We have stupid laws like the three strikes laws, which do nothing to lower the rate of recidivism. However, the politicians like them. All their hands go up as soon as they come into this Parliament. It is an indictment on all of us.

I do not believe we will see much of an improvement in this State until we have a Commissioner of Police who is prepared to clean up our Police Force. The commissioner has been sitting at the bow of the *Titanic* looking ahead and ignoring everything behind him. He does not realise the absolute mess that is behind him; he has deliberately ignored it. He has looked only to the future. He has a blind spot behind him. He is sitting on a can of worms. He must deal with something that is rotten to the core. Until that situation is improved I do not see the crime rate dropping or the confidence in the Police Force improving for the public or members of Parliament.

HON MAX EVANS (North Metropolitan - Minister for Finance) [4.09 pm]: A lot of emotion and rhetoric has come into this debate. We are looking at what has happened over a period of time and where the Police Force was at the beginning of that period. The Commissioner of Police inherited a lot of different problems. To change a culture takes a long time; there is no doubt about that. The police are working on morale. We must decide whether we want the structure we had before covering the whole State or to break it down into regions. From the point of view of the management of police and crime, I believe that the change has been good. Importantly, the old boys' networks must be broken down in the regions. They had a power base in the clubs like the CIB.

The average age of recruits is now about 27 years, which is a great improvement on the former situation. Recruits now have spent time in the real world before joining the police. In the old days, many 19 or 20 year olds joined the force straight out of school and with little life education. Many were not suited to the profession. Age is important, as is training. The Government has put aside \$35m for a new Police Academy. Training is important for members of Parliament, lawyers, accountants, plumbers or carpenters in knowing how to handle the job.

Hon Nick Griffiths spoke about armed robberies. He said that nine people were arrested who had carried out 30 armed robberies in the last month. Therefore, the morale of the armed robberies division would be pretty high, although the morale of officers handling the Claremont murder case would not be so good. The armed robberies division picked up a large number of robbers in recent months, with 27 or 23 cases.

Hon N.D. Griffiths: I was quoting from the early morning news summary. It said that police had charged seven people, on a total of 23 counts regarding armed robberies committed over the past week.

Hon MAX EVANS: It was nine people committing 30 robberies. It was a good breakthrough. Multiple robberies were carried out by a few, and they caught the chap responsible for the pepper spray incident.

Hon N.D. Griffiths: It does not say much about the incidence of crime though.

Hon MAX EVANS: Nobody, Parliament and the media included, gives the Police Force any praise for the successes it achieves. It is successful in many areas, yet we want to criticise it all the time. As Hon Mark Nevill said, that criticism of the old man is hard on the families and children as it reflects back on them. It is the same as criticism of members of Parliament affecting families.

A morale problem has been acknowledged. An enterprise bargaining agreement was made which improved the pay of police officers by 17 per cent per annum. That agreement involved annualising the overtime and other breaks officers had. Some police officers are complaining that they are not earning the overtime they received in the past. The change is occurring in many other areas. People were working the system to get overtime, but the system has changed. We expect that to be a problem. Officers' salaries have increased by a certain amount, but they are not receiving the overtime which was on top of the former salary.

Since we came to government, a \$100m works program has provided police stations and district offices. The location of the new \$35m Police Academy has yet to be determined. An allocation of \$35m was made for operation support facilities in Midland, as announced in January 1998. New stations will be opened at Australind, Halls Creek, Kwinana, Meekatharra, Belmont, Forrestfield, Roebourne, Kununurra and Morley. Ballajura will have a new police post, which is a big step forward. As with schools, there is a limit on how much can be provided in any one year.

Stations opening in 1998 will be at Cannington, Mirrabooka and Murdoch. These are major complexes. In 1998-99, stations will be provided at Rockingham, Clarkson, Hillarys, the central railway concourse and Bayswater. I am sure that all those facilities will improve the morale of police working in those areas. However, if one makes it too comfortable, they could be inside all day rather than spending time chasing people. A sales manager should not have a good office; otherwise, he will not be out selling the product. Police should be where the crimes are committed.

It was indicated that the Police budget was down \$6m-odd. I remember Hon Graham Edwards, in his last year in the Council, citing the wonderful record of the previous Labor Government with the 1992-93 allocation to police of \$260m. The current Government made an allocation in 1993-94 of \$268m; in 1994-95, \$284m; 1995-96, \$324m; 1996-97, \$378m; and in 1997-98, \$398m. That was an increase of \$60m over the base year, with a 60 per cent increase. Much of that money has been spent increasing the number of officers in the Police Force, which is a big cost factor. Allocations were also made to capital expenditure to improve the facilities for police. Much more needs to be done in that regard. Communications and related areas are being considered, and a lot of research is being conducted to upgrade that area.

Hon N.D. Griffiths: What about the gun buyback and immobilisers?

Hon MAX EVANS: The gun buyback scheme cost a lot of ill-will against the police here. It was not their fault, but they had to get the guns.

Hon N.D. Griffiths: That is relevant to the figures you read out. It is included in the figures.

Hon MAX EVANS: The Federal Government put money into the gun buyback; it is not in those figures at all.

Hon N.D. Griffiths: You do not include federal money in your figures?

Hon MAX EVANS: Regarding serious crime, when we came to government we received phone calls from police officers pleading with us to change the pawnbrokers Act as it had many anomalies resulting in house burglaries. They wanted to change the system of identification of goods and persons submitting goods. We know that many handbag robberies and other burglaries for money are now occurring following those changes. As Hon Mark Nevill said, one gap is closed and another opens.

The ratio of police officers per capita in WA is about 17 per cent ahead of the national average. Only the Northern Territory has a better figure. It takes time to settle down with these matters.

I feel sorry when I hear people attacking the Commissioner of Police as he has done one helluva job to turn the force around. I have heard Hon Mark Nevill ask his questions before in the time of the previous Minister. He should meet one on one with the present Minister to make progress. The member should let me know how he does in that regard - I will help if I can.

Some information was released to the media on Friday by the commissioner. This read -

There is a lack of perspective relating to the number of police officers who are the subject of internal investigations. Put it in a proper context last year over 3.5 million contacts were made with members of the community by 4 700 police officers.

That is 70 000 contacts a week made with the police for various reasons. Last year, 72 000 criminal charges were laid. In the traffic enforcement arena, 452 000 people infringed and 223 000 received cautions. There is always the possibility of disagreement and conflict developing. Details of complaints against the 512 officers comprise 293 complaints with 26 for corruption, 22 for stealing, 69 for assault and 176 for minor complaints. This could be as frivolous as saying, "Have a nice day." I heard on the radio the other day of a complaint made about an officer saying "Have a nice day" when giving a ticket. How does one win in this world? Members of Parliament know that half

the electorate vote for a member, and the other half do not. One cannot keep all the people happy all the time. In the latest Council of Australian Governments report, 84 per cent of customers who have had contact with a police officer in the last 12 months were in the "satisfied" or "very satisfied" categories. The Commissioner of Police received 356 letters of a complimentary nature last year, so at least that many people appreciate what happens. Members very rarely receive letters of appreciation. People knock what we do. The police are doing a good job, and this will improve with the new facilities being provided.

HON LJILJANNA RAVLICH (East Metropolitan) [4.19 pm]: With all due respect, if all members of the Government hold the views expressed by the Minister for Finance on police and law and order, we are in grave trouble. The first necessity is to recognise that we have a problem. The Minister defends the indefensible. The bottom line is that we have enormous problems with law and order in this State. The Government is not addressing them, and Western Australian taxpayers can rightly ask why not. The police have a critical role in law and order in this State, and one cannot separate the two aspects.

If the Minister is attempting to separate the two, if that is the sort of response the Minister is giving, he does not understand the problem at all. In 1993 this coalition ran strongly on two issues: The first was to make the streets of Western Australia safe. The second was that the coalition Government would stop the revolving door syndrome. It has not made the streets of Western Australia safe. Under this Government the streets are becoming less safe by the day. The Government has certainly not addressed the issue of the revolving door syndrome, and that has deteriorated as time has gone on. The community is now in a situation where the gaols are bursting at the seams because of the shortage of space to house offenders.

I recognise that the police are being asked to do more with less. The community expectations about law and order are increasing. People do expect to be able to live in a safe community. This Government is sitting on its hands in relation to this issue. To say that there are insufficient resources to address this problem is simply a cop-out. This Government must not continue to give a bland line to the Western Australian taxpayers. On the issues of law and order, education, health and transport this Government runs the line that basically there is no money and people are just going to have to live with it. Quite frankly, the Government is breaching all the commitments it made during the election campaign in 1993.

I share the sentiments of my colleague, Hon Mark Nevill. One of the areas that need to be looked at is that of management. Money will do only so much; there needs to be efficient coordination of the available resources in terms of achieving the right outcomes. The Bayswater Shire Council uses security patrols to make the streets of that shire safe. That proposition is being looked at by a number of other councils. I will not cop Western Australian taxpayers having to pay twice, once through their taxes for law and order to pay for the operations of the Police Force and then through some increased levy on their local rates or whatever to fund private patrols. That is totally unacceptable. I will not cop that and I do not expect Western Australians generally to cop it. The record in this State is nothing short of appalling and at the expense of boring members -

Hon Norm Kelly: Never.

Hon LJILJANNA RAVLICH: Never, that is lovely. I cannot say the same about the Minister. I refer to the Australian Bureau of Statistics' data on reported crime in 1996. These data were released and embargoed until 24 July 1997, which makes me believe that an update will not be available until about July 1998. Quite clearly Western Australia has an appalling record as a State in relation to a whole range of crimes, yet the Minister will not even concede the State has a problem. The Minister is talking about the new buildings that have been constructed which officers will be happy to stay in. There is a fear that if the buildings are too comfortable the officers will not want to go outside. That does nothing for law and order in Western Australia and the Minister knows it. In reference to sexual assaults page 55 of the report states -

In 1996 there were 78.6 victims of sexual assault per 100,000 compared with a rate of 71.8 victims per 100,000 in 1995.

That is quite a substantial increase. To continue -

The jurisdictions recording the highest sexual assault rates were the Northern Territory and Western Australia with rates of 149.0 and 99.5 victims per 100,000 persons respectively.

It then refers to robbery, which has nothing to do with capital funding. This is about operational costs and it is about having police on the streets to do something about crimes against property and against people. In relation to robbery on page 72 the report states -

A total of 16,346 victims of robbery were recorded by police in Australia during 1996. This represents an increase of 1,788 victims (12%) when compared with the victims of robbery recorded in 1995.

The report goes on to say -

Western Australia recorded the highest rate of armed robbery in 1996 with 54.8 victims per 100, 000. The lowest victimisation rates were recorded in Tasmania and the Northern Territory 10.1 and 10.5 victims per 100, 000 persons respectively.

Of the crime of unlawful entry with intent the report states on page 91 -

Western Australia had the highest victimisation rate of 3, 177 premises per 100, 000 persons.

All members of our community need to feel safe and secure in their homes, in their streets, at their place of employment and in the areas they use for recreation. That is currently not the case. Crime and the fear of crime impacts on everybody and more so on certain members of our community; for example, the elderly, many of whom are too scared to leave their houses at night.

I happen to live near a police station in a well lit area. The other day I thought about selling but I concluded that I would rather not move because I do not want to be stuck in a street without lighting without any police presence. I think that I would be a victim like Hon Mark Nevill. I have to rely on living in a house near a police station to feel safe.

Hon N.F. Moore: Nobody would be game enough.

Hon LJILJANNA RAVLICH: If that is how I feel, Hon Norman Moore, I suspect that elderly people feel a lot worse. Decent, hardworking people are becoming victims of crime through burglaries, through car theft, through assaults, and through a whole range of other crimes. This Government is basically sitting back and doing nothing. It is cutting operational budgets and not recognising the problem and until such time as the Government does recognise the problem I cannot see us being able to offer a secure environment to Western Australians.

I put a challenge to this Government: A key priority for it should be to ensure that it promotes greater safety in our suburbs, that it targets the elderly, women and children and that it works towards the reduction of the incidence of crime, especially burglary, car theft, graffiti, vandalism, drugs, armed robbery, assaults and violent crimes. I put it that the Government has failed the Western Australian public. It has a lot of work to do if it is to have any measure of success in this area. The Government of Western Australia has an appalling score card in relation to the issue of law and order.

HON GIZ WATSON (North Metropolitan) [4.29 pm]: On behalf of the Greens (WA) I express deep concern about the police culture in particular. I would like to remind members of the conclusions of the Select Committee into the Western Australia Police Service of June 1996. Those conclusions indicate that one of the main reasons why an independent inquiry is needed into the police and why some believe a royal commission is needed is that the police officers have a culture that does not allow them to adequately scrutinise each other.

I provide the quote from that conclusion -

The Committee does not agree with the argument that police officers are best able to investigate other police officers. That argument proposes that no matter how skilled the investigator, an outsider cannot appreciate the complexity of the police culture nor have inside knowledge of personalities and power groups. Experience in other jurisdictions exposes those propositions as patent nonsense. It is true the police culture tends to "pull down the blinds" on external inquiry. This Committee had experience of that. Codes of silence are a challenge to investigators, but breaking through closed sub-cultures is part of criminal investigation. The argument that an external authority cannot understand the intricacies of the Police Service is no argument against external scrutiny.

That is one of the strongest arguments why we need to have a full independent inquiry into the operation of the Police Force. The only way to do that is to have a royal commission into the police. We are being asked in this place to give more powers to the police by way of, for example, amendments to the legislation which allows police use of different forensic evidence, including DNA samples. That might be a very good idea if we had confidence in the Police Force.

Motion lapsed, pursuant to standing orders.

MINING AMENDMENT REGULATIONS (No 4) 1997

Motion for Disallowance

Pursuant to Standing Order No 152(b), the following motion by Hon Mark Nevill was moved pro forma -

That the Mining Amendment Regulations (No 4) 1997 published in the *Gazette* on 3 October 1997 and

tabled in the Legislative Council on 14 October 1997 under the Mining Act 1978, be and are hereby disallowed.

HON MARK NEVILL (Mining and Pastoral) [4.31 pm]: I urge members of the House to vote for this disallowance and against the imposition of a gold royalty in Western Australia. The Australian Labor Party is implacably opposed to a royalty because it believes that the damage to the industry will be greater than the benefit the State will receive from the extra revenue.

Hon N.F. Moore: If it succeeds today, will you get rid of it when you become the Government at some time in the future? Is that your intention? You said you are implacably opposed to it. You would have an opportunity if you became the Government to get rid of it.

Hon MARK NEVILL: I may not be a part of a future government, but if I am in the House, I will vote it against it, unlike the Leader of the House.

Hon N.F. Moore: What about your leader's position?

Hon MARK NEVILL: I cannot speak for my leader.

Hon N.F. Moore: Your leader has already said it; you know that.

The PRESIDENT: Order! Hon Mark Nevill is moving his motion and has not yet developed an argument. I ask Hon Mark Nevill to address his comments to the Chair.

Hon MARK NEVILL: Given the unruly interjection, I challenge the Leader of the House to give some idea of the net benefit of this revenue, because there will be costs associated with a gold royalty in the goldmining industry: Costs in terms of ore that is left in the ground; costs in terms of services that may be required; lesser payroll tax; and a reduction in the services available in rural Western Australia. One can almost guarantee that the Minister has not done that study, but if he can give us some idea of the real net benefit of this royalty to the State, he will have at least assisted his own arguments on his own conviction that a gold royalty is needed by the goldmining industry.

I understand that the Government had discussions with the Greens and the Democrats. I do not know the outcome of those discussions. I certainly have not been given the courtesy of being informed by either the Greens or the Democrats as to what those discussions were and what commitments have been given in order to get their support, if that is the case. The Minister should clearly outline what commitments he has given to the Greens and to the Democrats, and to what extent they are over and above the ordinary commitments that the Government is locked into, especially in terms of the Core Farms project, and the rehabilitation of mine sites. I would also like the Minister to explain to the House exactly how assistance is to be given to marginal gold producers by a reduction in the royalty.

I have come across a document very late this afternoon which is headed "Department of Minerals and Energy Proposed Criteria for Assessing Royalty Relief under the Mining Act". These criteria are not embedded in any legislation and I do not see how they are binding on the Government.

Hon N.F. Moore: Do you know where they came from?

Hon MARK NEVILL: Are they from the Department of Minerals and Energy?

Hon N.F. Moore: I do not know because I have not seen them, but perhaps you can send me a copy to see whether they have any legal status.

Hon MARK NEVILL: I have only got the one copy and I will be reading from it.

Hon N.F. Moore: Was it given to you legitimately or did it just fall off the back of a truck?

Hon MARK NEVILL: It was put on my desk.

Hon N.F. Moore: It is stolen goods.

The PRESIDENT: Order!

Hon MARK NEVILL: Has this been circulated to the Greens or the Democrats?

Hon N.F. Moore: I do not know what it is.

Hon MARK NEVILL: The Minister for Mines can tell me when I start reading from it.

Hon N.F. Moore: I cannot see it from here. My eyes are not that good. I would like you to send me a copy.

The PRESIDENT: I ask the Minister not to interject.

Hon MARK NEVILL: I quote the following proposed criteria for assessing royalty relief under the Mining Act under the heading of "General" -

1. Relief is to be provided on a project by project and not an industry basis. Each application will be examined on its merits.
2. The applicant will need to demonstrate long term viability and cash flow problems through full financial disclosure.

That is reasonable, but I do not know how one determines long term viability with the current effect of the gold price, unless one has got a long hedge book. I suggest that in the next year or two, it will be companies without any substantial hedge book that will be in trouble. Demonstrating their long term viability may put them out of the equation when it comes to these criteria. These criteria are so circumscribed that it will be impossible for anyone to get any assistance. The document continues -

3. Relief will only be recommended if the project is able to demonstrate cash flow problems, which are beyond the control of management . . .

Hon N.F. Moore: Have a look at the bottom half of the sheet.

Hon MARK NEVILL: I am reading the right sheet, am I? The bottom half of the sheet is headed "Gold Projects - From 1 July 1998 Until 30 June 2005".

Hon N.F. Moore: It is a document that describes the general business and then some specific provisions for the gold industry.

Hon MARK NEVILL: Were copies of this provided to the Greens or the Democrats?

Hon N.F. Moore: I do not know; but I will soon find out.

Hon MARK NEVILL: Is the Minister absolutely sure that he does not know?

Hon N.F. Moore: I would say if I did.

Hon MARK NEVILL: Certainly a copy was not supplied to me.

Hon N.F. Moore: I propose to refer to that in my response.

Hon MARK NEVILL: If we are debating a gold royalty, we would think that the Government would at least provide this sort of information to the other side of the House, no matter what party they come from.

Hon N.F. Moore: Yes, you are right.

Hon MARK NEVILL: Point 3 continues -

Cash flows will be negative and of such importance that they could lead to closure of the project. The cash flow analysis will include operating cost cash flows and maintenance but capital expenditures for additions, expansion and new development will be excluded.

If a mine needs to upgrade its treatment plant to become viable, that is not taken into account when considering royalties. That is foolish because in some cases upgrading a plant will make it economical. The mine could get a royalty holiday for that period; however, as members will see further down the list, the mine must pay it back anyway. Excluding capital will make the criteria so tight that the work will be pointless.

Hon N.F. Moore: You should read the second part.

Hon MARK NEVILL: I will get to that.

Hon N.F. Moore: The first part is the general conditions, and down the bottom says what we will do in respect of gold.

Hon Ljiljanna Ravlich: Let him speak.

The PRESIDENT: Order! I know that the Minister might want Hon Mark Nevill to read something in a particular sequence, but it is up to the member. I ask the Minister to cease interjecting.

Hon MARK NEVILL: I will continue to read it in order, so that the Minister does not become confused and the House can follow it. Point 5 reads -

Relief will be granted by way of lower royalty rates implemented through changes to Mining Act

Regulations and will apply from the date of publication in the Government Gazette. Royalty exemptions will not be given unless there are exceptional circumstances.

Now "exceptional circumstances" are added to all the other caveats. I have skipped a point as a result of the rude interruption by the Leader of the House, so I will have to go back to point 4 and quote out of order. Point 4 reads -

A project that has a negative cash flow may receive royalty relief but will be required to pay back to Government the net assistance received when the project moves back into a positive and sustainable operating cash flow position.

That is fair enough. However, the Government is not giving anything away. If it does give some relief it wants every cent back - presumably without interest, although that is not stated here. Point 6 reads -

Relief recommended would be short term in nature with regular reviews of the project's position. Such reviews would generally be performed every six months.

The relief will be of a short term nature only. If it continues for longer than a short term I presume the royalty must be paid or the mine will be required to close. I do not know what is meant by short term nature, because it refers to reviews being performed every six months and I would have thought six months was a fairly short term. That point is confusing.

We now move on to gold projects after the royalty comes into effect on 1 July 1998 and until 30 June 2005. Point 7 reads -

A gold royalty project will not need to demonstrate long term viability under Criterion 2, in order to be eligible for temporary royalty relief.

"Temporary" is circumscribed and the term "long term viability" is further confused by that clause. The point continues -

Furthermore, the assessment of cash flow difficulties for gold projects will, in addition to the matters set out in Criterion 3, take into account replacement capital expenditures essential to the project.

Point 8 reads that notwithstanding any of the above, if a gold royalty project can demonstrate to the satisfaction of the Minister for Mines that continued payment of a gold royalty alone would force the project to close, temporary royalty relief should be granted.

Hon N.F. Moore: It says "shall" be granted.

Hon MARK NEVILL: It will be hard if not impossible to prove that payment of a gold royalty alone would force the project to close.

Hon N.F. Moore: You are telling me that we will put the whole industry out of business by this, now you say you cannot prove it.

Hon MARK NEVILL: If the Minister leaves it off, it will grow. The Minister is poisoning the industry.

Hon N.F. Moore: Read the rest.

Hon MARK NEVILL: We have a flourishing industry that the Minister wants to bait.

Hon N.F. Moore: Read point 9.

The PRESIDENT: Order! Minister, the member is entitled to read what he wants to read; you will have your chance later.

Hon MARK NEVILL: Point 9 reads -

Where a gold royalty project that has received temporary royalty relief closes permanently without fully repaying that royalty relief, the Government will not claim the remaining royalty liability following the closure.

Presumably if a projects closes it will have more debts than assets, so the capacity to recover that royalty will be fairly slim. I ask the Minister whether individual mines will be considered separate within a company holding structure? As the Minister knows, many of these mines have been consolidated into bigger groups. Will the Minister look at the financial viability of the company, or purely the cash flow of the mine?

If it is true that the Greens (WA) and the Australian Democrats will support the Government, I am disappointed that they have not got back to discuss with us their negotiations with the Government. At some time in the future they

will want to be informed of negotiations that the Opposition has with the Government, and I am afraid if the members on the crossbench are supporting the Government I will remember that.

What guarantees, written or otherwise, has the Government put in place to deliver on its commitments? Are they worth more than the guarantees the Government gave at the last election when the Premier said that a gold royalty was not on the agenda and the Deputy Premier said he would not be a member of the coalition Government if there were to be a gold royalty? I hope they are worth more than those guarantees. If they are not, I can say only that they have been snowed by this Government in agreeing to this gold royalty.

The Premier abrogated his commitment to the goldmining industry as soon as the poll was declared at the last election. He blamed the Grants Commission's funding allocations for the coalition's decision. He said that not having a gold royalty would affect grants commission funding. That funding formula had been in place for 20 years; there was nothing new. It was a hollow excuse.

The Government completely broke its commitment to the people in the goldfields and the goldmining industry as soon as the election was declared. The Government's lie cost the ALP the seat of Northern Rivers. The Government got a solid vote in Meekatharra, Mt Magnet and Cue in the seat of Northern Rivers. It would not have got that vote if it had told the truth about the gold royalty before the election. I sheet home the ALP's loss of that seat to the untruths that the Government told before the election that led the people in those towns to believe there would not be a gold royalty under the coalition.

The regulations before the House demonstrate the untruths told by the Deputy Premier and the Premier. The timing for the imposition of a gold royalty could not be worse. In June 1997 Hon Greg Smith moved an urgency motion calling for a review of the gold royalty every two years. The Opposition said the timing could not be worse. At that time the gold price was \$US340 an ounce, and it is about \$US310 now after a rally in recent days. The situation is considerably worse now than it was in June last year when the member called for the biennial review. The Opposition opposed that at the time because two years in the life of a gold royalty can be compared to a week in the life of politics. Much can happen during that time that must be reacted to very quickly. In my view a biennial review is not much use. Reviews must take place when they are needed and that could be within a month or within two or three years.

Prior to the debate last year, between February and June 1997 the gold price dropped by \$A100 an ounce. The gold price sat just above the \$US380 floor for a long time. When it went through that floor, it dropped straight down to \$US340 and stayed at that level for a time. When it went through that floor, it dropped to the low price of \$US280. In Australian terms the price of gold has hovered over the past six to eight months in the range of \$A430 to \$A445. In recent days it has increased to \$A470, and that is good to see.

At current prices, 40 per cent of the goldmines in Western Australia are making a loss and 50 per cent are living off forward sales. They have locked into gold prices using derivatives, where there is a linkage or a contango with the interest and exchange rates that allows those higher prices to be locked into for future deliveries. Many small operations will use up their forward sales in the next six to 12 months. Risk funds are scarce for the mining industry. When this matter was debated in June last year, the Bre-X scandal in Indonesia had occurred and as a result many Australian companies that had been raising funds on the Canadian Stock Exchange found their source of funds had dried up. Virtually no equity capital is available for smaller companies on the Australian Stock Exchange, and there are no new floats to regenerate the funds of small mining companies and explorers. As they run out of funds, they will fold up and those skills will dissipate. The investment climate today is completely different from that of three months ago and very different from that of 12 months ago. Little capital will come into the goldmining industry, given the current prices.

In recent days the gold price has increased from \$A445 to \$A470. I welcome that price, but I will not get too excited about it. There are many confusing factors in the gold market at the moment. Following the recent rise in gold prices, the price of silver has gone the other way. Also, gold lease rates have fallen in recent weeks, even though the gold price has risen. That is the opposite effect one would expect. Very mixed signals are coming from the market. I do not believe the recent increase can necessarily be sustained or that it will go higher. It is quite possible that the price will decrease. The situation is still very unstable. An increase of \$25 an ounce is no big deal when one considers the Asian economic circumstances. Indonesia is technically bankrupt, and there is no way it can pay its bills. At the moment the Japanese economy is very fragile. If it goes into recession, the International Monetary Fund will have a major job keeping the world out of a recession. Gold is no longer being hoarded in Asia. In recent months 230 tonnes of gold jewellery has come out of Korea, and Asia is physically awash with gold at the moment. Not much can be read into the increase in price. This is a period of great uncertainty, and I do not believe it is sensible to support a royalty at this stage in the Australian economy.

Last year, the major analytical company Goldfields Mining Surveys carried out a survey of the goldmining industry,

which indicated that Australia, and Western Australia in particular, had the highest gold production costs in the world, and they had increased by 13 per cent to \$US294 an ounce. During the period of that survey, the gold production costs in South Africa fell by 10 per cent to \$US93 an ounce. That indicates that the Western Australian goldmining industry is in a cost price squeeze. The farmers describe it as terms of trade problems, whereby the price of wheat goes down and the cost of chemicals, fertilisers and fuels goes up. Crunch time is reached. The same thing is happening in the gold industry. The costs have increased by 13 per cent as a result of increased prices for inputs, such as diesel, explosives, machinery, and equipment, plus litigation and native title costs, while the price of gold has dropped.

In the past five to 10 years the average grade of gold being mined has decreased each year. The mining industry must be significantly smarter each successive year just to stay in business. People think it is a question of shovelling the money into the bank. It is not that simple; it is very difficult, particularly when the terms of trade go against the producers and they are caught in cost price squeezes. In recent years native title claims in the goldfields have resulted in massive compensation and legal costs for the goldmining industry. That has created havoc in the goldmining industry over the past four or five years.

The proposed mill of Croesus Mine NL, west of Kalgoorlie, has been scrapped because of overlapping native title claims. This \$20m mill would have allowed the company to mill its hard ore. The decision has resulted in share prices dropping from 80¢ to 25¢. Croesus Mining NL has had to upgrade the South Kalgoorlie mill, which is probably not the best solution to its problem. The Anaconda Nickel Ltd project has had at least 23 overlapping native title claims at last count. After Anaconda settled with everyone it had another two claims. When it wanted to redesign its metallurgical plant and shift one piece of equipment, it triggered once again the right to negotiate process, so it had to start again. The mining industry has suffered from the Native Title Act as it works in practice. We do not seem to be any closer to the resolution of those problems, yet the legal and compensation costs under the right to negotiate continue unabated.

Our Select Committee on Native Title Rights in Western Australia has not yet been to the goldfields, which is where all the problems are. The committee has been to the Kimberley, had helicopter rides, visited Aboriginal communities and been to Western Metals NL and a few other companies, but it has not been to the goldfields. That is the first place the committee should have gone. I understand the committee plans to go to Canada before it goes to the goldfields. I hope I am wrong.

[Questions without notice taken.]

Hon MARK NEVILL: Before question time I was commenting on the extra costs to the goldmining industry and related nickel industry in the goldfields. I mentioned that the Select Committee on Native Title Rights in Western Australia had not visited the goldfields as yet.

Hon Barry House: Ron Yuryevich was one of the first people we heard from.

Hon MARK NEVILL: Did he come down to Perth?

Hon Barry House: Yes.

Hon MARK NEVILL: I am sure that was beneficial. However, the committee would get a lot more benefit by going to the goldfields and seeing its myriad problems.

Hon N.F. Moore: If it is any help I will try to find some money to send them up there.

Hon MARK NEVILL: It is pointless doing anything until the Wik legislation is decided. If the committee is trying to work out how state government departments will interface with the federal legislation, not a lot will be achieved until the Wik legislation is finalised.

Hon Greg Smith: They had Kim Beazley up there. He did not learn much while he was there.

Hon MARK NEVILL: He had a busy day and he was well received.

Hon N.F. Moore: He caved in to the eastern States' Labor people.

Hon MARK NEVILL: I do not know that. Certainly both the State and the Federal Governments have appalling records on native title.

Hon N.F. Moore: It is Labor legislation and you have told us how bad it is!

Hon MARK NEVILL: The Leader of the House can say that about all the parties and what has happened over the past five years. If he wants to entertain a debate on this subject I will be happy to be involved.

Hon N.F. Moore: It would be a real pleasure.

Hon MARK NEVILL: A debate on the gold royalty is not the appropriate place.

Hon N.F. Moore: You raised it.

Hon MARK NEVILL: If the Greens (WA) and the Australian Democrats do not oppose this disallowance it could be construed as being consistent with their attitude to the mining industry and outback Australia. They want the mining industry to pay all the bills related to native title. Would they entertain the idea of a levy on freehold and leasehold titles to pay for native title? No, they would not. They want the mining industry to pay. It seems that everyone thinks that the mining industry is a milch cow.

A number of other government imposts have made the life of the goldmining industry difficult in recent years including the reduction in the scope of people who can claim the diesel fuel franchise. Originally the mining industry was told that if it cooperated with the Federal Government in narrowing the scope of claims, the Government would put a cap on the diesel fuel rebate. The mining industry cooperated with the Government and the costs went way above that cap. The changes last year will result in another \$130m being collected, mainly from the mining industry because it uses diesel for off road purposes. The superannuation surcharge hits people in the mining industry disproportionately to other people. People in the mining industry who work underground attract large salaries, in the order of \$100 000 a year, and rightly so, but those people will pay the extra superannuation levy. All these things add up to a pretty depressing story for regional Western Australia. The goldmining industry until recently has operated from Halls Creek in the north through the Pilbara, the Murchison, the goldfields and the south west right down to Ravensthorpe. It is the most decentralised of all industries. It is the backbone of most country towns in my electorate.

Hon Bob Thomas: Fishing is probably more decentralised.

Hon MARK NEVILL: Fishing is decentralised, but if one compares the contribution of fishing in the Western Australian economy with that of goldmining it is a lean comparison. Last year goldmining contributed \$3.4b to our economy.

Hon Bob Thomas: You referred to its being the most decentralised industry.

Hon MARK NEVILL: I still think that the goldmining industry is more decentralised.

It appears that not too many people in this House are interested in the plight of the industry outside of the wheatbelt. They are happy to see activity wound back in those small towns. As the critical mass of each of those small towns reduces they will lose a lot of services, doctors and other facilities. It is important that those decentralised activities work to their maximum potential. The value of the properties of those people working in the industry will decrease. Jobs will be lost in all those towns, and that burden will typically be carried by blue collar workers whose interests seem to be subsumed by every trendy issue imaginable. They will leave and start somewhere else - probably with nothing - and try to rebuild their lives.

The impact of a gold royalty is quite clear. Less gold will be mined simply because a royalty is a tax on production and not a tax on profit. Income tax is paid only when people make a profit. A royalty will be paid on every ounce of gold produced, and the margin of that royalty will mean it is not profitable to mine the ore, which will be left in the ground. Once that happens, it is improbable that areas with grades of ore yielding one gram of gold per tonne will ever be mined again because of the waste rock that often must be moved to reach the gold. I have said in this House before that gold reserves are like a pyramid; that is, at the top is a small tonnage of very high grade ore and at the cut off point at which mining is economical is a large tonnage of low grade ore. A royalty will bury a large quantity of marginally low grade ore - perhaps 10 to 20 per cent. Every mining company must redesign its mines to factor in the extra cost of a gold royalty. That is done by a computer program. The pits will be smaller and narrower.

In underground mines less ore will be taken and in some cases, such as the Granny Deeps mine, the royalty will psychologically be a disincentive to continue because the ore is so marginal at that grade. It is a big decision to commit the capital needed to start an underground mine at the bottom of an open pit. The grade of ore is already being lowered each year. Companies are mining ores that they would not have considered heat leaching four or five years ago. The technological advances in the industry allow that to happen now. There will be less employment simply because less gold will be mined. I am not talking about gold found from drilling in the future. If one froze in time the ore reserves before and after the imposition of the royalty, it would be clear that there would be fewer jobs. Imposition of a royalty will result in significantly less exploration. Even now, with the current gold prices, most of the greenfields exploration has wound back. Drilling is taking place mainly around existing mine sites to prove up reserves. There is none of the high risk capital that is needed for mines to be developed five or six years down the track. A royalty would affect the mines that could come on stream in five to 10 years.

Gold to the value of \$3.4b was produced last year and that has a significant effect on the balance of payments and the current account. There could be a 20 per cent reduction in the dollar value of gold produced in this State over the next six to 18 months. The gold royalty will certainly be a significant contributor to that winding back. In a few years' time the hapless situation of the 1930s might reoccur, where the Government pays producers a subsidy to produce gold because it is one of the few commodities that can generate foreign currency. Already there is a massive current account problem, and this levy will add to that problem.

The mining industry in regional Western Australia has contributed very substantially to infrastructure. It has made contributions to major roads, gas pipelines, power, services, the upgrading of headworks for water supply, airstrips, and upgrading the rail link to Leonora. It is important that that level of contribution to infrastructure continue.

The goldmining industry in Western Australia is home grown. It is not like the iron ore or petroleum industries. The people in the mining industry are generally Western Australian. The money is raised in Perth, and a significant fundraising capacity has built up in Perth in recent years. The technology being developed in Western Australia, particularly in Kalgoorlie-Boulder, in metallurgy, mining, geology and exploration, is at the cutting edge. That has been exported to all corners of the globe. In all parts of the world, Australians, more often than not Western Australians, are involved in mining and exploration. Much of that technology has come from the industrial areas in Kalgoorlie-Boulder, and it has not been reported on. It is important for that critical mass to continue that improvement in technology because without it, the mines could not continue to mine lower grade ore. It does not make sense to me.

The main engine in the economy over the past 10 years has been the Western Australian goldmining industry. It has been a massive contributor. In the order of \$20b has probably been produced by the Western Australian gold industry over the past 10 years. If it were not for the technology, most of that ore would be as valuable as a bucket load of sand from the backyard. It has no worth unless something of value can be extracted from it economically. Six months ago I predicted that some mines would close. A significant number have closed. Many are still operating at a loss. I said there would be a reduction in ore reserves. That has occurred at every mine.

Later, when this matter is brought to a vote, it will be interesting to see whether Hon Greg Smith has convinced enough of his colleagues to support this disallowance motion. If he votes against the motion himself, it will be a pretty pointless exercise because if the motion is defeated it will cause real damage to the economy in Western Australia. I would be happy to revisit this debate in a year or 18 months, to see whether I was crying wolf or whether my predictions are proved right. I do not believe I have exaggerated the effect of a gold royalty on this State. It is a tax on production of a commodity that is mined at a level of return of one part per million. If the economics of such a production process are fiddled with, there will be an impact or reaction. Given the other circumstances in the economy, that impact could be quite negative, and in net terms it will do more harm to the Western Australian economy than the funds generated by a gold royalty will achieve. I urge the House to support this disallowance motion.

HON GIZ WATSON (North Metropolitan) [5.51 pm]: As members will be aware, Greens (WA) has always stated publicly that it is in favour of a gold royalty. It is the only political party that went to the last election saying that a gold royalty was required in this State. The Greens believe that all minerals should attract a royalty on the basis that they are all commonly owned resources, and they are a one-off source of income for the State. In recognition of that, a royalty should be paid to the State.

Members of the Greens have also said that a proportion of the royalties raised should be returned to the regions from which the minerals are extracted, in order to promote regional communities and to provide economic benefit to the communities extracting those resources. The Greens have also argued that if royalties are raised, some of the funds should be used for environmental rehabilitation of the mining areas. As we know, although mining regulations under the Department of Minerals and Energy and the Department of Environmental Protection are designed to minimise environmental impact, significant environmental impacts are associated with mining, particularly in the goldfields.

We have a legacy of mining operations that preceded the stricter regulations that we now have in place. It should be a matter of policy that money raised from the extraction of minerals is spent to ensure that rehabilitation is of the very highest order.

With those two provisos, we have always said that a royalty is appropriate. We did indicate that we would be looking at the Australian Labor Party's disallowance motion. The reason was that we believed that in negotiation with the Government we would be able to achieve a number of things, among them that some of the money would be returned to the region and that marginal producers would be protected. We have been able to negotiate a substantial improvement in the regulation as it was presented in order to address those concerns.

To reiterate, we endorse the following aspects of the Government's position: The introduction at the rates proposed,

the implementation procedures and the time duration set out under the proposed legislation. We had two concerns. One was that the current Government's ethos of economic centralisation is a problem. Moneys raised in the goldfields basically end up in Perth. The goldfields get shortchanged with services.

Hon Barry House interjected.

Hon GIZ WATSON: Hon Barry House says that that applies to all country regions. Where a region is involved in the extraction of a one-off resource, there is a very clear case for it to benefit directly from the resource.

I move specifically to the agreements that we have reached, which we believe will address our two concerns of the protection of marginal producers and the return of money to the mining region. Through our discussions with the Treasury Department and the Department of Minerals and Energy we have the understanding that funding will be made available for an inventory of abandoned mine sites in Western Australia.

Hon Mark Nevill: How much money?

Hon GIZ WATSON: I will get to that. We understand that that money will receive a high priority in the 1999-2000 Budget. I will seek the assurance of the Minister in this place that that is the case. I refer to a recommendation from the Minerals Environment Liaison Committee, which brought down a report in 1994 to the Minister for Mines entitled "Conservation and Rehabilitation in the Gold Mining Industry". The report identified that the starting point for environmental repair in the goldfields area would require such an inventory of abandoned sites. This has a significant positive aspect for safety as well as environmental rehabilitation. The issue of disused and abandoned pits is quite significant.

Hon Greg Smith interjected.

Hon GIZ WATSON: Yes, indeed. I gather the pits are used for disposing of all sorts of things.

The authors of that report wrote about many hundreds of abandoned pits and workings in the area. They wrote -

The Western Australian community is now much more aware of these issues and there is mounting concern regarding the extent and nature of these legacies. . . . A comprehensive program to rehabilitate these old scars is necessary but first an inventory of the abandoned mine sites is required. . . . To compile an inventory of abandoned mine sites is estimated to cost \$350 000. This was requested by DME as a special Consolidated Revenue Fund (CRF) allocation in the State Budget for 1994/95 but was not funded. . . . It is estimated that many millions of dollars would be required to carry out the entire rehabilitation exercise.

I will seek the Minister's reassurance that there is a commitment to seek those funds from the 1999-2000 Budget. We hope that the identification of those sites will lead to the necessary rehabilitation work being carried out. We will also seek assurance that the funding will be stand alone funding and will not have a negative financial impact on other programs within the Department of Minerals and Energy. Any allocation must be by way of a special consolidated fund allocation. We are happy that this provision has gone some way towards addressing environmental rehabilitation.

On the second matter of the protection of marginal producers, although it is clear that market forces and profits are what make one operation more marginal than another, the introduction of a gold royalty on operations that are close to being non-profitable advances them towards mine closure. An environmental problem is also contained within the issue of marginal producers. If marginal producers are not protected, mining companies will go after only high grade gold resources and leave those operations and pits open so that they may revisit them to reach marginal gold grades. If we protect the marginal producers, we will also encourage mine sites to be worked right out and then backfilled with waste material from operating mines. Therefore, there is also an environmental benefit in reducing the chance of high grading in the industry.

The report also mentions this matter. In part 7.6 the authors wrote -

Where it is known that a pit is completely worked-out and it is not likely to be used for accessing a deeper ore, there is potential for using it for the disposal of waste rock or tailings. . . . Backfilling using waste rock should be considered wherever practicable. . . . It is recommended that where tenement situations dictate, waste rock disposal into completed pits from mines on adjacent tenements should be considered. . . . Furthermore it is also recommended that wherever practicable more pits should be refilled by waste from adjacent mines or areas to be disturbed by mining.

On my two or three visits to Kalgoorlie and to various mining operations, I found quite a deal of support in the industry for backfilling those sites with waste from existing operations.

Sitting suspended from 6.00 to 7.30 pm

Hon GIZ WATSON: Greens (WA) raised the point with the Government that a gold royalty should contain an exemption for prospectors and small or marginal producers. We are confident that the provision which the Government is recommending will protect small producers, and my party has negotiated a change to the Cabinet minute in that regard. Hon Mark Nevill read out the minute in full, so I need not repeat it. Indeed, the wording of that minute will deliver protection to marginal producers, and we trust that it will alleviate whatever difficulties may arise. We admit that some readjustments are likely as a result of the introduction of this royalty, but the protection of the marginal operators will reduce that impact.

Hon Mark Nevill: Do you agree with the chief criteria?

Hon GIZ WATSON: Greens (WA) had discussions with the Government and Treasury and looked at those additional three points which specifically address the gold industry, and we gave an undertaking that if they were delivered by the Cabinet decision, the Greens would be happy with those measures.

Some criticism was made about the timing of the negotiations, which could have been more accommodating. Again, we were left with last minute decisions without time to fully consult on a couple of wording changes from the draft with which we were presented. I am satisfied that the wording changes were relatively minor. I am not willing to renege on the agreement on the basis of the small wording changes. Nevertheless, it would be good in future to see the final draft before making a decision, rather than making a decision at relatively short notice.

The royalty proposed by the Government did not offer sufficient protection for marginal miners. It relied on the Cabinet minute of September 1993 which established criteria for assessing royalty relief under the Mining Act. That was put in place in 1993 as a result of the mineral sands industry suffering a major downturn in that year. The minute notes that the criteria also applied to all mining industries. We have major concerns that the current royalty relief criteria for assessing royalty relief under the Mining Act are highly discretionary and based on cash flow. We had negotiations with Treasury in which we sought changes to the original minute which clearly addressed the specific concerns of the goldmining projects. We now have clarification that the proposed changes were made in the Cabinet decision of yesterday. Again, I seek the Minister's assurance that they will be delivered.

We have also been given a commitment by the Government that an amendment to the Department of Minerals and Energy's regulations is being drafted which will identify that royalty relief is available; this will provide knowledge of the direction to the Cabinet minute of Monday, 6 April 1998. Therefore, it will be clearer to gold producers that the royalty relief is available. I seek an assurance from Hon Norman Moore that the regulation change will be carried through.

Although the industry has argued for a profit-based royalty, Greens (WA) does not support such a concept in the tracking of production of each gold project as it will be difficult and raise the prospect of projects establishing avoidance mechanisms.

In conclusion, I reiterate that Greens (WA) has from the outset been committed to a gold royalty. We sought to introduce to the debate a better deal for marginal producers, and a commitment to rehabilitation for the goldfields regions. We are satisfied that the Government has come at least part of the way to meet those concerns. On that basis, we will not be supporting this disallowance motion.

Today's gold price - it is always a vexed question, as Hon Mark Nevill commented - is \$470 an ounce. The industry will be able to accommodate and accept the transition into the payment of a royalty. Greens (WA) feels that no reason exists for the goldmining industry to be exempt from a royalty. However, we hope that the provisions we have negotiated will ensure that the transition is not as painful as it might otherwise be.

HON TOM HELM (Mining and Pastoral) [7.39 pm]: I join some of my colleagues on this side of the Chamber in supporting this disallowance motion.

I remind the House that regional Australia is the most neglected section of our community. It probably collects most of the revenue which this country generates, yet we constantly find that regional Australia is being undermined and is not seeing any of the benefits which have resulted from the resources found within our regions.

It is good that the Greens (WA) have had some assurances from this Government on how the royalty will be spent. It will be interesting to hear whether the promised environmental and rehabilitation program will occur or whether the marginal mines will be given an opportunity to continue mining the resource.

My comrades in the Greens will recall that promises were made during the last federal election about how the proceeds from the sale of Telstra would be spent. They should consider what occurred when the Telstra profit was distributed. Reductions were made in the amount of money available for the rehabilitation and environmental programs. Members will remember the core promise that only about one-third of Telstra would be sold and that the proceeds would be spent on regional Australia.

Members of the Australian Conservation Foundation and the Greens, who were party to the deal to sell one-third of Telstra, said that they were dudded. I can guarantee that they will be dudded again. Patients in the north west, where royalties are paid on iron ore, gas, diamonds and any other resource we can dig up from the ground, are suffering reductions in the patient assisted travel scheme. Women who need to travel to Perth for a mammogram are being denied the use of PATS.

Hon W.N. Stretch: What does that have to do with this disallowance?

Hon TOM HELM: If Hon Bill Stretch pays attention he will find out. I will slowly and carefully explain so that Hon Bill Stretch will not become more confused.

Hon N.D. Griffiths: You might need an extension of time to do that.

Hon TOM HELM: Perhaps because he lives in the metropolitan area, Hon Bill Stretch does not understand that in rural and regional areas in the north west, towns and communities are being destroyed as a result of this Government reducing funding to the north west. The mining companies in those areas are paying their dues through royalties.

Members might wonder why, if one section of the community is paying its dues, another should not pay. The prospect of a gold royalty is a joke. It will not improve matters in the goldfields, which is evidenced by the fact that we in the north west are paying our dues yet women cannot get PATS to go to Perth to have suspected lumps in their breasts investigated. They are forced to stay in the north west and undergo intrusive surgery to determine whether a lump is malignant or benign. That is a clear example of the complaints I must face in my Newman electorate office fairly regularly. I am therefore saying to the House that this disallowance motion should be supported.

I would change my mind immediately if I saw a fair go being demonstrated for the miners and the work force in the regions that exploit the resources. More impost is put on the regional areas than on any other area. This Government figured out quickly that it would be difficult, particularly for the Liberal side of the coalition, to win any country seats from the Labor Party or the National Party. Therefore, not much could be gained from a royalty for members on our side of the House or people living in those areas. A royalty will not increase services or reduce taxes and charges and additional costs of living in regional areas. This Government will be undertaking an additional revenue raising exercise.

Hon Mark Nevill: It will help pay for the Fremantle bypass.

Hon TOM HELM: Exactly. It will help the Pilbara and the goldfields a great deal, particularly as we are constantly told that the State's finances are in good order and all is rosy in the garden when we have an unemployment rate of more than 8 per cent! Why, therefore, do we need to impose a royalty?

We constantly read about the deaths in the goldmining industry.

Hon Mark Nevill: What about the PAT scheme?

Hon TOM HELM: I have already mentioned that. I refer to the headlines we frequently read about people dying in the goldfields. Hon Norman Moore can take credit for mounting an intensive investigation into those deaths. As one person he has probably done all he can. It seems to me and many people who feel the same as I do that if more inspectors were employed by the Department of Minerals and Energy to implement the regulations designed to protect miners they would be better off. Will that occur as a result of a gold royalty? It will be interesting to see whether it will. I do not believe that Cabinet will accept a proposal like that.

Hon N.F. Moore: There is not much hope if we knock this back. If we agree to this disallowance motion we will not get any money because about \$30m a year will come out of the Budget.

Hon TOM HELM: Although I do not doubt the integrity of the Minister for Mines, I doubt his ability to convince the flat-earthers in the Cabinet that it is a good idea to save people's lives in the goldmining industry.

Hon N.F. Moore: It is ridiculous to say that people do not care about the lives of workers, and Hon Tom Helm knows it.

Hon TOM HELM: Articles appear in the newspaper almost monthly. Whether the Government wants to do something about it is another matter. All we hear about, and what we are debating in this Chamber, is this Government's desire to take more money from an industry which has major problems, one of which is not the ability to mine gold. The goldmining companies are quite efficient and effective; nonetheless, it seems to be an industry that has its share of fatalities. That does not seem to occupy the minds of members opposite as much as the prospect of gaining royalties from the extraction of gold.

We must be very careful of the promises made by governments in relation to the spending of revenue collected from

a gold royalty. The evidence flies in the face of commitments made in the past. We need only consider the deaths in places in the iron ore and other industries that are not exempt from the imposition of a royalty. People are cynical about whether any benefits will accrue for that section of the State. Members will recall the previous Government making some herculean efforts to reduce the fringe benefits tax, albeit that that tax was imposed by a Federal Labor Government. When the coalition occupied the benches on this side it hit us over the head a number of times for our policies, but I cannot recall it making any attempt to reduce the fringe benefits tax, for example.

Hon Greg Smith: It was removed from housing for primary producers.

Hon TOM HELM: The farmers are all right.

Hon Greg Smith: It is throughout primary industry.

Hon TOM HELM: It has not happened in the mining industry. A report by the Treasury indicated that \$170m was collected in housing FBT from the mining industry out of a total FBT revenue of \$2.4b. That is fine with members opposite as long as farmers are doing okay. However, most of the houses that attract the fringe benefits tax are in the iron ore mining industry, which pays its royalties and its dues. I am sure that Hon Greg Smith and Hon Norman Moore, who represent the same electoral region as I, will feel uncomfortable because they supported this regulation - they do not support the disallowance motion. They know that the goldfields will feel the effects of the royalty.

Even though there may be some exemptions, it is hypocritical to ask industry to pay more money without its being given a corresponding benefit from a reduction in FBT or an increase in the facilities that are provided in the region - for instance, to the Kalgoorlie Regional Hospital. They represent the fundamental needs of people in that region. When the mob opposite were on this side of the House they whinged about the need to populate the regional areas and to support the people who take up jobs in remote areas and who must take their families away from their extended families. Members opposite have not made any positive changes in those areas since they took over the government benches. We have seen changes such as the closure of regional banks, the loss or privatisation of government services and agencies, and outsourcing. No-one knows what is happening. That is the danger we face if the Government continues along the track of imposing this royalty on the gold industry. It is not a fair thing to do in the circumstances.

I would be reluctant to agree to this royalty if the State were in dire straits and not because the gold industry cannot afford to pay it. At one point the Telfer goldmine in the western desert was wholly owned by an American consortium that did not pay any gold tax in Australia but paid tax on the profit that it made in America. That seemed to be a real slap in the face for Australians.

Hon Mark Nevill: It has been 30 per cent owned by BHP for a long time.

Hon TOM HELM: I was referring to Newcrest Mining. Members on this side of the House raised that issue at the time. We made some sort of effort to retain services to those remote areas. I cannot see that happening now.

It would be interesting to analyse the promises that have been made to the Greens (WA) for the environmental rehabilitation of mine sites. The Government has promised to conduct an environmental inventory of mine sites at a cost of \$350 000. That will be a useful tool for any Government. However, for the Government to expend an undisclosed sum of money on the environmental rehabilitation of mines is a bit like the question, "How long is a piece of string?" By virtue of agreement Acts many mining companies are obliged to rehabilitate their mine sites.

Hon Giz Watson interjected.

Hon TOM HELM: Some of the older mines are owned by some of the major mining companies in our country and by multinationals. If they are dinkum I do not see there being a problem with a move from this House so those multinational companies that are still mining in the goldfields rehabilitate their mine sites at their own cost rather than the taxpayer taking on that responsibility. It will be interesting to see the detail of the Minister's promise and whether he can get Cabinet approval for what is contained in this document.

The other promise is an exemption from the royalty to allow marginal mines to exploit resources that are difficult to extract. Hon Mark Nevill has explained that in some mines only 1 gram of gold is extracted from each tonne of dirt that is moved. It would be difficult for a company to justify to its shareholders working a mine that would return less than 1 gram a tonne. However, a Government of any persuasion would find it difficult to persuade a miner to give up a lease that to all intents and purposes had been mined out, because advances in technology are constant. The geologist who discovered the Kanowna Bell goldmine was surprised that so many miners and explorers had walked over it. It is 30 metres underground, but it is a huge deposit. Those sorts of discoveries will continue to occur, and miners will be reluctant to give up the lease of a mine. They are reluctant to discuss the land rights of Aboriginal people, and they will be less than enthusiastic to discuss giving a mine away for rehabilitation.

Hon Giz Watson interjected.

Hon TOM HELM: The Government has found that promise easy to make; it means one thing to the Greens and another to the Government.

I have not researched this subject thoroughly but I feel strongly about it. I am concerned that extracting more funds from the goldfields will not help the people in the goldfields. In today's *The West Australian* an article under the headline "Goldfields network bid" states -

The Federal Government has knocked back a State Government-backed proposal to build a digital GSM mobile phone network in the northern Goldfields.

Under the proposal, the Federal Government's Regional Telecommunications Infrastructure Fund (RTIF) was asked for \$3.2 million while the North Eastern Goldfields Regional Organisation of Councils (NEGROC) would put in \$2.8 million to install seven GSM base stations and extend optical fibre from Leinster to Wiluna and up to Meekatharra.

That probably does not mean much to some members but in the bush communications are vital, and the Federal Government has knocked back an application for funds that would provide the people in those communities with a communications system that matches the communications system in the metropolitan area.

Hon Mark Nevill: They just gave \$300m to a dictator in Indonesia.

Hon TOM HELM: Another headline in *The West Australian* which has nothing to do with the gold royalty is "Tragedy hits heart of town". I would like members to consider this in the context of other work related deaths in the goldfields. The article states -

Kambalda's 5000 residents are battling to come to grips with a series of tragedies that have struck at the heart of the Goldfields town.

Many of the deaths are related to the town's lifeblood - mining.

It then refers to the incidence of suicides in the goldfields.

There are no basic medical services in the goldfields. All those funds are being cut. Nothing has been put into the goldfields.

Hon N.F. Moore: Rubbish. You should go and look at it some day.

Hon TOM HELM: I was in Kalgoorlie a week ago on Sunday.

Hon N.F. Moore: You obviously had closed eyes.

Hon TOM HELM: If people say they cannot obtain funds from the PAT scheme to go to Perth for proper medical treatment -

Hon N.F. Moore: Money has been put into the hospital.

Hon TOM HELM: I understand that, and it is not before time. Has the Leader of the House been to the Kalgoorlie Regional Hospital?

Several members interjected.

The DEPUTY PRESIDENT (Hon J.A. Cowdell): Order! Members, this is supposed to be a monologue rather than a dialogue.

Hon TOM HELM: If I am responsible for not looking after the goldfields, I will accept that responsibility.

Hon N.F. Moore: I am not saying that, but the Government has put money into hospitals.

Hon TOM HELM: The Leader of the House has not shown any evidence that that is the case. If the Labor Party was guilty, as the Leader of the House suggests, at least it never asked for royalties and it never asked for more money.

Hon N.F. Moore: It did. Ian Taylor asked for a community chest. Do you remember that?

Hon TOM HELM: That is right.

Hon N.F. Moore: Instead of a royalty, he asked for \$1m.

Hon TOM HELM: If this proposal for a royalty were for a community payment instead, I would be with the

Government all the way. In that case the money extracted would be identified and people would know how it was spent.

Hon N.F. Moore: Shall we do it for iron ore as well?

Hon TOM HELM: If the Leader of the House wants to. I think it is a good idea. Would the Leader of the House like more of the funds raised in his electorate to be spent there?

Hon Mark Nevill: He has Garden City in his electorate. What more does he want?

Hon TOM HELM: Would the Leader of the House like to see more funds spent locally?

Hon N.F. Moore: Tell me what percentage should go back to the region.

Hon TOM HELM: Enough to give people as near as possible some of the facilities available to people in the metropolitan area. I refer to things such as education, hospitals and roads. Hon Eric Charlton wants to spend more on roads in the north west, and he is not doing a bad job now. Instead of being kicked around in the High Court because the State Government did the wrong thing in levying taxes, would it not be better to have a local tax?

Hon Greg Smith: Will it be in the ALP's policy platform?

Hon TOM HELM: The Labor Party did it, and the Leader of the House is shouting at the Opposition because the Labor Party did it. Ian Taylor's idea was a great idea and it could be expanded, but it should not be a royalty.

Hon N.F. Moore: We will make all tax voluntary.

Hon TOM HELM: We know that tax is not voluntary.

The DEPUTY PRESIDENT: Order! Hon Tom Helm should get back to the topic at hand, which is the disallowance motion, so that the school children in the Public Gallery, from Richmond Primary School in East Fremantle, who travelled to Whitby in the United Kingdom on the *Endeavour*, and are hosts to the children from Whitby who are visiting in return, will understand that he is referring to matters of interest to them.

Hon TOM HELM: I am sure the children from Whitby will know I do not come from Whitby!

I must thank the Leader of the House for reminding me of Ian Taylor's proposal. I had forgotten about it. It certainly has more merit than the imposition of a royalty, the proceeds of which will go to wherever the State Treasury sees fit.

Hon Derrick Tomlinson: Will your party abolish it?

Hon TOM HELM: Of course; how could the member doubt it?

Hon Derrick Tomlinson: Your leader did not think so.

Hon TOM HELM: He has not been told yet.

In relation to the shame of the occurrences in Western Australia, reported in the newspaper today, the royalties that will be imposed will have an effect on towns such as Kambalda. It already suffers from a higher suicide rate than most other towns, the uncertainty of closures, and the threat of royalties that will result in mining operations becoming more marginal or closing down, and people losing their jobs and livelihoods. The goldfields are somewhat different from the Pilbara because the goldfields have a history of more than a hundred years, whereas the Pilbara has been developed for only 20 or 30 years. Many families have grown up in the goldfields over three generations. The mines are under threat not necessarily because of the gold prices alone, but because of the additional impost of a royalty. This matter must be considered in a clear and positive way.

This disallowance motion is one way of sending a message to the people of the goldfields that at least somebody is on their side and cares enough to say that the mining companies could pay more. Perhaps Ian Taylor's suggestion has some merit. The royalty proposal has no merit because the people in the goldfields will not feel the benefit of any funds raised. The funds will disappear on bridges, tunnels and freeways that the people of the goldfields will see perhaps once a year when they visit Perth for a holiday.

It can be seen from the newspaper article to which I referred that a variety of deaths have been connected with the mining industry and mining families since 1968. I suggest that in some small part it is because of the lack of infrastructure, the destruction of family life, and the lack of funds allocated to the goldfields. I agree that any funds generated in that region are for the benefit of the whole State, and I feel strongly about that, but a royalty should not be levied at this time, without a clear indication that the funds will go back into the goldfields. More money should not be taken from the goldmining industry unless it is ploughed back into the community for appropriate counselling,

improving family life, and putting back the post offices, banks and other facilities that used to be available to people in those areas. Until that happens, the Opposition is obliged to tell the Government that it should not take royalties from the goldmining industry. Nor should it take more funds from the resource industry in which people are working hard to extract resources for the benefit of the State.

A message should be sent to the mining industry that it should spend more money on exploration and find more deposits. The work force in those mines should be told that if Treasury extracts more money from the industry, additional funds will be spent in a clearly identifiable way that will help the industry and regional Australia. It should not increase the amount in the coffers of State Treasury, but should increase the good news stories this Government has been putting about. I support the disallowance motion.

HON GREG SMITH (Mining and Pastoral) [8.09 pm]: Unlike Hon Tom Helm, I will not make a heap of hypocritical statements, and I can say that at least I have been consistent. To demonstrate the hypocrisy of Hon Tom Helm's statements, I refer to *Hansard* of last year. He said -

... I am angry that he used the profit he made from goldmined in Western Australia, as we have no gold royalty, to put in a right-wing, conservative, redneck Prime Minister who will take Israel back to where it was prior to settlement after the Second World War.

Hon N.F. Moore: Would you rather we got the royalty?

Hon TOM HELM: I would in that instance.

Hon GREG SMITH: At least I will be consistent. I am looking forward to reading the next Labor Party platform policy about the dream world Hon Tom Helm has created. Hon Tom Helm has spent about \$200m in the past five minutes. The other hypocrisy is that the Labor Party knows that the native title legislation is costing the mining industry millions and millions of dollars.

Hon Mark Nevill: Are you supporting the motion?

Hon GREG SMITH: If the member keeps listening he will find out.

Several members interjected.

The DEPUTY PRESIDENT (Hon J.A. Cowdell): Order!

Hon GREG SMITH: As Hon Tom Helm illustrated, the fringe benefits tax was introduced by the Australian Labor Party and the gold tax was introduced by a Federal Labor Government. I must explain how and why a gold royalty ended up being put on the agenda. Part of the cause was the competition policy introduced by the Federal Labor Government. It said that because \$70m per annum was not collected from a gold royalty, it would subtract that much from the grant.

Hon Mark Nevill: That was 15 years ago when the Commonwealth Grants Commission first started. It has nothing to do with Hilmer.

Hon GREG SMITH: I faced up to reality and introduced a motion into this Parliament that after two years we would have a look and then at least we might be able to prove that the gold royalty did not raise anything for the Government, because I honestly believe that it will not. I will be voting for the disallowance motion.

Hon N.D. Griffiths: Is that because your vote will not make any difference whatsoever?

Hon GREG SMITH: I wish it did.

Several members interjected.

The DEPUTY PRESIDENT: Order!

Hon GREG SMITH: If and when a gold royalty were to be introduced, there could not possibly be a worse time to do it.

Hon Mark Nevill: Did you tell your constituents that before the last election?

Hon GREG SMITH: I have never agreed to a gold royalty.

Hon Mark Nevill: Will you support it?

Hon GREG SMITH: I am voting for the member's motion.

WMC Resources Ltd has recently sold all of its forwards. It came to the conclusion that it might as well buy physical

gold and sell its forwards to make money instead of spending money that is required to mine gold and as a result lose money while it is doing that. Many mining companies are in that situation at the moment. Far more money is spent on exploration offshore than in Australia. Mining companies must deal with the native title legislation and the high cost of production. The gold royalty at this stage will be another impost placed upon them. Places like Africa welcome goldmining companies. If a goldmining company goes there and finds gold, a Government will build the infrastructure with roads and powerlines to the mine. The companies can employ people for what we in Australia would consider to be next to nothing.

If a gold royalty were to be introduced, the only way I could find myself agreeing to it would be if it applied to a new mine. At least then a mining company could design and structure the mine so that it could build the cost of a royalty into the cost of developing its mine. We have mines with a pit design of three to five years ago, where miners have shifted the overburden and have been mining to 1.7 or 1.5 grams a tonne. They must now reassess the situation. They may say that they cannot afford to get that sort of ore out of the ground and so they will have to high grade the mine, which will shorten its life. When those sorts of things happen, lower grades of ore will be left in the ground and probably never mined viably.

One of the most concerning aspects is that the gold industry accounts for the majority of jobs in the mining industry in Western Australia. My one big concern is that any reduction in goldmining will lead to a reduction in jobs. In 1995-96, 13 838 jobs were directly associated with the goldmining industry. The next mining industry to employ any large number of people is the iron ore industry, which employs 8 500 people. These are followed by things like petroleum, which is producing nearly as many dollars as gold now, and which employs about only 1 100 people. Goldmining represents jobs in Western Australia; there is no doubt about that. Any reduction in goldmining will cause a direct reduction in jobs.

Another of my concerns about the introduction of a royalty right now is that everyone knows that the price of gold is as low as it has been for a long time. If we keep piling imposts onto an industry and causing it problems, a straw will eventually break the camel's back. At the moment the industry is poised at a stage where this could be the straw that breaks the camel's back. I have been told by the School of Mines at Kalgoorlie that this could happen to probably 20 marginal producers. Goldminers have to examine grades and tonnages. Although they might mine down to a certain grade, we will see, for example, that if the cut-off grade has been 1.7 grams to the tonne a mining company will have to lift the grade to 2 grams per tonne, which will shorten the mine's life and, in turn, reduce jobs. While we have native title affecting the exploration side of goldmining and the operating life of mines has been shortened by high grading, we will see an increase in the rate at which goldmines finish or do not start. The Western Australian gold study describes the elastic effect of a price drop. A 2.5 or 1.25 per cent royalty is, in effect, a price drop. We will have a combination of effects. The 1.25 per cent royalty is, in effect, a \$5 per ounce price drop, or thereabouts. The spot price of gold has also dropped. We will not see mines shut tomorrow but in five years we will probably have only half as many mines as there would otherwise have been because of the drop in the price of gold, the royalty and native title. This should not be the time that we introduce a gold royalty. Once a royalty is introduced, any goldmining company that shuts a mine will blame the gold royalty. Whether or not it is the reason the mine had to shut or the operations stop, the company will be blaming the gold royalty for that cost.

Open cut mining is the most cost effective method. As Hon Mark Nevill pointed out, we have mines like Granny Deeps. Deep and decline mining is far more expensive than open cut mining. I do not know whether Granny Deeps is going ahead or has been shelved.

Hon Mark Nevill: It had been shelved last time I heard.

Hon GREG SMITH: Other mining ventures like that are being shelved. Boddington goldmine has stopped. There is no doubt that others will shut. I travelled to Meekatharra the other day. Once upon a time mines were operating all the way up the Great Northern Highway, but now only about three goldmines are operating between Perth and Newman. They would include Hill 50 at Mt Magnet, St Barbara and Plutonic. I cannot think of any others that are operating along that road. Reedy's and Youanmi have shut. If we introduce a royalty at the present time, the few mines which are still operating are too precariously poised to put up with another impost.

Once many of these mines shut down, it will be years before they start again.

Part of the reason that the Government has tried to raise this revenue is the vertical fiscal imbalance between state and federal funding and the narrow base the State Government has to try to raise revenue. The State no longer has the ability to raise franchise fees from tobacco, fuel or liquor and is therefore faced with the unenviable task of finding the money forgone. Unfortunately, when the Government looked at the gold industry, gold was about \$US400 an ounce. It probably looked reasonably attractive, but that in itself is a bit of a worry because it gives one the impression that any industry making a profit - in its almost socialist thinking - is obviously not being taxed heavily enough. That is not acceptable.

I will support this motion by Hon Mark Nevill and I hope that I will receive his support when my motion to examine this every two years is considered. It is obvious that the numbers are not going to stack up for the motion, as the Democrats and the Greens will not be supporting it. In less than two years from now, if a good case is presented to prove that the gold royalty has cost the State more than it has raised, the gold royalty could be removed..

Hon Mark Nevill: Hopefully the Government will see that.

HON HELEN HODGSON (North Metropolitan) [8.22 pm]: The Australian Democrats will not support this disallowance motion, for a number of reasons. The gold royalty is probably one of the most complex issues we have had to deal with in the short time that we have been in this place. There are equally strong arguments on both sides of the question. Fundamentally, our policy supports people paying for the use of natural resources and believes that, as resources in the ground are owned by the community, those who have access to those resources have a duty to contribute to the community. The real issue is to find equitable methods of doing this. The Democrats had a duty to carefully examine the regulations as they were tabled and to determine whether these regulations were having a fair effect on the industry.

The gold industry in Western Australia is hurting badly. A number of developments in recent months have caused major problems for the industry. The price of gold fell; a lot of the impetus for that came from the Reserve Bank's actions when the Federal Treasurer and the Reserve Bank sold off large amounts of gold. A graph of the gold price displays a significant dip at that point. Changes were made to the federal tax laws and section 23PA was repealed. This is an issue for small prospectors and has had a flow-on effect through the business as a whole. Then there is, of course, this gold royalty.

Those in favour of a gold royalty presented a number of ways in which the gold industry received some protection, one being that the exchange rate offered a buffer. When one looks at the dips in the gold price in terms of the US dollar and then measures that against the Australia-US exchange rate, there has been some protection offered to the Australian industry.

The fact that the price dropped so quickly means that companies entering into hedging contracts have secured their sales - for seven or eight years in some cases - at a price that is not currently obtainable. I do not need to go over the statistics of the importance of the industry here in Western Australia. Suffice it to say that 75 per cent of the gold produced in Australia is produced in this State and in that sense it is a very important sector of the mining industry. It is also significant that, with the exception of the Australian Capital Territory - I do not know how many goldmines there are in the ACT - Western Australia is the only gold producer without a royalty.

Hon N.F. Moore: The ACT is one big goldmine. They keep filling up their coffers with money from the States all the time.

Hon HELEN HODGSON: Unfortunately its gold is not extracted from the ground but from other people's pockets. With that exception, royalties are imposed in the other States and it is an anomaly that Western Australia has functioned this long without the royalty.

Issues regarding the handling of its introduction were raised by Hon Mark Nevill. The member referred to promises made during the election campaign that no royalty would be introduced, which were subsequently followed by an announcement that it would be introduced. To give due credit, that was followed by a series of talks with the peak bodies in the mining industry, resulting in modifications to the original proposal. Those concessions are incorporated in the regulations before us. They involve a deferral of the royalty and a two stage introduction based on a reduced rate, followed by an increase in the year 2000. That is contingent on the gold price at that time. There have been some genuine efforts to lessen the burden for sectors of the goldmining industry, but all that happened prior to June last year. There were indications that the long term viability of the industry was OK, because the big problems have occurred in the last six months.

There is no question that the goldmining industry is cyclical and there are several key factors in the profitability of the industry. One factor is the gold price, and that is largely a factor for the world markets. The actions of the Federal Government have impacted on that. Another factor is what is happening in Asia, where gold is being brought back onto the market, but it is not something over which we have any control. The next key factor is the ore grade, and the final key factor is the cash costs.

What are the responses that the industry can make? Looking at the cash costs, if one is calculating about \$400 per ounce as cash costs, that is about as good as one will receive in the industry in Western Australia. Some mines do better, some do worse, but \$400 is considered to be the benchmark to which people have referred. One can hedge and, based on the assumptions that the price will rise, that limits the life of the mine. That is, in a sense, a two edged sword, because when it comes to questions of high-grading, that is entwined with a company's hedging books and causes real questions when planning what to do with a particular mine. It is worth noting that a company that is

acknowledged as running one of the most astute hedging books in the Western Australian environment is Western Mining Corporation.

Hon Mark Nevill interjected.

Hon HELEN HODGSON: Western Mining tends to be acknowledged as running very lengthy hedging and seems to be doing a very good job in managing its hedging books. It has closed out its hedging, which was formerly up to seven years, and has gone to put options instead. That was announced in the financial papers on 20 March 1998. There is hope in that company and it believes that there will be a shift in the industry and that the price will start to rise.

The issue of high-grading is a complex one because the level at which one can extract the ore is down to 1 gram per tonne. It is true that technology enables mining to be done that far down, but it is true also that that will involve higher costs in many cases.

One question that mine managers must face at the moment is whether it is worth extracting ore to that level. It has been put to me that if that ore were left in the ground, that would be a resource to which we could go back in the future when the mining industry was more viable and the gold price had risen. I also have heard from fairly reliable sources that that is not the way high-grading works, because essentially when we talk about extracting ore grades of 1 gram per tonne we are talking about a pocket of high grade ore that has a lot of low grade ore associated with it, and about extracting ore which has an average grade of 1 to 2 grams per tonne. If we took out only the high grade ore - that is, the 5 gram ore - and left behind the small pockets of low grade ore, it would need to be viable to go down to a grade of half a gram a tonne, or less, before it would be worth getting out that ore. It might be worth it while we had a mixture of grades, but when we had taken out the rich pocket and left the low grade ore surrounding it, it would become unviable to extract with current technology.

The problem with high-grading is that it locks out a resource to the State for the future. That is what seems to be happening in the industry at the moment. In order to deal with the complex issues of costs and so on, mine managers are deciding to work with a shorter mine life and to take out the high grade ore and leave the remainder in the ground. We are fooling ourselves if we say that it will be easy to go back and pick up that ore later. Sure, technology may allow it, and I am sure Hon Mark Nevill, with his technological experience in the mining industry, will say there are deficiencies in my understanding of this matter, but it seems clear to me at this stage that it is not reasonable to simply leave that ore in the ground.

Hon Mark Nevill: To go back to the point you made earlier about the \$400 cash costs, do you appreciate that that does not include depreciation and interest?

Hon HELEN HODGSON: I appreciate the difference between cash costs and operating costs.

The industry has techniques that it can use to deal with the issue of profitability. If a mine is working on the margin, it can either cut costs - which generally is fairly difficult to do, because most of our mines are already working as close to the bone as they can - or go into high-grading. That is the reason that I am seriously concerned about protecting small and marginal mining companies, because those companies will be forced to shorten their mine life, and in the process they will be closing down sectors of the industry and jobs will be lost. One mine manager has told me that in the past three months, the staff at that mine have been reduced by 25 per cent, and that, as a result of the royalty, he expects to be on a care and maintenance basis and to employ four staff by the end of this year.

We cannot in all conscience allow that to happen. We have approached the issue of a royalty from both sides: We agree that we need to have a royalty, but we believe that we also need to work out how to protect those sectors of the mining industry that need protection. On that basis, we looked at the regulations. The regulations as they were originally drafted had a serious deficiency with regard to protection for this sector of the industry. We believe that the Cabinet minute on royalty relief for mining companies has some merit, but that it does not properly address the situation in the mining industry as a whole.

Some of the issues that are specific to the goldmining industry, such as mine life and the fact that ore appears in pockets, mean that we need to deal with the long term profitability of the goldmining industry in a way that is different from the way we deal with other industries. On that basis, we talked with the Government about incorporating into the regulations some protection for marginal gold producers to ensure that the gold royalty will not impact upon their operations. We believe that this is the best way to protect employment and growth in the goldfields. If we could keep the mines operating, the flow on effect to the economy from the operations of those mines would be worth the possible relief that those companies might need to be given from the gold royalty in the short term. Hopefully, by the time the temporary arrangements which were proposed ran out, the mining industry would be more stable and the gold price would be higher, and we could accept royalties from those mines without the fear that jobs would be lost in the process.

The viewpoints that were presented to us by the mining industry were not consistent. Each of the two peak bodies had a particular point of view, and that was often different from the message that we received from companies that were operating in the goldfields. I can understand that, because the peak bodies need to distill the majority view, in the way that we do in this place, and form a cohesive opinion. Some sectors of the mining industry believed that the consultation that was entered into last year was adequate and there was nowhere else to go. Other sectors of the industry were pushing for a profit based royalty. However, that was not uniform between the different sectors of the industry. Small and large companies tended to differ in that respect, probably because the larger companies were making larger profits and would, therefore, have to pay a larger chunk in royalties if it were a profit based system.

I feel obliged to put on record that the Association of Mining and Exploration Companies has told us consistently that it does not want a royalty and would prefer the whole question to be deferred. We acknowledge that point of view, but we believe that the need for the mining industry to contribute to the revenue of this State is more important; therefore, any further deferral is not viable at this time.

I wish to respond to Hon Greg Smith's comment that any mines that did close down would blame the gold royalty. Most of the people to whom I spoke were upfront and honest. None of them said that the proposed gold royalty alone was the cause of their problems. They all said that if they had to weigh up the different factors that were affecting their profitability, one factor was the gold price on the world market, about which they could do nothing, and the other factors were the proposed gold royalty and native title, which were additional problems with which they had to deal. In that context, they said they needed royalty relief, but they did not blame the proposed royalty for the situation that was facing the mining industry.

The problem with a profit based system is the question of how to measure profits in an environment where many of the sales are made by hedging. It was brought to my attention that a court case in the Northern Territory had determined that hedged profits could not be taken into account and profits had to be worked out purely on the spot price. In my opinion, that tended to make that method of calculating profits unworkable. Therefore, I moved from my original position of preferring a profit based royalty to a method which incorporated protection for marginal producers.

Another aspect that concerned me was the issue of prospecting and the greenfields exploration that needs to be done in the goldfields. If the infrastructure for the mining industry were allowed to collapse because of a downturn in the mining industry cycle, that would mean that when things picked up, the work would not have been done and we would not have access to the leases and the exploration work necessary to determine what work would be profitable. That work is largely done by prospectors. They will not be affected by the proposed gold royalty because of the exemption for the smallest end of the business.

They have been hit hard by federal measures, being the withdrawal of section 23PA and the tax exemption on the sale of such leases. That is bound to have a flow through effect because the middle sized companies that are relying on the greenfields exploration done will not have access to that information if they all start to leave the industry and the infrastructure disappears. Our concern is to ensure that the infrastructure is maintained by looking at how to maintain the geological surveying and mapping that is being done at the moment.

In respect of exploration, the Government last year agreed during discussions with the mining industry that it would assist in - I believe the term is geological prospectivity surveys - the geological mapping being done and ensure that core libraries were maintained so we have a good record of what exists out there in the goldfields region. The Democrats seek confirmation from the Minister for Mines that that expenditure will be protected. Approximately \$20m has been allocated over the next four years, including this year. We understand that work has started and we are seeking confirmation that no cuts will occur in that area during the budget process in the next three or four years.

Hon Mark Nevill interjected.

Hon HELEN HODGSON: The other matter that we were given to understand from ministerial staff is that the Department of Minerals and Energy is likely to receive an increase in funding this year. Obviously that is pre-empting what may happen in the Budget, and that is always a problem with these sorts of questions. It is also my understanding from sources in the industry that tenement lease fees will increase, and it is possible that the increase that was referred to came from that. If that is the case, it means that this is already coming from the mining industry and there is in real terms no extra commitment from the Government. I would like the Minister to clarify that when he has the opportunity to speak so that we can be sure that we are looking at protection of the current commitments that have been made.

I also understand that the Department of Minerals and Energy is currently looking at identifying deposits of other raw materials that are required in the region for other matters such as housing materials. Housing projects often need access to materials such as yellow sand and gravel. There have been issues in the past where it has been difficult to

identify these deposits and they have had to be transported in at great cost. I understand that issue is also being addressed.

An issue was raised by Hon Tom Helm in respect of directing funds directly into the region in which they were raised. I must admit that when it was first mentioned, it did have some attraction. It is a very good way to say that one will try to inject funds into a particular region from the resources that come out of that region. The significant flaw in the argument of Hon Tom Helm comes when he talks about issues like health and travelling to Perth for access to hospitals. I think that everybody here would recognise that our health system is in crisis across the whole State, and the situation may be exacerbated in rural areas because of the distances and lack of facilities. At the same time, if we are talking about royalties in the terms of \$65m to \$70m, it is important to say that that has to be accessible to the State as a whole and while there is some attraction in the idea of channelling some of that funding into the region, it is very short-sighted to say that the region should have first call on the funds.

Hon Kim Chance: That is rubbish.

Hon HELEN HODGSON: That is the reason we have adopted the approach of looking at specific areas where we are trying to protect jobs in the industry itself.

Hon Kim Chance: Surely you would not object to basic standards in those regions?

Hon HELEN HODGSON: No, but are basic standards being provided here in the metropolitan region?

Hon Kim Chance: No less so than in the Pilbara.

Hon HELEN HODGSON: We are looking at protecting jobs in the industry and the flow on effects of those jobs in rural centres.

I will comment on the matter of process. This motion was first tabled in this place on 27 November 1997. It was made clear to me from the start that the Government wished to have talks with us about our position on this matter. In spite of a number of requests through appropriate channels to meet with relevant people to try to resolve some of the issues and to have a proper briefing so we could form a position, it was some three months before any meeting was available to us. Our first meeting with anybody on this issue, as opposed to brief telephone conversations to try to sort out meetings, was on 26 February 1998. That was followed by two meetings last week. We are finally coming to terms with some of the issues involved in the week before the final date for resolution of this. As a matter of process, this is not the way things should be handled. To actually go for four months before reaching agreement on a matter as important as this gold royalty and the amount of revenue that it involves with this State is not appropriate at all.

I acknowledge Hon Mark Nevill's opening comment when he referred to not being sure of what the Greens and the Democrats may have agreed with the Government. The reason for that is that as late as this morning, I still was not sure what had been agreed. We were told that a minute was going to Cabinet and I was given a copy of what I understood that minute to be, and as late as last night after Cabinet, the version that was faxed through to me had a couple of significant changes in it which were not what I was shown last Thursday. I have accepted the explanation I was given which was one of oversight. However, at four o'clock yesterday afternoon, it felt more like ambush to be given something which had been approved by the Cabinet which was not the same as what I saw previously. It is not the appropriate process to be followed in this place. With all due respect to Hon Mark Nevill, even as late as this morning I was not 100 per cent sure that I had been dealt with fairly on this issue. However, having looked at those changes in the context of the explanation that I was given, I still believe that the change weakens the protection that we attempted to provide for marginal producers. In the absence of that, there is no protection at all. I decided that, in spite of that, we would vote against this disallowance motion.

HON J.A. SCOTT (South Metropolitan) [8.48 pm]: I did not intend to speak on this motion, but I heard a number of matters raised on which I must comment. First, I say that I have been a long time supporter of a gold tax and do not understand why the gold industry should not pay such a tax as do all the other mineral industries. There is no reason that the goldmining industry should not pay a resources tax for the resource it is taking from the ground.

Hon Greg Smith said that this was a form of socialism; that is, that because the gold industry was making money, there was a good chance someone would tax it. That is not the case. Gold companies and mining companies take a resource from this nation's soil and make a profit in most cases, otherwise they would not do it. Without doubt, the companies that mine our resources should pay for the privilege. As they say, there is no such thing as a free lunch! My opinion is different from that of Hon Helen Hodgson. As the Greens (WA) see it, the current royalties on mineral products have been exploitative. That system has not been as exploitative as the gold industry, because today many large goldmines are predominantly owned by overseas companies. Overseas and interstate investors back those companies. That is fine, but the profits from those investments flow overseas.

Hon Mark Nevill interjected.

Hon J.A. SCOTT: That is all very well. My point is that a large amount of money goes overseas as a result of the mining of these resources. Some form of taxation should be applied to the money being sent overseas. We should also ensure that some part of those profits is returned to the region from which the resources were taken. This is where I differ from the opinion of Hon Helen Hodgson.

Western Australia is probably the most centralised State on the planet. Our one and only city is stuck in the middle of a massive State, and that city is a channel for the colonialists to pump out the profits from the mining industry. It is an exploitative system because no form of tax is imposed on the profits made from those resources. I admit that it is not as simplistic as that. Jobs are generated by those industries, and those workers pay taxes which swell the State's coffers. Nevertheless, most of the profits are taken from the areas in which they were generated. It is the same situation in rural areas. We must reverse the flow of profits generated by resources leaving the regions.

I have a strong view about this. Those profits should be returned not only to the regions generally but also to local governments in the regions. A body should be appointed to control those funds rather than their being completely controlled by the State Government. Such a body could use the funds to the best advantage. Until we do that, this State will not be developed properly. When the deposits at the mines peter out, we will have nothing else. That has happened in the past. Kalgoorlie has survived as a mining town for a long time. It has had its ups and downs, but it has survived. That survival has been possible due to better extraction methods being used, and a brief period when nickel mining was a force which lifted the economy of the region.

Improved extraction techniques will not help the industry for much longer. We must reach a time when energy expenditure and the investment required is greater than the amount of gold to be mined. It will become an impossible situation. Unless everyone lives in the Perth metropolitan area, being maintained by diminishing resources - most of which have been mined and sent out of the country - we must ensure some form of development around the mines and an occupation for people in the regions to allow them to make a living.

It is essential that we start to look at returning royalties and other revenue to the regions from which the resources were taken. Hon Helen Hodgson was wrong when she said that people would be cut off from the city area. If we do not take that action, an increasing number of people living in the city area will make demands on our hospital and education systems. For the most part, like many country people who end up in the city, these people will not be highly educated because they will not have the necessary resources and education to achieve a high standard of education. In larger areas, there has been some improvement, but many people cannot access an adequate education. Unless we protect the economic integrity of the regions, people will become a drain on city resources. There is already evidence of that.

I attended a local government youth seminar in Fremantle last week. Councils in Perth have appointed staff to deal with young country people who have come to the city and found it very difficult to find lodgings or jobs, because they do not have an adequate education or the necessary skills. It is a fallacious argument that it is wrong to invest the royalties or resource taxes in the development of those areas.

I do not support this disallowance motion. I understand the concern expressed by Hon Mark Nevill regarding the timing of the application of the resource tax. However, I have worked on the restoration of an old building used for the Sons of Gwalia Gold Mine office. I have read the history of that mine. It has always suffered from fluctuations in its industry. Some of the techniques used to overcome the tiny margins in the past were astounding. The application of these people and their skills impressed me a great deal. Their entrepreneurship was also impressive because, without all the incredible equipment of today, they were prepared to find out what is under the ground. They brought equipment from the other side of the world on sailing ships. They put them together in these areas with very scant knowledge. That took huge courage and energy.

I understand that it is a business of some risk and great difficulty at times. However, it is also a business that uses the resources of this State. It degrades the natural environment in the area and, in addition, the mines in those days were responsible for considerable damage because the landscape was denuded of timber that was used for a range of things, from props in the mine shafts to charcoal to power the operation of the mines. Nevertheless, like every other resource industry, it should pay its way. I do not think the rule should be blindly applied, and there should be concerns about more marginal producers. However, those producers whose operations are marginal are in that position because they must remove more overburden to get the same amount of ore. Therefore, they are causing more environmental damage, using more energy, and causing air pollution, greenhouse gas emissions and those sorts of things. It is a trade-off in that regard, but it is important that people working in the areas be able to survive and to earn a living from the industry. At times considerations such as those must be balanced.

The Greens have decided that in this instance some of their concerns must be conceded, and they will agree with the

Government's proposal to establish a gold royalty or resource tax. If the message I have received from my colleague Hon Giz Watson is correct, this will provide some benefits in the area by the creation of jobs through the programs she has talked about with the Minister. On the one hand, the gold royalty might tip the fine balance of profit margin into the red and there might be job losses but, on the other hand, that will be balanced by the advantages in the programs of which I have heard from my colleague. Some of that royalty money will be well spent on improving the lot of people in the region. I hope this is a forerunner of more money being allocated to regional areas to encourage decentralisation on a real scale, and that there is greater local autonomy in the spending of that money in the future. I do not support the disallowance motion moved by Hon Mark Nevill.

HON N.F. MOORE (Mining and Pastoral - Minister for Mines) [9.05 pm]: The State Government introduced a royalty on gold reluctantly and, as Minister for Mines, I strongly opposed a royalty in the first place. A decision was made by the Government to proceed, for a number of very good reasons. Therefore, I go along with that decision. As Minister for Mines, I now have the responsibility to collect the money, even though Treasury has the responsibility to spend it. That is how royalties work. I will give some background about the position in which the State Government found itself financially. It will provide some indication of the need to find another source of revenue.

The Commonwealth Grants Commission has made significant cuts to the revenues being paid by the Commonwealth to the States, but particularly those paid to Western Australia. The Minister for Finance and I spoke about this a moment ago. The cumulative effect of the Grants Commission's cuts in funding to Western Australia since 1993 is a loss of \$778m. The State has also made a contribution to the Commonwealth's black hole of \$150m, and WA is penalised under the Grants Commission formula because it does not impose a gold royalty. The Commonwealth works on the basis that the State should impose a royalty, and takes into account the revenue the State should have collected.

Hon Kim Chance: Is it a quantifiable amount?

Hon N.F. MOORE: It probably is. Some say it is \$70m, but the Commonwealth Government works on the basis that the State could raise \$70m and, therefore, its revenue could be that much higher. It compensates for that by taking that amount from WA's grants.

Hon Mark Nevill: It does not mean you will get \$70m.

Hon N.F. MOORE: I agree with Hon Mark Nevill. The cumulative effect of the Grants Commission's decision with respect to WA of \$778m, the \$150m offered for the black hole, and the penalty for not imposing a gold royalty, represents a significant impost on Western Australia at a time when it has a growing economy and a growing State. Victoria, for example, is not building new schools and is closing old schools because its school population is not growing. Similarly with many other government facilities, other parts of Australia do not have population growth and do not need to provide infrastructure and other facilities for the community. Western Australia has a growing economy and is building half a dozen new schools every year, new hospitals and new roads.

Hon Ljiljanna Ravlich: You are closing schools faster than you are building them.

Hon N.F. MOORE: That is absolute nonsense. Hon Ljiljanna Ravlich sometimes says things that are totally and absolutely incorrect. I regret that it causes me to react in the way I do. I shall do my best to ignore her because most of the things she says are not correct. I was Minister for Education for three years and I know how many schools were built. It is recognition of the growing nature of the Western Australian economy and its urban community.

That is why the Government made the decision to look at other sources of revenue, and decided a gold royalty was hard to argue against because other mineral industries are paying royalties. It was an historical anomaly that the gold industry was exempt. The Government also took into account that most other States, except Victoria, impose a royalty on gold, and most other nations impose a royalty. The Telfer mine was used as an example of foreign companies that pay nothing in Australia but pay taxes in the United States, and it was hard to argue that they should not pay a contribution to Western Australia.

Hon E.R.J. Dermer: You had plenty of time before the election to explain this and you did not.

Hon N.F. MOORE: With reference to what is said before the election and what is done afterwards, I remind members of the 10 or 20 per cent cut in the pay of public servants after the Burke Government was elected.

Hon Derrick Tomlinson: It was 10 per cent.

Hon N.F. MOORE: The Burke Government walked in and said it would slash the salaries of fat cats in the Public Service by 10 per cent. Brian Burke did not tell anybody about that before the election. Do members know what he said? He said, "We have inherited a bad financial problem, so we must do something about it. We are slashing the fat cats' pay."

We inherited a very difficult financial situation in Western Australia. The Commonwealth's funding of the State is diabolical, so we must take measures to increase our revenue. We had an urgency motion today in which everybody who spoke from the other side said that we should spend more money on police. Every other day we are told that we should be spending more and more money on more and more things.

Hon Mark Nevill: I said that management was the problem, not resources.

Hon N.F. MOORE: The member might have done, but he is one of the more sensible members. Regrettably his commonsense does not extend to some of his colleagues. Every day we are told by the Opposition that we should spend more money, yet here we are with a proposition that says we should get less revenue. The net result of this motion being passed, if it is, will be a significant reduction in the State's revenue. We cannot have it both ways; we cannot spend more money and have less revenue. Not very long ago this House knocked back \$1m of revenue by knocking out a regulation. If members opposite think we can do that all the time, they must work out that there will be less money to spend. They must not keep running around saying that they want the Government to have less revenue but expect it to spend more. That means we would have what we had for the 10 years of the Opposition's term in office - dramatically increasing debt. We are doing something about that. Governments cannot keep raising loans to pay for recurrent expenditure. We therefore decided to have a gold royalty.

The gold royalty was initially announced to be 2.5 per cent and to be introduced into the current financial year's Budget. As a result of negotiations with the mining industry it was quite considerably amended. Basically the current situation with a gold royalty is quite different from that which we had originally put in place. The key features of it now are that it will apply from 1 July 1998, be payable quarterly in arrears and be at an initial rate of 1.25 per cent, which is half the original rate, which will increase to 2.5 per cent on 1 July 2000 only if the spot price exceeds \$A450 an ounce. I emphasise that \$A450 is the spot price and not the hedging price which the company might be receiving. The decision on the non-payment of the royalty is when the spot price falls below \$A450. Some companies would be earning a lot more than that through hedging arrangements. We have also provided an exemption for the first 2 500 ounces for each project annually. That is to protect small mining companies and prospectors. We have talked about providing temporary royalty relief for producers who can demonstrate problems in paying a royalty. I will go into that in more detail in a moment. That is essentially what we are seeking to put in place in Western Australia. Members can see that it is a phased-in proposition designed to recognise that the mining industry is indeed going through some difficult times.

I want to respond to a number of issues raised by Hon Mark Nevill and other speakers, which will give me a chance to explain a few of the issues. The member said that the Australian Labor Party is implacably opposed to a royalty. I can understand that. The Opposition has said it and that is where it stands. However, when Dr Geoff Gallop was asked in Kalgoorlie to give an undertaking that if the ALP were to win the next or some subsequent election it would abolish the royalty, he said, "I will not give that assurance." He gave me to believe that he would like to spend the money.

Hon Derrick Tomlinson: That is not what Hon Tom Helm said.

Hon N.F. MOORE: I was about to get to him. Hon Tom Helm said on the other hand that he has not been told. I wonder who in the Labor Party has the numbers on this issue, whether it is the current leader or his future successor, whoever that might be.

Hon Mark Nevill: You know which way I will be voting.

Hon N.F. MOORE: I do. I watched Hon Ron Thompson cross the floor of this House. He did not last very much longer; in fact he got expelled from the ALP. I am sure the member will take that into account if he votes against the Labor Party in the future.

Hon Mark Nevill: He was disendorsed.

Hon N.F. MOORE: I think he got expelled. He called the Labor Party a spiritual spittoon, or was it Kim Beazley? It is the same issue today.

Dr Geoff Gallop has already said on behalf of the Labor Party that he will not repeal this gold royalty in the event that the House tonight does not abolish it. People out there need to understand that is where the Labor Party is coming from. It is trying to deny us the revenue at this time but if we do get the revenue, it wants to keep it for itself because it would like to spend it.

Hon Mark Nevill also asked whether the royalty relief would relate to a particular mine or a company. It will relate to a project. It is a project by project assessment. A project essentially could consist of a number of mines or pits which use a common treatment plant.

Hon Mark Nevill: All for the same company?

Hon N.F. MOORE: Yes. A company might have several projects. We are looking at not only a pit or a shaft as a separate entity but also a project, which may be a pit and shaft combined with a treatment plant. That project will be assessed on its merits for royalty relief. A company might have other projects which are not given any royalty relief because they are more viable than the ones which will get the relief. Therefore, a company could receive royalty relief on a number of projects or one, depending on the circumstances.

The member talked about the timing of all this. I agree that now is not the best time. When we look at the way in which the goldmining industry has been able to organise its finances and its hedging arrangements over time, because the fall in the gold price in United States dollars has been quite significantly cushioned by the exchange rate between the US dollar and the Australian dollar, the number of Australian dollars received has not fallen greatly. However, I acknowledge that in the year prior to the decision being made to have a gold royalty, the gold price in Western Australia fell by \$A113 an ounce or thereabouts. In a public meeting at Kalgoorlie I raised that point and asked, "If the industry can stand that sort of reduction in the price," - and I was aware that production had been going up at the same time as the price was going down - "how does a royalty of \$A9 or \$A10 put the industry out of business when a reduction in price of \$A113 has allowed the industry to operate with an increased production?" I did not get an answer to that. It is considered that the gross cost of a 1.25 per cent royalty is about \$A5.80 an ounce. Because royalties are tax deductible, the net effect will be about \$A3.80 an ounce. Therefore, the royalty that we are seeking to introduce at this time, the first tranche of 1.25 per cent for two years, is at current prices \$A3.80 an ounce. I put it to you, Mr President, that \$A3.80 will not send the industry broke. The industry survived a drop of \$A113 or thereabouts an ounce in 12 months. It has not survived totally intact but it is still operating and still producing gold at record levels. Further, \$A3.80 will not do all the things that Hon Mark Nevill said it would do to remote areas of Western Australia. He went through the impact he suggests will happen in Western Australia. He said that he hopes that in 12 months' time he will not be seen to have been crying wolf, or words to that effect.

Hon Mark Nevill: Look at those mines in 12 months.

Hon N.F. MOORE: I think we should. Hon Greg Smith is right, as we should look at them in 12 months' and two years' time to monitor whether the member's predictions or those of others are accurate. One cannot say that \$3.80 an ounce will destroy the industry. Last night I believe the price of gold went up \$9 an ounce, and 24 hours later it came down \$9 an ounce. That variation, in one night, was almost three times the royalty. In the context of the fluctuations in the price of gold, \$3.80 is quite a small sum. Hon Mark Nevill's predictions about the effect of the royalty on the Western Australian economy are not correct. We will see who is right in 12 months. Hon Mark Nevill said that a rise of \$25 or \$30 in the price of gold was no big deal. I wrote his comments down.

Hon Mark Nevill: I said it was not going to save the industry.

Hon N.F. MOORE: The member said that \$20 or \$30 was no big deal, and he meant that the price could fluctuate by that amount tomorrow or in one week. I suggest that \$3.80 is no big deal.

Hon Mark Nevill: It is there to stay.

Hon N.F. MOORE: It is - just like the gold tax is there to stay. Hon Jim Scott spoke about tax. There is a gold tax and a gold royalty, and the gold tax is based on the profits of a mining company. Until the Labor Government introduced a gold tax, no tax applied to profits and no gold royalty was paid in this State. Therefore, goldminers paid nothing. It was said - I was one who said it - that a gold tax and a gold royalty would be the end of the industry. We wrote letters to the editor and marched in Kalgoorlie and did all we could to stop that measure. The Labor Party, under Keating and Hawke, introduced that tax. However, I was proved wrong, as the industry continued to grow. The gold price increased.

Hon Mark Nevill: And technology improved.

Hon N.F. MOORE: Yes. Technology improved and it is now possible to mine ore at very low grades. Therefore, the gold tax did not have the effect it was claimed it would have. It was introduced by the Labor Party, and it is here forever. Unfortunately, we could not convince our federal colleagues to remove the tax. The gold royalty will apply, but it is a small proportion of the money paid for an ounce of gold.

Hon Mark Nevill raised some other issues about the problems faced in the goldfields. He said that goldmining companies pay a large amount of money for compensation and legal costs. He is right. However, that situation was brought about not by the gold royalty, but by native title. Legislation in that regard was introduced by the member's Labor colleagues. There is no point in claiming that the coalition Government mucked it up. If our Bill had been constitutional, we would be laughing - we would not have a problem. However, we have a native title problem of great magnitude, particularly in the goldfields, where it is hurting most.

The member referred to Croesus Mill. He is right, as the situation is driving people to distraction. Regrettably, the level of exploration activity in the Western Australian mining industry has declined in the last six to 12 months. It has nothing to do with a gold royalty; it relates to native title. One cannot get a greenfield site any more. Most exploration after the introduction of native title was on brownfield sites; that is, sites where a tenement or lease was already in place. We now have a significant reduction in greenfield exploration in Western Australia.

Some figures were provided to me by the Department of Minerals and Energy which were worrying. The greenfield exploration of today is the mine operating five years down the track. If the situation continues, no mines will be available to replace those in operation. That is the biggest problem the industry faces.

Hon Mark Nevill: It all adds up.

Hon N.F. MOORE: It is all coming together. The member should not exaggerate the context of a gold royalty in this equation. If the member were fair and reasonable - that comment is not political - the gold royalty is quite small in the context of the other issues and pressures applying to not only the goldmining industry, but the mining industry in general. It is vital that the native title business be sorted out so some exploration can take place in Western Australia and people can create the mines to keep the industry going well into the future.

The honourable member spoke about this being a homegrown industry. I have sympathy for the goldmining industry, which has done tremendous things for the State. It has produced entrepreneurs who have done very well, it employs Western Australians and has created a significant manufacturing industry. Goldmining is important for our manufacturing industry in Western Australia. It is unique, with many small companies involved, compared with the iron ore industry, which is operated by large multinationals.

The Democrats and the Greens (WA) approached the Government and said they wanted to talk about the gold royalty and its impact. They wanted some assurance from the Government about its effect. They wanted from us some serious proposals that would alleviate some of the concerns they identified. I now go through them.

Regarding marginal producers, the proposition was put forward that it would be necessary to ensure that royalty relief was put in place which would deal with the circumstances of the goldmining industry. As already pointed out, the Government made a decision about the general principles surrounding royalty relief in 1993 when the mineral sands industry required relief, which was provided to keep the industry going. Guidelines were put in place.

The Democrats and the Greens argued - we accept the point - that the guidelines need to be loosened to assist the small goldmining industry. We have agreed to have some royalty relief provision for the gold industry. That is from 30 June 1998 to 1 July 2005. Hon Mark Nevill read out the sheet of paper, which arrived on his desk from somebody unknown, and the general criteria it contained.

Hon Mark Nevill: If providing the information to the Greens and the Democrats, it might have been faxed from your office, as it would be good to know what you're doing.

Hon N.F. MOORE: I would feel good if it were. Cabinet made a decision on the royalty relief provision and it will bring in regulations to cover that aspect. I give an assurance that that is the case. Paragraphs 7, 8 and 9 of attachment 1 will apply from 1998 to 2005.

Hon Mark Nevill: Will you have some police investigation into that document provision?

Hon N.F. MOORE: No. It probably was some generous soul who thought the member needed to know about it. When the member read out the document, I told him not to read out the top part. He told us what was wrong with the top part, but the bottom part fixed the difficulties in the top part. I will read it into *Hansard*.

7. A gold royalty project will not need to demonstrate long term viability under Criterion 2, in order to be eligible for temporary royalty relief. Furthermore, the assessment of cash-flow difficulties for gold projects will, in addition to the matter set out in Criterion 3, take into account replacement capital expenditures essential to the project.
8. Notwithstanding any of the above, if a gold royalty project can demonstrate to the satisfaction of the Minister for Mines that continued payment of a gold royalty alone would force the project to close, temporary royalty relief shall be granted.
9. Where a gold royalty project that has received temporary royalty relief closes permanently without fully repaying that royalty relief, the Government will not claim the remaining royalty liability following the closure.

That commitment has been made by Cabinet regarding marginal producers, and regulations to cover that will be brought into the House as quickly as possible. It is a worthwhile result. It acknowledges that some producers who

could find their circumstances onerous in the short term should be given some relief to avoid the problems a royalty could create.

Hon Mark Nevill asked how we could tell whether the royalty was the reason a mining company might be going broke. That will be a problem. It is such a small amount of money in the overall scheme of things it will be very difficult to decide whether it is the reason a company is going broke. I have no doubt that mining companies will be able to argue that the impost of \$3.80 an ounce is too much for a project to survive. We must see how they pan out in due course.

All members who spoke referred to decentralisation and spending money in regional Western Australia. I represent a large part of regional Western Australia. I do not think it has done too badly from the capital works program of this Government in the past five years. I am very pleased to see a number of capital works being undertaken in our electorate. I have a fundamental view about taxation and royalties: They should all go into the big pot of money and then be distributed on the basis determined by the Government. The Government would then be judged on whether it had its priorities right. If we started putting tags on where some royalties or taxation should be spent we would create very serious anomalies in our taxation system. As a general principle, the Government will not support attaching conditions to how royalties are spent. It was interesting to hear Hon Giz Watson say that she had been thinking seriously about a proportion of the royalties being returned to the regions. What would happen if we decided to return all the royalties from the mining industry to the mining regions? The amount is \$650m. I wrote myself a note saying, "I would like to see that." That is my territory. I would like to see that money spent in the Mining and Pastoral Region. We would have fantastic facilities in places such as Kalgoorlie, Karratha and Meekatharra with that sort of money. However, people in the city would be starving to death. That money is a very large component of the State's taxation revenue.

Hon J.A. Scott: There would be a greater percentage of people moving up there rather than having fly in, fly out arrangements.

Hon N.F. MOORE: Hon Tom Helm referred to fringe benefits tax. Combined with industrial relations, FBT has caused fly in, fly out situations, not hospitals, schools, houses, towns, roads or airline services. They come down to FBT and industrial relations. I do not think we will change that. This Government tried very hard to get FBT changed. Hon Mark Nevill and his colleagues tried to get their Federal Government to do the same thing. None of us has been successful, although marginal changes have been made by our Government. The fundamental principle should remain, because if we returned royalties to where they came from - where the mines were being operated - \$650m would be distributed in regional Western Australia and none would be spent in the city. Obviously that will not happen. It is either all or nothing. Although I would like it all I am prepared to accept nothing to ensure we have a credible taxation system.

However, I am quite happy to indicate to the member that we will do the necessary audit on the rehabilitation of mine sites in the mining areas of Western Australia. I think Hon Giz Watson asked what amount would be spent.

Hon Giz Watson: Initially an amount of \$350 000.

Hon N.F. MOORE: Whatever the number of dollars, Treasury has assured me it will provide the funds to do the audit in addition to the normal budget. However, that money will be used to audit the disused shafts and other mining operations in Western Australia to see what should be done with them. However, the cost of rehabilitation of all the sites around Western Australia will amount to tens of millions of dollars. Some estimates are floating around. Once an audit has been carried out, if we want the work to be done throughout the State we must work out how we will find the tens of millions of dollars to do it. Future Governments will have to consider that. Initially I would be happy if we could raise funds to deal with the dangerous situations in towns such as Cue, Meekatharra, and Mt Magnet. One could fall down a mine shaft within half a kilometre of a town, as happened recently at Cue. There is a compelling argument for doing something about mine shafts in the short term. We have attended to a few already, but we need to fix many more. Once the audit is completed the issue will arise of how much we should spend to rehabilitate some of those sites.

A large increase was provided in the budget of the Department of Minerals and Energy in the last Budget because the Government felt we needed to return some of the funds from royalties to the industry. As I indicated by way of interjection, about \$20m extra was provided to Geological Survey for accelerated geoscientific mapping of Western Australia. That is an accelerated program which is being accelerated further. You were Minister for Mines in 1993, Mr President, when the coalition first took office and you know that a large amount of funds was injected into the department to accelerate the geoscientific mapping of Western Australia. The last Budget provided an additional amount to accelerate that program.

This morning I opened the open day for Geological Survey of Western Australia. It is very enthusiastic about the

work it can do with the money it has, such as assisting industry with exploration. I think the Democrats wanted assurance about support for exploration. What we are doing through Geological Survey will handle that. The work being done by Geological Survey will make available to industry an enormous amount of knowledge which will be beneficial for exploration. We have implemented the Ten Graph system which enables people to quickly search titles. Those things will deal with the concerns about exploration to which members referred, by providing support through Geological Survey rather than giving assistance to companies directly. I cannot talk about the forthcoming Budget because it will not be released for a few weeks. However, I can assure members that indications to me are that the Department of Minerals and Energy's budget will do quite well in 1998-99.

Hon Helen Hodgson referred to the proposal to increase tenement fees. The department has discussed with AMEC Australia Pty Ltd and the Chamber of Minerals and Energy of Western Australia Inc doing things other than the work it is already doing. I do not want to go through those issues, because I am verging on what might be in the Budget. Hon Helen Hodgson was concerned that any increase in the tenement fees would pay for what I have just spoken about. That is not the case. A package has been put to the industry which says that if the Government increases the tenement fees, that amount will go into these projects. If we do not get the tenement revenue increase, those things will not happen. I can assure Hon Helen Hodgson they are different from the issues we talked about before.

One of the other things we are considering is paying higher salaries to mines safety inspectors. We appoint engineers to that role and find once they are employed in the job that industry offers them \$100 000 more than they get from the Government, so they leave to work for industry. We are bringing people from South Africa particularly. They work for the Government for six months but then the mining industry offers them a significant pay rise and off they go to industry. We need to be competitive in that area. Part of the package will be an improved financial package for those people. Without going into detail about that package, it is different from the money we have already indicated we will spend as a result of the last Budget which will continue on to the next Budget. The \$9m for the core library is in last year's Budget and will continue to be available while that project is under construction. We have just called for expressions of interests from architects to design the library in Kalgoorlie, and that will be built as soon as possible.

I have probably responded to most of the matters raised by members. I want to ensure that members are happy. If they are not happy and I blow \$30m out of budget, I will have a short future in this business.

Hon Mark Nevill: Appealing to our sympathy will not do you any good.

Hon N.F. MOORE: I do not want to miss anything. I wrote numerous notes on the debate. I noted that Hon Tom Helm's heart was not in it. What is in it for Hon Tom Helm is preselection; it has nothing to do with the gold royalty. In fact, from listening to him I think Hon Tom Helm thinks it is a good idea. It fits in with his socialist views. I think he would rather have a royalty, so he could spend it.

I am sure members opposite are aware that Ian Taylor put the hard word on the industry in Kalgoorlie. He proposed that as they did not pay a royalty they should put money into a community chest. I think the figure was \$1m from Kalgoorlie Consolidated Gold Mines Pty Ltd. That was an undisguised proposal that the mining industry pay for community facilities. I do not think the companies thought it was totally voluntary; it was the Government saying it wanted a contribution and if they did not contribute it would think about a royalty. Members opposite might say it was voluntary, but it was no more voluntary than paying taxation.

I hope I have been able to answer the concerns raised by members. It is important from the Budget point of view that we retain the revenue that will come from the gold royalty. The Government has responded to the concerns of industry by significantly modifying its original proposal. My final point is this: The royalty is net \$3.80 an ounce. That is not the sort of money that will cause all the problems that Hon Mark Nevill has outlined. I acknowledge that should the price of gold continue to go down and there is no cushioning from the exchange rate, the gold industry in Western Australia will have serious problems - not just marginal producers but all producers. It is a fairly marginal business. Some companies have made a lot of money in the past 10 years and some have not made much. The bottom line is that we need to keep the industry going because it is good for the State. The Government has modified the royalty. It is as fair as we can make it, working on the basis that a royalty is an obligation on people who use our resources. I ask the House to reject the motion and allow the gold royalty to proceed. I go along with the proposition put by Hon Greg Smith and Hon Mark Nevill that we should monitor this carefully to assess its effect in the future.

HON MARK NEVILL (Mining and Pastoral) [9.45 pm]: The first myth I want to debunk is this idea that the gold royalty will be only \$3.80 when it is set at 1.25 per cent. The fact is that it is roughly \$6 at that percentage and at 2.5 per cent it will be roughly \$12 at today's gold price.

Hon N.F. Moore: That is the gross figure.

Hon MARK NEVILL: If a mine is not making a profit it will still pay the royalty. The only thing a company can

do is to carry forward that loss in the hope that it is not wound up at some stage and it will realise that loss against future profits.

A royalty is a cost on production. It is paid whether one makes a profit or a loss, whereas income tax is a tax on profit. The other point about a royalty is that it is built into a mine plan when the mine is designed. One does not build in fluctuations in the gold price, but known costs are built in. It is not a \$3.80 figure if one can claim a tax deduction; it is much more significant than that and it will affect the goldmining industry in the way it plans every pit or underground mine. I strongly dispute that the goldmining industry makes massive profits. The financial pages show that few goldmining companies, if any, declare a dividend and those that do usually declare at about 2 per cent or 3 per cent. The best dividend comes from North Flinders mine, which is in the Northern Territory and inflates Normandy Poseidon Ltd's percentage yield artificially.

Hon J.A. Scott interjected.

Hon MARK NEVILL: The dividend of Sons of Gwalia is not all that flash; it is 2 per cent or 3 per cent. They are not large amounts of money. Most people in the industry, whether prospectors or small miners, tend to plough the money back into the industry. I could show the member 20 people in Kalgoorlie who have been millionaires three or four times over. They are living on top of the world today and next year they will be broke; five years down the track they will be millionaires again. It is a lifestyle issue, and most of that money is ploughed back in to look for the bigger deposit.

The debate tonight has made clear the off-hand and contemptuous way in which the Government has dealt with the Greens (WA) and the Australian Democrats. In three months the Government has not bothered to negotiate with them but in the past few days there have been rushed discussions and all sorts of assurances given and commitments entered into. However, from the debate so far it is evident they will end up with very little.

Hon Giz Watson said that she wanted a proportion of the royalties returned to the communities. Hon Norman Moore said he did not believe that should be the case and it should go in the one pot and be distributed on a needs basis. The member did not achieve that. Hon Giz Watson said that there should be environmental benefits and that we should clean up the mess the miners have made. Some of that mess is part of our heritage. Nowadays we have open pits everywhere and the wonderful old head frames and buildings have been removed. The places we visited 10 or 15 years ago are all gone.

The Mining Act provides that the mill and the mine at Wittenoom should be removed. That site should remain as a monument to the worst industrial disaster in Australia. It is fair enough that we clean up the mining tailings dumps. However, that will take all the money; \$10m will need to be spent cleaning up the tailing dumps at Wittenoom without filling in holes around Cue. That is unrealistic.

As a geologist I have been down those shafts. It is fascinating but scary - there is only one way out. They are important for prospectors, geologists and others to study rock types and so on. It is cheaper than drilling. Most of the old shafts around Meekatharra have been filled, and I imagine that is also the case for most of the shafts around Cue. However, I am not privy to all the information about every hole filled in the goldfields in the past 50 years. Most of the dangerous holes have been fenced off. There is a real danger in filling some of them. Most have a wall of dirt at the top called a bund. It stops water flowing into the mine and flooding it. If one were to push the bund into the shaft, it probably would not fill it and there would still be a hole. That would be much more dangerous. A person driving a motorbike through the bush could end up in the hole. This must be carefully considered.

[Resolved, that the House continue to sit beyond 10.00 pm.]

Hon MARK NEVILL: These shafts should be filled in if they are dangerous and where there is machinery and fill in the area. However, it is a waste of money to fill them on a one-off basis. I would prefer to see them there; they are part of our heritage. I do not like to see those areas flattened and overgrown.

Hon J.A. Scott interjected.

Hon MARK NEVILL: There are not many. In many cases pastoral activities have stopped them regenerating. In 1973, the Labor Government set up the dust abatement committee at Kalgoorlie. It also closed the dairy and the goats being husbanded on the edge of town and the fenced off area. People who do not know Kalgoorlie from the 1960s and 1970s would not realise how much it has changed. It was a flat wasteland for miles around. All through the goldfields the woodland is now mature. In the 1960s and 1970s it was very sparse, particularly close to the towns where people cut firewood. The only old trees there now are the very gnarled ones that the timber cutters missed. If we have three or four days of rain and the ground gets soft and there is a big wind, the trees go over like tenpins. The salmon gums and gimlets have very shallow root systems. That is the main way trees are culled. Most of the trees are as mature as they will be. That country is not fragile; it is incredibly robust.

Hon Giz Watson interjected.

Hon MARK NEVILL: At the back of Kambalda at the wood line, one can see the stumps that have been cut and gauge the size of the trees and the regrowth. It is almost a mature forest now, and similar to what it was at the turn of the century when people moved there. The cutting rates were horrific - one million cubic metres a year, which is probably two and a half times the sustainable rate. The wood was used for structural timber in the mines, for water condensers and in boilers for generating steam. I do not believe that that is a major problem. The goldfields area is incredibly robust. Intense grazing does more damage than mining. Most pastoralists are progressive in the way they run their stations. Some are very innovative.

Today the gold price is \$310 an ounce and I do not see that increasing dramatically. Producers are hedging and that will put a cap on the price. If it goes much higher, central banks will start unloading gold. The figure we are seeing today is probably the ceiling. I hope I am wrong, but I expect it to hover in the \$290s.

It was an education to hear the Greens and the Democrats talking about the assurance they got out of the Government. The Minister then stated the case. He said that the Government would spend only the \$9m already allocated in the Budget. There are no extra funds for the core farm. It is also not clear that any extra funding has been allocated for geological mapping in the goldfields. The Minister did not give any assurance that these criteria, which were read into *Hansard*, will become regulations as part of the Mining Act.

Hon N.F. Moore: I did say that. We will introduce regulations.

Hon MARK NEVILL: I apologise. Hon Giz Watson was unsure whether the reassurance was for the 1998-99 or the 1999-2000 financial year. It all seemed very rubbery. We had this \$250 000 to \$300 000 study of all the shafts around the goldfields. We can spend as much as we like - probably between \$5m and \$10m - in just getting rid of the tailings at Wittenoom, without worrying about spending \$250 000 identifying all the shafts around Kalgoorlie. The Greens and the Australian Democrats are very easily satisfied. In this case they are accommodating the Government, if not capitulating, after the Government has ridden roughshod over them and got back to them only as late as this morning. On principle, those parties should have impaled the Government on its own -

Hon N.F. Moore: You are quite right. I meant to apologise for the very poor treatment they got in respect of the briefing.

Hon MARK NEVILL: A better apology would have been to withdraw these regulations.

The community chest in Kalgoorlie was clearly a de facto royalty. Every year Treasury would roll out the option of the royalty for the Government to raise funds. However, there are a few diehards in our Caucus who are determined to roll Treasury every year. We have a few people in our Caucus who support a gold royalty.

The PRESIDENT: Order! In the right of reply, it is the job of Hon Mark Nevill to give an overview of the matters raised. I am not sure the Labor Caucus was raised by anyone.

Hon MARK NEVILL: It is a community chest.

The PRESIDENT: Order! I did not hear that point being raised. I just draw the member's attention to the focus that is required of him in this right of reply.

Hon MARK NEVILL: As I was saying, the Democrats and the Greens have been snowed by the Government. I was talking about the community chest. Every year there is a proposal for a gold royalty. It did not get through the Caucus. One suggestion made to Kalgoorlie Consolidated Gold Mines Pty Ltd by Hon Ian Taylor and the member for Eyre was that if that mining company put some money into the town, it would lessen the pressure for a gold royalty.

Hon N.F. Moore: That is called a voluntary contribution.

Hon MARK NEVILL: At that stage the gold price was very good and very few funds in the way of rates were coming back into the towns involved in the gold industry. A million dollars went into the community chest in Kalgoorlie and that was used on the new arts centre. The Government, as its centenary gift, gave Kalgoorlie \$7m for the arts centre.

Hon Barry House: That was a lot more than Bunbury got.

Hon Kim Chance: It is much more than Bunbury deserves.

Hon MARK NEVILL: I recently read the annual report of the Kalgoorlie college. Lo and behold, it refers to a \$7m loan which was a centenary gift to Kalgoorlie. Suddenly that money has turned from a gift to a loan.

Hon N.F. Moore: It is a Treasury loan. Do you know who is paying for it? The Department of Training is paying for it.

Hon MARK NEVILL: We should all be aware of the Government's promises and/or assurances. They are not worth the paper they are written on. I am very pleased Hon Greg Smith will vote for this disallowance motion. I hope he has used his influence among his colleagues and will drag a couple across to this side of the Chamber to vote with him. Unless he does drag two of his colleagues across to vote with him, his vote is a token in the sense that its capacity to remove this gold royalty -

Hon W.N. Stretch: That is very unfair.

Hon MARK NEVILL: Hon Greg Smith completely misunderstood how the commonwealth grant scheme works. It has nothing to do with the Hilmer report of three or four years ago. This principle has been around for 15 or 20 years, at least, if not longer. I am not sure how long the Commonwealth Grants Commission has been operating, but it certainly has nothing to do with the Hilmer report.

Hon Max Evans: We can blame a lot of this on Hilmer, but not that one.

Hon MARK NEVILL: The question of hedging arose, particularly in relation to WMC Resources Ltd unwinding its hedge book and taking out profits. That could also be construed as that organisation realising capital to bolster its present operations, which could leave it very vulnerable further down the track. As it happens, it has probably been to its advantage. Since it has unwound its hedge book, the price of gold has gone up and it can now hedge back in at a higher price. The Sons of Gwalia Ltd, for example, has a very strong hedge book. Its average gold price is about \$650. That company has been mining gold down to about 0.7 or 0.8 grams per tonne. Because it has such a good price through its hedge book, it is taking much lower grade ore and maximising its resource. It seems to me that if this ore is there and the company can get it, it will get it in one take, rather than leave it in the ground, never being able to recover it. Because companies have a good hedge book, it does not mean to say that they are maximising their profit. In the case of Sons of Gwalia, it has been maximising the resource. The proposed criteria for the assessment of royalty relief under the Mining Act will not, in reality, provide much relief at all. Virtually everything in it is circumscribed and I believe the relief is practically non-existent. In that respect I think both the Democrats and the Greens have been sold a pup. We will see whether that is so later on.

Hon Jim Scott mentioned how we are becoming a centralised State, and I can only concur with him. We have only to look at the latest redistribution of the federal seat of Kalgoorlie. It is proposed to cover a very small proportion of the State. Now included in the federal seat of Kalgoorlie is the state seat of Merredin as well as most of the wheatbelt, and the areas in the north wheatbelt region. That is what is happening in the country area. We are getting a concentration of the population in the city, and the country electorates are expanding and pushing into the outer metropolitan area. The way we are going, we will probably have three or four federal seats in the country.

Hon W.N. Stretch: You are the one-vote-one-value party.

Hon Bob Thomas: And we are proud of it.

Hon MARK NEVILL: There are some equity issues in the principle of one-vote-one-value; however, I am saying that the population in the country is decreasing, not increasing. When the Labor Government gained office in 1983, it stopped the rot when all the country towns were dying. It affected every country town in the south west when we came into government. I have not seen the figures since the lot opposite got in, but I hope it has not managed to reverse that as well.

Several members interjected.

The PRESIDENT: Order! I ask members to let us just deal with this debate.

Hon MARK NEVILL: Public education in the goldmining areas is an absolute disgrace. I have seen an increase in the number of young people leaving school before they finish year 12. I will guarantee there is a disproportionate number of people in the goldmining areas who are falling into that category. The bush is becoming more and more difficult to live in. We will see with the privatisation of Telstra that services will diminish. I do not care what fines the Federal Government puts in place, we will see that although services may not deteriorate in terms of what we have now, we will wait longer for the new services to come in and many of those will not come in at all.

Hon Norman Moore mentioned the State's finances. Federal funds have been cut back since the mid-1980s. Those opposite face exactly the same situation as we did in the mid-1980s. In fact, it was worse for us because the growth rates from interstate immigration in the late 1980s were double what they are now. That put tremendous pressure on the Government for schools, hospitals and services in the northern suburbs. It is a problem, but we managed to overcome that problem. I understand that the Budget this year is on track.

The Minister did not try to argue the net benefits of the gold royalty. I think he, like many members here, is hoping that the price of gold will increase, the royalty will be absorbed and no-one will worry too much about it. The Minister said also that the gold industry had coped with a fall in price of \$113 in the first half of last year. That is true, but it has probably been at the expense of profits, at the expense of increasing the grades in some of these mines, and at the expense of exploration. The simple fact is that a cost price squeeze exists, and this is a cost on production which, when it is fully implemented in 2000, will be about \$12 an ounce at today's value.

Native title will not cost the goldmining industry what the royalty will cost. I am not sure of the cost of native title to the gold industry and the mining industry, but I imagine it will be \$20m, and the lawyers are the ones who will get most of that.

Hon N.F. Moore: That is just the cost up-front.

Hon MARK NEVILL: It is not as much as the gold royalty will cost the Government. This gold royalty will do more damage to the Western Australian economy than is worthwhile. I hope I am wrong. The next 12 to 18 months will make that evident. It is a very regressive tax, and I think people will appreciate just what the goldmining industry has done for this economy when they see the damage that this royalty will do over the next two or three years. I urge members to support the disallowance.

Question put and a division taken with the following result -

Ayes (10)

Hon Kim Chance
Hon J.A. Cowdell
Hon E.R.J. Dermer

Hon N.D. Griffiths
Hon John Halden
Hon Mark Nevill

Hon Ljiljanna Ravlich
Hon Greg Smith

Hon Tom Stephens
Hon Bob Thomas (*Teller*)

Noes (17)

Hon E.J. Charlton
Hon M.J. Criddle
Hon B.K. Donaldson
Hon Max Evans
Hon Helen Hodgson

Hon Barry House
Hon Norm Kelly
Hon Murray Montgomery
Hon N.F. Moore
Hon M.D. Nixon

Hon B.M. Scott
Hon J.A. Scott
Hon C. Sharp
Hon W.N. Stretch
Hon Derrick Tomlinson

Hon Giz Watson
Hon Muriel Patterson
(*Teller*)

Pairs

Hon Tom Helm
Hon Ken Travers
Hon Cheryl Davenport

Hon Peter Foss
Hon Simon O'Brien
Hon Ray Halligan

Question thus negatived.

**BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND AND LEVY COLLECTION
AMENDMENT BILL**

Assembly's Message

Message from the Assembly received and read notifying that it had agreed to the further amendment made by the Council.

SMALL BUSINESS DEVELOPMENT CORPORATION AMENDMENT BILL

Assembly's Message

Message from the Assembly received and read notifying that it had agreed to the further amendment made by the Council.

CRIMINAL CODE AMENDMENT BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon N.F. Moore (Leader of the House), read a first time.

The PRESIDENT: Order! Before we proceed further, I indicate to the House that my initial impression is that this Bill breaches Standing Order No 170. However, I will consider the matter further and give a considered ruling when

the House meets tomorrow. In the meantime, I direct that the second reading of this Bill be made an order of the day for the next sitting, and I invite the Leader of the House to move accordingly.

Point of Order

Hon TOM STEPHENS: Mr President, I seek your advice. I have had only a brief opportunity of looking at that question, and I would like to formally put before the House, and in particular before you, Mr President, while the House is sitting, reasons that you should not rule that way before you make any final ruling. I seek from you an assurance that before you give a ruling about Standing Order No 170, you will take the opportunity of hearing argument as to why you should not rule in the manner in which you might, on the face of it, be inclined to rule.

The PRESIDENT: Order! There is no provision for the Leader of the Opposition to make a statement to me at this stage. The point is that no ruling has been given. However, what the Leader of the Opposition says interests me. Therefore, if he wants to make a submission to me that I can consider overnight, I am more than happy for him to do that. If the Leader of the Opposition wishes to make some comments now, I think the House will allow him that indulgence, but I suggest he make them very short.

Debate Resumed

Hon TOM STEPHENS: I will make a couple of quick references to you, although I, like you, would prefer to have the opportunity of studying the question overnight.

The PRESIDENT: Order! Let us do that so that we are both well prepared.

Hon TOM STEPHENS: All right. That is good advice.

The PRESIDENT: The Leader of the Opposition can see me tomorrow and present me with a submission, which I shall consider in developing my ruling.

Hon TOM STEPHENS: Mr President, may I check one other provision? If you were to rule that way even after hearing my submission, am I right in saying that it would be sufficient for the Leader of the House to move, or for anyone else to move, that so much of standing orders be suspended as would enable the House to consider and deal with the Bill contained in message No 101, in a way similar to the suspension of standing orders that occurred just a day or so ago, with vast numbers voting in favour of it?

The PRESIDENT: Firstly, the Leader of the Opposition's question is premature because no decision has been made and no ruling has been given. Secondly, his question is laced with hypothetical content. I think it would be quite improper of me to attempt to address that question at this stage.

ADJOURNMENT OF THE HOUSE

HON N.F. MOORE (Mining and Pastoral - Leader of the House) [10.20 pm]: I move -

That the House do now adjourn.

Hot Briquetted Iron Plant Accident - Adjournment Debate

HON TOM HELM (Mining and Pastoral) [10.20 pm]: Before the House adjourns I bring to its attention a matter that I raised at question time when I put a question to the Leader of the House representing the Minister for Labour Relations regarding the HBI site at Port Hedland. I asked the Minister various questions about provisions in the Occupation Safety and Health Act to prevent workers and contractors from arriving at a safe and healthy work site at the HBI site, given there was a major incident there on 26 March. I was advised that sections 24 to 28 forbid payment to workers who are removed from the site or who withdraw their labour because of such incidents. In today's *The West Australian* is a headline "Workers strike over trauma pay refusal". The reason I asked those questions is that my friend, the Assistant State Secretary of the Amalgamated Metal Workers Union, Jock Ferguson, was on that site today and has been trying to deal with and keep a lid on the matters that are involved in the safety of workers at the site. A 5 tonne valve fell 60 metres into a reactor house in which 400 workers were working. One of the boilermakers pushed out of the way a foreman who was directly where the valve dropped. The reactor house is a steel structure that would be shaken to the foundations by the 60 metre drop of a 5 tonne valve. Contained within that reactor house were 400 people, who witnessed a near death. I was told that a number of workers who were close to where the valve dropped were sent home. They were shaken and were basically of no use for the rest of the day, and a number of other people who actually worked in the house itself were affected by the trauma. They all went home, even people who were not in the house.

Even those workers who were sent home because it was seen they could not continue the day's work could not be paid. Those workers who went home who were not prepared to work in another section of the site could not be paid,

even if John Holland and various other subcontractors on the site were prepared to pay and accept the fact that an accident had happened; a mistake had been made and they could not contravene the Act. This highlights the impossibility of having workers and management working together to try to resolve these safety issues. People who are really anxious to make sure they go to work in the morning and come home safely at night and those contractors whose job it is to make sure the job is finished so they can get the bonuses and fulfil their contractual obligations have a great deal of difficulty fulfilling their desires because there are sections of the Act, as we warned there would be, to prevent this happening. Jock Ferguson is under some instruction from the AMWU to take the message around the sites in WA to advise people of the sorts of things that are happening, because although people know about the Act, its specific provisions are not known to them until they are implemented.

Following the first, second and third waves of the legislation that have been promoted by Mr Kierath, the Minister for Labour Relations, people are being traumatised and refused an ability to have a say in how their workplace is conducted. One of the reasons the workers yesterday morning were anxious to go on strike was the situation that was presented to them. We are charged in this Parliament with raising these issues so that people who have no other place to go can bring these matters to us and see whether they can be resolved. Recently the WorkSafe WA Commissioner, Neil Bartholomaeus, was not allowing unions to have any say on or any input to how health and safety matters were progressing in this State; he was refusing to listen to the trade union movement. Now the union movement has been denied a say in safety matters, and the actual workers who have been under threat are also unable to have a say. This is not a threat - this is actually happening on this site. The workers proposed that all crane work on the site be suspended and other work continue while a review of the safety procedures took place. That was refused.

In another incident reported recently a crane wire was cut short; it was not securely fastened to the barrel of the crane and it came off with the hook near some workers on site. There are a number of problems to do with crane work on site and it seems that no-one except the WorkSafe chief construction inspector, Frank Keough, is concerned. We have the WorkSafe people up there on site all trying to resolve the issue. Those most involved in the problem do not get any say. It is something we need to have a look at and it needs to be resolved. We need to see what sort of accidents are happening in the construction industry as well as in the mining industry, and there needs to be some sort of balance so we can have employers and employees working together within an Act. The Act needs to be amended so we can facilitate this, but there needs to be some notice taken of what these people in the HBI plant have to put up with. The contractors and BHP have put a tidy site together but basically the safety is my concern and the concern of the workers.

Question put and passed.

House adjourned at 10.29 pm

QUESTIONS ON NOTICE

Answers to questions are as supplied by the relevant Minister's office.

ABORIGINES - HOUSING

572. Hon CHERYL DAVENPORT to the Minister for Finance representing the Minister for Housing:

On pages 907 and 910 of the Budget Statement reference is made to Aboriginal Housing and a figure of \$6.7m is estimated -

- (1) How much of the \$6.7m will be for the construction of rental housing?
- (2) What areas will the housing be centred upon?
- (3) Will any of the construction program of dwellings be for dwellings which could be purchased by Aboriginal persons?
- (4) Would such purchases be through Keystart or Real Start schemes?

Hon MAX EVANS replied:

- (1) \$3.6m for the construction of rental accommodation in urban areas and the remaining for the provision of housing to Aboriginal communities.
- (2) The amended forward commitment for the urban program which reflects final figures for the 1996/97 financial year is \$3.5m in the following areas: Midvale, Hamilton Hill, Carey Park, Mt Magnet, Port Hedland, Greenfields, Kununurra, Wagin, Boulder, Quairading, Toodyay, Carnarvon, Geraldton, Newman, Tom Price.
- (3) Yes, however, Aboriginal people can only purchase their rental property if they meet the eligibility criteria set for Homeswest's Home Ownership Schemes. It should be noted that \$4.5 million is allocated to the Aboriginal Home Ownership Scheme which enables Aboriginal people to purchase either their Homeswest dwelling or a property (established or new construction) in the private sector.
- (4) Yes, however, note Real Start has been replaced by GoodStart.

NATIONAL PARK FEES - EXPENDITURE

1253. Hon TOM STEPHENS to the Minister for Finance representing the Minister for the Environment:

- (1) What provision exists for fees collected by the Department of Conservation and Land Management ("CALM") for entry and use of national parks to be spent in the parks from which they are collected?
- (2) Does CALM consult with local government authorities and community groups and associations in determining expenditure in national parks?
- (3) If not, why not?

Hon MAX EVANS replied:

- (1) CALM operates on a net appropriation budget and can therefore retain its revenue. Funds collected from fees applied in national parks is retained and used locally for maintenance and improvements of visitor facilities and services.
- (2) Expenditure in national parks is based on the priorities determined by the management plan for the park. The production of management plans includes comprehensive community consultation. Most national parks have advisory committees representing a broad cross-section of the community (including local government), which provide input into park expenditure programs.
- (3) Not applicable.

PARKS AND RESERVES - FEES

1254. Hon TOM STEPHENS to the Minister for Finance representing the Minister for the Environment:

What was the value of fees, charges and other revenue collected in 1997 from users and visitors to each -

- (a) national park;
- (b) state forest;
- (c) marine park; and
- (d) nature reserve,

under the Department of Conservation and Land Management's jurisdiction?

Hon MAX EVANS replied:

The value of fees, charges and revenue for CALM's Recreation and Tourism Program for 1996/97 (CALM's financial systems operates on financial years basis).

- (a) \$4.2m. This figure includes revenue from some activities in State forest including Tree Top Walk (\$955 877) and camping and also includes revenue from Monkey Mia Reserve.
- (b) \$0.14m (apiary site revenue, gravel leases, forest leases).
- (c) Nil.
- (d) \$18 800 (apiary site revenue).

ALBANY TOWN AND SHIRE - SALE OF HOMESWEST'S VACANT HOUSING BLOCKS

1268. Hon BOB THOMAS to the Minister for Finance representing the Minister for Housing:

- (1) How many vacant housing blocks did Homeswest sell in the area covered by the Albany Town and Shire Councils for the years -
 - (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (2) How much did those sales raise for each of the years 1992 to 1997?
- (3) How many established homes did Homeswest sell in the area covered by the Albany Town and Shire Councils in -
 - (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (4) How much did those sales raise for each of the years 1992 to 1997?

Hon MAX EVANS replied:

- (1)-(2) (a) 23 for \$603,450.
- (b) 52 for \$1,453,775.
- (c) 22 for \$795,550.
- (d) 12 for \$676,400.
- (e) 15 for \$565,100.
- (f) 18 for \$842,450.
- (3)-(4) (a) Nil.
- (b) 17 for \$447,975.
- (c) 21 for \$866,718.
- (d) 3 for \$200,250.
- (e) 8 for \$595,577.
- (f) 20 for \$1,253,930.

BUNBURY CITY AND DARDANUP SHIRE - SALE OF HOMESWEST'S VACANT HOUSING BLOCKS

1269. Hon BOB THOMAS to the Minister for Finance representing the Minister for Housing:

- (1) How many vacant housing blocks did Homeswest sell in the area covered by the Bunbury City and Dardanup Shire for the years -
 - (a) 1992;
 - (b) 1993;

- (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (2) How much did those sales raise for each of the years 1992 to 1997?
- (3) How many established homes did Homeswest sell in the area covered by the Bunbury City and Dardanup Shire in -
- (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (4) How much did those sales raise for each of the years 1992 to 1997?

Hon MAX EVANS replied:

- (1)-(2) (a) 32 for \$682,300.
 (b) 66 for \$1,533,000.
 (c) 26 for \$625,500.
 (d) 26 for \$681,500.
 (e) 41 for \$1,078,300.
 (f) 98 for \$2,674,800.
- (3)-(4) (a) Nil.
 (b) 18 for \$872,300.
 (c) 26 for \$2,055,009.
 (d) 78 for \$5,403,575.
 (e) 59 for \$3,962,182.
 (f) 42 for \$2,580,690.

AUGUSTA-MARGARET RIVER SHIRE - SALE OF HOMESWEST'S VACANT HOUSING BLOCKS

1270. Hon BOB THOMAS to the Minister for Finance representing the Minister for Housing:

- (1) How many vacant housing blocks did Homeswest sell in the area covered by the Augusta Margaret River Shire for the years -
- (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (2) How much did those sales raise for each of the years 1992 to 1997?
- (3) How many established homes did Homeswest sell in the area covered by the Augusta Margaret River Shire in -
- (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (4) How much did those sales raise for each of the years 1992 to 1997?

Hon MAX EVANS replied:

- (1) Nil.
- (2) Not applicable.
- (3)-(4) (a)-(b) Nil.
 (c) 1 for \$90,000.
 (d) 2 for \$166,740.
 (e) 2 for \$169,000.
 (f) Nil.

MANJIMUP SHIRE - SALE OF HOMESWEST'S VACANT HOUSING BLOCKS

1271. Hon BOB THOMAS to the Minister for Finance representing the Minister for Housing:

- (1) How many vacant housing blocks did Homeswest sell in the area covered by the Manjimup Shire for the years -
 - (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (2) How much did those sales raise for each of the years 1992 to 1997?
- (3) How many established homes did Homeswest sell in the area covered by the Manjimup Shire in -
 - (a) 1992;
 - (b) 1993;
 - (c) 1994;
 - (d) 1995;
 - (e) 1996; and
 - (f) 1997?
- (4) How much did those sales raise for each of the years 1992 to 1997?

Hon MAX EVANS replied:

- (1) Nil.
- (2) Not applicable.
- (3)-(4) (a)-(b) Nil.
- (c) 12 for \$475,456.
- (d) 10 for \$536,330.
- (e) 4 for \$179,998.
- (f) 4 for \$209,472.

ABORIGINAL SCHOOL STUDENT HOSTEL FACILITIES

1292. Hon TOM STEPHENS to the Leader of the House representing the Minister for Education:

- (1) In view of the Government's expressed commitment to improving educational opportunities for Aboriginal children through the provision of Aboriginal school student hostels, what specific funding programs were allocated by the State Government towards Aboriginal school student hostel facilities -
 - (a) 1995/96; and
 - (b) 1996/97?
- (2) What assistance, if any, does the State Government make available to assist non-Government schools providing hostel facilities assisting Aboriginal children to gain access to school education?
- (3) What funding has the State Government made available to the Karalundi Aboriginal Education Centre in -
 - (a) 1995/96; and
 - (b) 1996/97?

Hon N.F. MOORE replied:

- (1) (a)-(b) The Country High School Hostel Authority oversees administration of eight residential hostels that have boarding facilities for both Aboriginal and non-Aboriginal students. The Authority promotes residential services to all school-aged students as part of a state-wide marketing strategy that includes all remote Aboriginal communities.

Currently, the Authority does not fund any residential hostels that provides accommodation specifically for Aboriginal students. However, the State Government supports the recommendations from a *Residential Facilities for Aboriginal Students Working Party* for a pilot "best practice" residential facility for Aboriginal students to be established by the Year 2000.

The Government Education policy allocated \$2 million between 1997/98 and 2000/01 for the establishment of hostels including possible Aboriginal hostels.

The Department of Family and Children's Services also operates six Aboriginal school student hostels throughout the State. In addition, Aboriginal Hostels Ltd, a Commonwealth funded agency, assists with the funding of a further five community based Aboriginal student hostels throughout Western Australia.

- (2) The State Government provides financial assistance and support to non-government schools that have boarding facilities for Aboriginal students through the provision of per capita grants and the Low Interest Loans Scheme.
- (3)
 - (a) Karalundi received per capita grants of \$99,148 in 1995/96; and
 - (b) Karalundi received per capita grants of \$112,132 in 1996/97.

EDUCATION MENTOR PROGRAM - AIMS AND FUNDING

1314. Hon TOM STEPHENS to the Leader of the House representing the Minister for Education:

- (1) What are the aims of the Education Department's "Education Mentor Program"?
- (2) What funding is available under this program?
- (3) Who can apply for assistance from this program?

Hon N.F. MOORE replied:

- (1) The Mentoring Principals Pilot Project was aimed at providing mentoring support over a two year period for primary principals inducted into the principalship. Mentoring provides obvious benefits such as the sharing of ideas and experience, as well as personal and career support.
- (2) This project, a joint WA Primary Principals' Association (WAPPA) and Education Department of WA (EDWA) initiative, was funded as part of the induction of principals for which a total of \$10,000 was made available in 1995-96. WAPPA continues to fund and support this program for Primary Principals.
- (3) Primary principals who are being inducted into the principalship.

CMPS & F PTY LTD'S CONTRACT - BUSINESS CASE

1325. Hon LJILJANNA RAVLICH to the Leader of the House representing the Minister for Commerce and Trade:

Further to the answer given to question on notice asked in the Legislative Assembly in relation to the Commerce and Trade Department's contract with the firm CMPS & F Pty Ltd worth approximately \$45 932 for the preparation of a feasibility report on the marine service industrial estate in the Dampier Region, can the Minister for Commerce and Trade advise -

- (1) Was a business case conducted?
- (2) Did it include a comprehensive cost benefit analysis?
- (3) If so, what did it show?
- (4) If not, why not?
- (5) What were the identified inherent risks?
- (6) What other options were considered?
- (7) Was a due diligence check carried out on the contractor before the above contract was awarded?
- (8) If yes, did it include a check of the contractors financial background?
- (9) Who carried out the financial background check?
- (10) If the contractor is a company -
 - (a) when was the company formed;
 - (b) what is its share capitalization;
 - (c) who are the directors of the company; and
 - (d) are any of the company directors Ministers or senior public servants?

Hon N.F. MOORE replied:

- (1)-(2) No.
- (3) Not applicable.
- (4) Industry advice indicated a demand for additional marine service facilities in the Pilbara.
- (5) Contractor not submitting a satisfactory report.
- (6) The alternative option of undertaking the study within Government was considered. However, the appropriate skills and resources were only available through the use of consultants.
- (7) No.
- (8)-(9) Not applicable.
- (10)
 - (a) 1991.
 - (b) CMPS & F Pty Limited is owned by Groupe Scetauroute which has assets of \$US123 billion.
 - (c) Gilles Leservot, Robert Calcagno, Steve Hollis, John Cooper, Gerd Clausen and Robert Beraud.
 - (d) No.

MANAGED INFORMATION TECHNOLOGY SYSTEMS - BUSINESS CASE

1328. Hon LJILJANNA RAVLICH to the Leader of the House representing the Minister for Commerce and Trade:

Further to the answer given to question on notice 924 asked in the Legislative Assembly in relation to the International Centre for Application of Solar Energy Department's contract with the firm Managed Information Technology Systems worth approximately \$47 000 for the provision of SCADA system of monitoring remote sites, can the Minister for Commerce and Trade advise -

- (1) Was a business case conducted?
- (2) Did it include a comprehensive cost benefit analysis?
- (3) If so, what did it show?
- (4) If not, why not?
- (5) What were the identified inherent risks?
- (6) What other options were considered?
- (7) Was a due diligence check carried out on the contractor before the above contract was awarded?
- (8) If yes, did it include a check of the contractors financial background?
- (9) Who carried out the financial background check?
- (10) If the contractor is a company -
 - (a) when was the company formed;
 - (b) what is its share capitalization;
 - (c) who are the directors of the company; and
 - (d) are any of the company directors Ministers or senior public servants?

Hon N.F. MOORE replied:

This contract was for the provision of the Supervisory Control and Data Acquisition System to enable the International Centre for Application of Solar Energy to effectively monitor installations within Australia and overseas. This allowed CASE to obtain operating information for the planning and implementation of future systems and to ensure existing installations were operating in accordance with design. This contract was awarded on a commercial basis following a competitive offer process. In this context, the following answers are provided.

- (1) The development of this SCADA monitoring system was part of the CASE business strategy, but an individual business case was not conducted.
- (2) No.
- (3) Not applicable.

- (4) The ability to be able to monitor sites and provide value added support to our clients was considered to provide a strategic advantage and avoiding the need to regularly visit sites provided a considerable cost saving.
- (5) Contractor not meeting agreed milestones.
- (6) The range of technology options were discussed with prospective contractors.
- (7) The contractor was undertaking major contracts with a number of Government utilities and was considered to be reputable and capable of undertaking the contract for CASE.
- (8) No.
- (9) Not applicable.
- (10) The company is a private company and CASE has limited information on its structure.
 - (a) 1989.
 - (b) Privately owned - capitalisation not available.
 - (c) At time of awarding contract, Directors were -

Joe Skrynski
 Kingsley Culley
 Judith King
 Geoff Cosgriff
 Ron Zammitt

- (d) No.

LEGAL AID COMMISSION

Improvement of Efficiency

1337. Hon N.D. GRIFFITHS to the Attorney General:

What specifically are the series of measures aimed at improving the efficiency of the Legal Aid Commission referred to by the Attorney General in his answer to my question of March 10, 1998?

Hon PETER FOSS replied:

The measures aimed at improving the efficiency of the Legal Aid Commission are set out in an interim report of 15 December 1997 produced by a Review Committee established to examine the Commission's methods of operations and report to the Premier and me. The Committee is planning to present its final report to the Premier and me by the end of April 1998. The interim report was tabled in response to Question on Notice 1323 and tabling the final report will be considered after it has been presented.

EXMOUTH DISTRICT HOSPITAL

Obstetric Services

1344. Hon TOM STEPHENS to the Minister for Finance representing the Minister for Health:

- (1) When will tenders be called for the upgrading of obstetric services at Exmouth District Hospital?
- (2) Has there been a delay in calling for these tenders?
- (3) If so, what is the reason for this delay?
- (4) When is this upgrade scheduled to take place?

Hon MAX EVANS replied:

- (1) Tenders will be called shortly.
- (2) No.
- (3) Not applicable.
- (4) Works will commence early in the 1998/99 financial year.

MOLTONI CORPORATION PTY LTD'S CONTRACT

1403. Hon LJILJANNA RAVLICH to the Attorney General representing the Minister for Planning:

In relation to the Planning Department's contract with the firm Moltoni Corporation worth approximately \$733 000 for the provision of clean up of the old Humes site, can the Minister for Planning advise -

- (1) Was a business case conducted?
- (2) Did it include a comprehensive cost benefit analysis?
- (3) If so, what did it show?
- (4) If not, why not?
- (5) What were the identified inherent risks?
- (6) What other options were considered?
- (7) Was a due diligence check carried out on the contractor before the above contract was awarded?
- (8) If yes, did it include a check of the contractor's financial background?
- (9) Who carried out the financial background check?
- (10) If the contractor is a company -
 - (a) when was the company formed; and
 - (b) what is its share capitalization?
- (11) Who are the directors of the company?
- (12) Are any of the company directors ministers or senior public servants?

Hon PETER FOSS replied:

There was no contract between the Ministry for Planning and Moltoni Corporation for the clean up of the old Humes site.

The Subiaco Redevelopment Authority has responsibility for this site.

(1)-(2) Yes.

- (3) It was commercially viable to clean up the site. The site had to be cleaned up to achieve the project objectives.
- (4) Not applicable.
- (5) Extent of contamination and site safety.
- (6) A range of clean up methodologies were considered.
- (7) Yes.
- (8)-(9) Company capability review was carried out by the Authority as part of its standard short list assessment process.
- (10)-(12) These questions should be referred to Moltoni Corporation.

CENTRECARE'S CONTRACT

1404. Hon LJILJANNA RAVLICH to the Minister for Justice:

In relation to the Justice Department's contract with the firm CentreCare worth approximately \$140 000 for the provision of skills training in aggression control in prisons and juvenile detention centres, can the Minister advise -

- (1) Was a business case conducted?
- (2) Did it include a comprehensive cost benefit analysis?
- (3) If so, what did it show?

- (4) If not, why not?
- (5) What were the identified inherent risks?
- (6) What other options were considered?
- (7) Was a due diligence check carried out on the contractor before the above contract was awarded?
- (8) If yes, did it include a check of the contractor's financial background?
- (9) Who carried out the financial background check?
- (10) If the contractor is a company -
 - (a) when was the company formed; and
 - (b) what is its share capitalization?
- (11) Who are the directors of the company?
- (12) Are any of the company directors ministers or senior public servants?

Hon PETER FOSS replied:

- (1) The specification for the tender documentation clearly identified the service requirements for the Skills Training for Aggression Control Program allowing value for money outcomes to be achieved in a competitive market environment. The Skills Training for Aggression Control Program has always been contracted to the private sector.
- (2)(5) See (1).
- (6) Provision by the Ministry of Justice was considered but there were no resources with the relevant experience which could be identified within the Ministry at the time.
- (7) Yes.
- (8) Yes.
- (9) The Evaluation Panel appointed to evaluate the bids.
- (10) (a)-(b) The Agency has a charitable institution status and is a "not for profit" organisation.
- (11) See (10).
- (12) No.

LAND SALE TO FINI GROUP OF COMPANIES

1410. Hon J.A. COWDELL to the Leader of the House representing the Minister for Regional Development:

In relation to the sale last year of government owned land adjacent to the caravan park in Koombana Bay, Bunbury, to the Fini Group -

- (1) What was the sale price of this land?
- (2) What were the terms and condition of sale?
- (3) On what dates and in what papers was the land advertised?
- (4) How many expressions of interest were submitted on this land?
- (5) Were valuations sought on the price of the land?
- (6) If so, who gave the valuations and what were the valuations?
- (7) What were the original development conditions on this land?
- (8) Have these development conditions changed?
- (9) If so, to allow what type of development?

Hon N.F. MOORE replied:

- (1) \$1.1m.

- (2) \$50 000 on signing of Offer and Acceptance Contract (\$10 000 non-refundable). \$150 000 payable to the vendor following receipt of planning approval for the proposed development by all relevant authorities (6 to 9 months). \$900 000 payable to the vendor upon settlement (3 months). Settlement is expected to be finalised before the end of the 1997/98 Financial Year.
- (3) February 1991 South Western Times (2 issues), The West Australian (2 issues), The Australian, Travel West Publication.
November 1991 South Western Times (2 issues), The West Australian (2 issues), The Australian, Financial Review, South China Post.
October 1993 South Western Times (2 issues), The West Australian (2 issues), The Australian.
1991-1997 The property was advertised in each quarterly edition of the WA Tourism Development Register. 2000 brochures were distributed during 1994 and 1995 through direct mail, the International offices of the Western Australian Government and in response to general enquiries. A large "For Sale" sign was erected on site in 1993 and maintained until 1997. The property was advertised in the WA Tourism Commission Tourism Investment Portfolio during 1995 and 1996. The property was promoted as a tourism development opportunity in the South West Development Commission's "Newsbrief" publication during 1993 to 1997.
- (4) 9 formal, 38 informal.
- (5) Yes.
- (6) Valuer General - \$1m.
- (7) Special use resort facilities.
- (8) No. However, the purchaser has included a permanent stay component in their development application to the City of Bunbury.
- (9) If the purchaser's application is successful (post settlement), 30 per cent of the site will comprise permanent stay facilities other than park homes.

BUNBURY PAIN MANAGEMENT CLINIC CLOSURE

1411. Hon BOB THOMAS to the Minister for Finance representing the Minister for Health:

With regard to the closure of the Bunbury Pain Management Clinic as a result of budget cuts by the Federal Government -

- (1) Will the State Government make funding available for similar pain management programs at the Bunbury Regional Hospital, and then in the new public hospital?
- (2) If no, why not?

Hon MAX EVANS replied:

- (1) The Pain Management Clinic had set up services funded by the Commonwealth as a pilot program and the cessation of funding has been anticipated.

The Health Department of WA is planning the purchase of expanded Pain Management Services in 1998/99 for the Bunbury locality.

The Department has requested evaluation information from the providers of the pilot program and has also invited their participation in planning for future pain management services for the area.

- (2) Not applicable.

ALBANY REGIONAL HOSPITAL

Waiting Lists

1418. Hon BOB THOMAS to the Minister for Finance representing the Minister for Health:

- (1) What is the estimated size of the waiting list for each of the procedures for which waiting lists are kept for the Albany Regional Hospital?

- (2) What was the size of each of those lists for -
- (a) March 1997; and
 - (b) March 1996?
- (3) What was the estimated waiting time for each of those waiting lists for the Albany Regional Hospital?
- (4) What was the waiting time for each of those lists for -
- (a) March 1997; and
 - (b) March 1996?

Hon MAX EVANS replied:

- (1)
- | | |
|-----------------|----|
| Urology | 8 |
| Orthopaedic | 22 |
| Obstetrics | 20 |
| Ophthalmology | 18 |
| General Surgery | 56 |
- (2)
- (a)

Urology	7
Orthopaedic	13
Obstetrics	18
Ophthalmology	10
General Surgery	86

 - (b) Not Available.
- (3) No estimates are completed for waiting times.
- (4)
- (a)

Urology	37 days
Orthopaedic	63 days
Obstetrics	81 days
Ophthalmology	125 days
General Surgery	17 days

 - (b) Not available.

REGIONAL FOREST AGREEMENT RESEARCH PROJECTS

1420. Hon NORM KELLY to the Minister for Finance representing the Minister for the Environment:

- (1) How many of the 38 research projects funded by, and prepared for, the RFA are complete?
- (2) What is the title and status of each project that is currently incomplete?
- (3) Are all the completed projects now available to the public?
- (4) Will the Minister for the Environment table the report written by Dr Per Christensen for the RFA on the effects of disturbance on native fauna?

Hon MAX EVANS replied:

- (1) Thirty-four.
- (2)
 - (i) Community Consultation and Public Participation (ongoing).
 - (ii) Integration and Options Development (ongoing).
 - (iii) Integrated Analysis of Economic Impacts (ongoing).
 - (iv) Social Assessment Case Studies (ongoing).
- (3) Many project reports are available currently. Others are being finalised or being cleared by the joint Commonwealth-State RFA Steering Committee. The Comprehensive Regional Assessment (CRA) report, published in February 1998, summarised those projects and assessments completed to that time.
- (4) Yes, when it is cleared by the joint Commonwealth-State RFA Steering Committee.

QUESTIONS WITHOUT NOTICE**FREMANTLE PORT***Police Contingent***1384. Hon N.D. GRIFFITHS to the Minister for Transport:**

- (1) Has a significant police contingent taken up duty this afternoon at the port of Fremantle?
- (2) Why are the police there?
- (3) Is this part of a move to lock out existing Patrick's stevedoring employees?
- (4) What role has the Minister played in this?

Hon E.J. CHARLTON replied:

- (1) I am not aware of any police activity at the port of Fremantle. If police are there, I have not been advised about it.
- (2)-(3) As a consequence, I do not know.
- (4) I have had nothing to do with it.

ASIAN CURRENCY CRISIS*Impact on Gambling***1385. Hon N.D. GRIFFITHS to the Minister for Finance:**

Given that we are now in the last quarter of the current financial year, will the Minister outline the expected impact of the so-called Asian crisis on the State's revenue from gambling?

Hon MAX EVANS replied:

The Asian crisis affects lots of parts of the community, one of which is the revenue of the State. Stamp duty on properties is affected. The Asians have bought a great deal of property in recent years. They have stopped buying properties and that stamp duty income will ease off. They are more likely to sell properties to improve liquidity and the stamp duty generated from those sales will benefit us. Burswood Resort Casino is a good revenue raiser for the Western Australian Government. At present the casino is operating in a steady as she goes manner and is not being affected by the Asian crisis. Very few leather goods go into Indonesia because of the 85 per cent duty, but Korea is a large market which has been affected. However, producers are working harder on other markets. I know only second-hand what is happening with fruit and vegetables. Many companies have been affected by the crisis and their present crops are facing a big wastage factor. I am not conscious of any great impact on government finances. There might be an infinitesimal effect on financial institutions duty and bank account debits tax. Stamp duty on properties has been a big factor, which might continue if Asians carry on selling their houses.

Hon N.D. Griffiths: What about the revenue from gambling?

Hon MAX EVANS: As I have said, the casino is the main factor because Asians tend not to bet on horses. We do not get much tax from the Totalisator Agency Board. The Asians one sees in TAB shops tend to be local people. The casino brings in about \$60m to \$65m a year. We do not see much of a change in revenue. It may be down \$5m or \$7m, but it rises and falls. The casino revenue is based on the winnings of the casino. Often people win more than they lose. We rely on them losing money which we tax. The problem is not serious at the moment. The casino owners are quite happy and they are looking at renovating the theatre there. Asians do not buy lottery tickets.

ALINTAGAS EMPLOYEES' SUPERANNUATION**1386. Hon HELEN HODGSON to the Leader of the House representing the Minister for Resources Development:**

I refer to question without notice 1353 to the Minister on Wednesday, 1 April. In answer to part (3), the Minister indicated that he would provide a more detailed response. Can the Minister now provide that more detailed explanation?

Hon N.F. MOORE replied:

I thank the member for some notice of this question. The Minister has written to the member with a more detailed response.

OIL SPILLS

1387. Hon GIZ WATSON to the Minister for Transport:

In respect of two oil spills, one on the south coast near Albany on or about 27 January 1998 and one at Rockingham beach on 17 March 1998 -

- (1) Is the Minister committed to preventing pollution of the marine environment and shoreline by oil?
- (2) What laws exist to prevent the discharge of oil into the coastal waters of Western Australia?
- (3) What charges can be brought against individuals and/or companies and what are the penalties when it is established that they are in breach of this law?
- (4) Does the Department of Transport, the Australian Marine Safety Authority or any other regulatory body have the capacity to identify the source of spilt oil?
- (5) Will the Minister be seeking prosecution of those responsible for the release of oil within 25 kilometres of the coastline?
- (6) If not, why not?

Hon E.J. CHARLTON replied:

- (1) Yes.
- (2) The Western Australian Pollution of Waters by Oil and Noxious Substances Act applies to state waters.
- (3) The Act provides penalties for discharging oil or oily mixtures from a ship into state waters. The penalties are \$50 000 for an individual and \$250 000 for a body corporate.
- (4) Recovered oil can be tested by a specialist laboratory to determine its characteristics. Depending upon the circumstances of the spill, this can be matched to samples taken from an offending vessel. However, it is not always possible, for practical reasons, to identify the source of an oil spill.
- (5) When appropriate, prosecution action will be taken when the offence occurs in state waters and sufficient evidence exists to secure a prosecution.
- (6) Not applicable.

AGRICULTURAL CHEMICALS SPRAYING

*Farms near Urban Areas***1388. Hon MURIEL PATTERSON to the Minister representing the Minister for Primary Industry:**

Will the Minister outline what restrictions exist on the spraying of agricultural chemicals on farming properties that are sited next to or close to urban areas?

Hon E.J. CHARLTON replied:

I thank the member for some notice of this question.

Specific restrictions are those imposed by sections 20 and 21 of part 20 of the Civil Aviation Orders (Commonwealth) which specify that an aerial spraying aircraft cannot fly within 100 metres horizontally or 350 feet vertically of an occupied building which forms part of an urban area. A much more general restriction is imposed by regulation 20(1) of the Health (Pesticides) Regulations 1956, which reads, "No person shall use a pesticide in any manner, place or circumstance which is dangerous, harmful or injurious to health."

FORESTRY AND LOGGING IN THE SOUTH WEST

*Number Employed***1389. Hon CHRISTINE SHARP to the Minister representing the Minister for the Environment:**

Given that according to the Australian Bureau of Statistics' 1996 census, 1 020 people were employed in forestry and logging in the south west - this includes forestry, logging, services to forestry, log sawmilling and timber dressing, wood chipping and timber resawing and dressing - and the Comprehensive Regional Assessment Vol 1, January 1988 at page 12 states that over 20 000 people are employed either directly or indirectly, will the Minister advise where the other 18 980 people are employed?

Hon MAX EVANS replied:

I thank the member for some notice of this question. It requires research and I request that the member put the question on notice.

WESTRAIL*Privatisation of Functions***1390. Hon BOB THOMAS to the Minister for Transport:**

In January 1998 the Government commissioned a scoping study on the sale of Westrail in order to provide the Government with a sound basis for decision making and a firm plan should it decide to proceed with the sale of that organisation.

- (1) Given that this study has not even commenced, why has the Minister in the past two weeks announced the decision to privatise the West Kalgoorlie marshalling yards and Westrail's entire signalling and communications functions?
- (2) Will the Minister table any reports that have been prepared, to justify these sell-offs of important Westrail functions?
- (3) If not, why not?

Hon E.J. CHARLTON replied:

- (1)-(3) The National Rail Corporation Ltd has required the use of facilities in West Kalgoorlie to provide greater efficiency to its operation. As a consequence, we have responded to its request with calls for expressions of interest for the operation to take place in an identified area to service all rail operators. As Hon Bob Thomas knows, more than one operator provides services into Western Australia from the eastern States.

In relation to the standard gauge operation of Westrail, the signalling equipment is in need of upgrade and modernisation. We want to ensure that the new technology is complementary to that to be provided across Australia. The new intrastate operation is undertaking consultations with Westrail to identify the equipment to be used. This is opportune timing in progressing the matter.

CITY OF WANNEROO**1391. Hon J.A. SCOTT to the Minister representing the Minister for Local Government:**

- (1) Did the inquiry panel in its report on the City of Wanneroo indicate whether any information contained in its report should be withheld because it might prejudice any matter which might come before a court of law?
- (2) If so, which section or sections of this report were recommended by the inquiry panel to be withheld?

Hon E.J. CHARLTON replied:

I thank the member for some notice of this question.

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

STATE FRANCHISE FEES**1392. Hon JOHN HALDEN to the Minister for Finance:**

- (1) What impact has the High Court decision invalidating state franchise fees on alcohol, tobacco and fuel had on the revenue of the State?
- (2) Is the Minister aware of any other items not forecast in the 1997-98 Budget which are likely to have an impact on that Budget's outcome?

Hon MAX EVANS replied:

- (1)-(2) I do not want to be held to the exact figures; however, we are looking at the problems with tobacco which have arisen with section 90 of the relevant legislation. There has been a big loss of revenue because the Federal Government put the legislation through one day late. Members might recall that an excise applied ad valorem. A lot of tobacco was taken out of storage during that day, and some companies benefited much

more than others. The Federal Government has looked at imposing a windfall tax on them, but it seems that that will not happen. There was quite a large drop off in revenue involved.

The other anomaly was the huge revenue drop off in New South Wales and Queensland with fuel tax. We need to make some adjustment with the alcohol levy, but the loss in that regard is not great. The tobacco figure is a couple of hundred million dollars Australia-wide. The fuel figure is about \$300m Australia-wide, although that is mainly in New South Wales and Queensland.

We are still negotiating with the Federal Government. Our difference is about \$60m, which is 10 per cent of the total. We are still considering how we will pick that up. No loss is supposed to be involved. I do not know the exact figures or whether it will be gained in the short or long period; Treasury handles these matters with the Premier, who is dealing with the Prime Minister on this issue. At worst, it will be \$60m. We expect to pick up the shortfall in different ways because the commitment was that we would not be out of pocket.

Hon E.J. Charlton: It might be over a couple of years.

Hon N.D. Griffiths: Howard is ripping us off!

Hon N.F. Moore: The High Court did it.

Hon MAX EVANS: Stamp duty is still increasing and we will make budget there. Some other areas may be down by \$1m or \$2m. We are three months out from the Budget, so it is not wise to mention those matters now. We are dealing with revenue of about \$2b, and I do not know from where this shortfall will come. However, we see no problems except with the section 90 matters, which are a problem Australia-wide.

PUBLIC DENTAL HEALTH SERVICES

1393. Hon NORM KELLY to the Minister representing the Minister for Health:

- (1) How many people are on the waiting lists for public dental health services?
- (2) What is the mean waiting time for public dental health services?
- (3) Specifically, what are the mean waiting times for -
 - (a) general dental care;
 - (b) specialist orthodontic treatment;
 - (c) specialist periodontic treatment;
 - (d) specialist oral surgery; and
 - (e) specialist paediatric treatment?

Hon MAX EVANS replied:

I thank the member for some notice of this question.

- (1) Approximately 13 500 general care, and 1 500 for specialist care.
- (2) Approximately 10 months.
- (3)
 - (a) Ten months;
 - (b) five months;
 - (c) eleven months;
 - (d) six months; and
 - (e) ten months.

MANDURAH COMMUNITY HEALTH AND DEVELOPMENT CENTRE

1394. Hon J.A. COWDELL to the Minister representing the Minister for Health:

- (1) Can the Minister confirm that the staff of the Mandurah Community Health and Development Centre will be relocated from its current site to the site of the new Peel Health Campus?
- (2) If yes, will the community health centre continue to be a government operated service?
- (3) What building will the community health centre occupy?

Hon MAX EVANS replied:

I thank the member for some notice of this question.

- (1)-(2) The following services will relocate to the community health building of the Peel Health Campus in May 1998 and remain in the public sector: Community nursing, health promotions, mental health services, and the aged care assessment team. The future location of other community allied health services is yet to be determined.
- (3) The aforementioned services are relocating to the community health building of the Peel Health Campus.

OCTOPUS TRAP DEVELOPMENT FISHERY**1395. Hon RAY HALLIGAN to the Minister representing the Minister for Fisheries:**

The policy and guidelines for the octopus trap development fishery have yet to be completed. Over the past few years the Fisheries Department has received a number of applications from parties wishing to harvest octopus.

- (1) Why has it taken these years to develop this policy?
- (2) Were the previous applications not pursued because of the lack of guidelines?
- (3) If no to (2), what were the reasons?
- (4) How long after 29 May 1998 will it take for the policy and guidelines to be completed?

Hon E.J. CHARLTON replied:

I thank the member for some notice of this question.

- (1)-(4) In the past, there has been a low level of interest in participating in this fishery. Applicants have been assessed on a case by case basis. However, interest in entering this fishery has increased in recent times. The fishery will be the subject of a developmental fishery policy and guidelines which are expected to be completed by 1 August 1998. All parties interested in participating in this fishery will be invited to apply under the policy guidelines when completed and approved.

HOT BRIQUETTED IRON PLANT ACCIDENT**1396. Hon TOM HELM to the Leader of the House representing the Minister for Labour Relations:**

I refer to the incident at the hot briquetted iron plant in Port Hedland on 26 March 1998 in which a 5 tonne valve fell 60 metres through a building, narrowly missing groups of workers.

- (1) Were some workers affected or disturbed by this incident and unable to work following it, and were they not paid for the time they were unable to work?
- (2) Has WorkSafe told the contractor on the project that if those workers are paid for the time they were unable to work, those workers and contractors may be prosecuted?
- (3) If yes, who advised WorkSafe that workers and contractors could be subject to prosecution?
- (4) Under what legislative provisions does WorkSafe assert that workers cannot be paid for the time they are unable to work due to this incident?
- (5) What redress do workers have if they are not paid for the time they are unable to work?

The PRESIDENT: Order! Whether the last point is acceptable is questionable. The first four points are certainly within the area of the Minister's responsibility.

Hon N.F. MOORE replied:

I thank the member for some notice of this question.

- (1)-(5) The following information is provided in relation to the incident at the hot briquette project in Port Hedland on 26 March 1998 when a heavy steel valve fell through the reactor building causing some structural damage but no serious injury to workers:

Sections 24 to 28A of the Occupational Health, Safety and Welfare Act 1984 detail the legal requirements for resolution of safety issues at workplaces. Specifically, after the incident workers on the site removed their labour without notifying their employer and without referring the matter to elected safety and health

representatives in order that a resolution of the issue could occur in accordance with the Act. Workers did not make themselves available for reasonable alternative work and left the site without the authority of the employer. These omissions and refusal to work caused the employees to become disentitled employees as provided for by section 28A of the Act. It is an offence for employers to pay a disentitled employee and equally an offence for a disentitled employee to accept payment from the employer. WorkSafe WA has not advised any party that it may be prosecuted but has advised all parties of their obligations to comply with the Act.

MINISTRY OF FAIR TRADING PROJECT POLICY OFFICER

1397. Hon CHERYL DAVENPORT to the Minister representing the Minister for Fair Trading:

On 28 December 1996 the Ministry of Fair Trading advertised for the position of project policy officer, level 6.

- (1) How many applicants were there for this position?
- (2) How many persons were interviewed for the position?
- (3) Who was appointed to this position?
- (4) When was that person appointed?

Hon MAX EVANS replied:

I thank the member for some notice of this question.

- (1) 19, although one subsequently withdrew.
- (2) Six.
- (3) Mrs Irena Dillon.
- (4) 6 March 1997.

DENHAM INFILL SEWERAGE SCHEME

1398. Hon KIM CHANCE to the Leader of the House representing the Minister for Commerce and Trade:

- (1) Has the Water Corporation construction branch, in conjunction with North Coast Holdings, won a tender to construct the Denham infill sewerage scheme, and in so doing beaten local tenderer Geraldton Plumbing Company by a narrow margin?
- (2) Was the involvement of North Coast Holdings in the joint tender sufficient to allow the joint tenderers the status of a local business within the meaning of the regional preference policy?
- (3) Was the degree of involvement of North Coast Holdings a sum in the order of \$300 000 in a total contract cost of \$4.4m?
- (4) What was the margin between the joint tenderers' bid and that of local firm Geraldton Plumbing Company?
- (5) Have the aims and objectives of the regional preference policy been met in this case?
- (6) Will the Minister be calling for further information on the outcome of this contract in the context of an assessment of the adequacy of the guidelines used to implement government policy on regional preference policy?

Hon N.F. MOORE replied:

On behalf of the Minister for Water Resources, whom I do not represent -

- (1) There was no joint venture.
- (2)-(6) Not applicable.

KALGOORLIE CONSOLIDATED GOLD MINES PTY LTD

1399. Hon GIZ WATSON to the Minister representing the Minister for the Environment:

As a result of a letter drop by Kalgoorlie Consolidated Gold Mines advising residents of the proposed mining of the Mt Charlotte Reward and Northern Ore body on 4 December 1997 -

- (1) On 16 December 1997 did two residents of Brownhill Street, Williamstown ask a Department of

Environmental Protection officer in the Kalgoorlie office if they could appeal the project by submitting a petition and letter of objection?

- (2) Why did the officer request that the petition and letter of objection be delivered to him by 10.00 am on Friday, 18 December 1997?
- (3) Did the residents of Williamstown submit a petition and a letter of objection to the DEP officer in Kalgoorlie objecting to the above proposal on Friday, 18 December 1997?
- (4) If no, on what date were the petition and letter of objection handed to the DEP officer in Kalgoorlie?
- (5) On what day were the petition and letter of objection forwarded to and received by the DEP office in Perth?
- (6) What action was taken in relation to the above letter and petition by -
 - (a) the officer in Kalgoorlie;
 - (b) the DEP in Perth; and
 - (c) the appeals convenor?
- (7) At the Williamstown residents' meeting on Friday, 18 February 1998 did John Bourke publicly ask the DEP officer if the petition of opposition to the project/assessment had been submitted?
- (8) What was the response of the DEP officer in attendance?
- (9) Why did the DEP officer and the DEP Perth office on receipt of the letter and petition not advise the Williamstown residents of the requirement to submit a \$10 fee to legalise their objection to the proposal/level of assessment?

Hon MAX EVANS replied:

I thank the member for some notice of this question. As the question requires considerable research I request that it be put on notice. Some of these long questions cause a lot of work and it might be better to put them on notice in the first place.

The PRESIDENT: Order! Standing Order No 139 clearly sets out that questions are meant to be concise, and that is something members should examine.

DAYMAN, WAYNE

1400. Hon LJILJANNA RAVLICH to the Minister representing the Minister for Labour Relations:

- (1) At the time of the fatality of Wayne Dayman, did the WorkSafe fatalities inspector issue any prohibition notices?
- (2) If yes, how many notices were issued?
- (3) What was the content of each notice?
- (4) Were any of these notices successfully appealed and if so, which ones?
- (5) On what grounds were they successfully appealed?

Hon N.F. MOORE replied:

- (1) Yes.
- (2) Two.
- (3) The subject matter of both notices concerned the provision of a safe system of work.
- (4) No.
- (5) Not applicable.

SECUREFORCE INTERNATIONAL

1401. Hon E.R.J. DERMER to the Minister for Transport:

What procedures are in place to verify that Secureforce International is providing to Westrail the full extent of security officer service for which that company is contracted?

Hon E.J. CHARLTON replied:

I thank the member for some notice of this question.

The services provided by Secureforce International under contract to Westrail are: Collection of money from ticket vending machines; collection of money from booking offices and information centres; attending to change machines at Perth and Fremantle stations; maintaining cash floats; counting the money collected from ticket vending machines and credit to Westrail.

Following are the ways Westrail verifies that those services are carried out in accordance with the contract.

Collection of money from ticket vending machines: Secureforce International is directed daily by Westrail to collect money from specific ticket vending machines. Westrail is able to verify that those ticket vending machines have been emptied of cash by the document called "Detailed Finance Report" which is generated daily from a central ticket vending machine control centre. This document shows full details of ticket vending machines cleared on any given day.

Collection of money from booking and information centres: This task requires Secureforce International to collect cash from booking offices and information officers on request from Westrail. This entails Secureforce International exchanging cash for a cheque and vice versa.

Attending to change machines at Perth and Fremantle stations: This function is carried out on request from Westrail.

The maintaining of cash floats is done on Westrail's request.

Counting the money collected from ticket vending machines and credit to Westrail: The company collects the cash, counts it, reconciles it with records provided by the ticket vending machines and provides a cheque on the next day to Westrail. This has been happening since Westrail entered into the contract.

In late February 1998, Westrail commenced a reconciliation of cheques provided to it by Secureforce International with the information contained in the daily detailed finance report.

MINES SAFETY AND INSPECTION ACT BREACHES

1402. Hon HELEN HODGSON to the Minister for Mines:

In respect of breaches of the Mines Safety and Inspection Act 1994 and the associated regulations -

- (1) How many prosecutions have been commenced each year from 1994 to 1997?
- (2) How many convictions have been secured each year from 1994 to 1997?
- (3) How many of these (a) prosecutions and (b) convictions each year from 1994 to 1997 have been in respect of Western Mining Corporation's operations?

Hon N.F. MOORE replied:

I thank the member for some notice of this question.

Until 9 December 1995, when the Mines Safety and Inspection Act came into operation, prosecutions were conducted under the Mines Regulation Act 1946.

- (1) Prosecutions commenced in 1994, 13; 1995, 12; 1996, 4; and 1997, 6.
- (2) Convictions secured in 1994, 11; 1995, 4; 1996, 2; and 1997, 0 - all active cases are still before the courts and two complaints were withdrawn due to a witness leaving Australia.
- (3) Prosecutions and convictions relating to WMC Resources' operations - latterly WMC Resources: Prosecutions: 1994, 0; 1995, 1; 1996, 3; and 1997, 2. Convictions: 1994, not applicable; 1995, no conviction but the case of Meiklejohn v CNGC has been the subject of a lengthy process of appeal by the Crown - up to and including the Full Bench of the Supreme Court; 1996, one conviction; and 1997, no convictions have been concluded.