

Legislative Assembly

Wednesday, 17 June 2009

THE SPEAKER (Mr G.A. Woodhams) took the chair at 12 noon, and read prayers.

INFILL SEWERAGE PROGRAM — SPEARWOOD

Petition

MR F.M. LOGAN (Cockburn) [12.01 pm]: I have a further 453 signatures on this petition, which has been stamped as duly appropriate and meeting the requirements of the standing orders, and reads as follows —

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

We the undersigned express our outrage and disgust with the decision by the Minister for Water and Mental Health to cancel the in-fill sewerage program for Spearwood, 28A, 3N, 16AB, 12P, 16PP.

These in-fill areas were designated high-risk by the Department of Health in 2006 and were given priority for completion by Watercorp and the previous Labor government.

Now we ask the Legislative Assembly. To call on the Liberal Government to honour previous commitments made to complete the Spearwood in-fill sewage program by 2010.

[See petition 80.]

SHACK SITE COMMUNITIES

Petition

MS A.R. MITCHELL (Kingsley) [12.02 pm]: I present a petition with 111 signatures as follows —

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

We the undersigned say that:

Leased Shack Sites Communities, such as Wedge Island, Grey, Donnelly River, Broke Inlet, Dampier Archipelagos, and Israelite Bay have long been the traditional holiday/recreational destination for many thousands of ordinary Western Australians.

Most Shack Site Communities sprung up to accommodate the gathering of farming and town based families to enjoy holidays together in remote and idyllic fishing locations right across Western Australia.

Some Shack Site communities went onto becoming fully-fledged towns such as, Bremer Bay, Jurien Bay, Dongara and Horrocks, whilst some Shack Site Communities have disappeared.

However, some residual communities remain, with a strong sense of community and have become the preferred holiday option for many thousands of Western Australians.

These places are tangible examples of sustainable lifestyles, where younger generations can learn responsibility and become creative and family traditions and stories can be passed on.

The loss of these communities will seriously diminish the social, economic and health well being of many ordinary Western Australian families.

Now we ask that the Legislative Assembly support our campaign for the Government to

Examine how other States of Australia, including South Australia, Tasmania and New South Wales have retained conforming Shack Site Communities in order to preserve these valuable assets for many Western Australians to have affordable coastal holiday destinations and continue to allow human interaction all but lost in today's society.

[See petition 81.]

TRUGANINA AND CAMBOON ROADS, MALAGA

Petition

MS R. SAFFIOTI (West Swan) [12.04 pm]: I present a petition with 854 signatures regarding the intersection of Truganina and Camboon Roads in Malaga as follows —

The Honourable Speaker and Members of the Legislative Assembly of The Parliament of Western Australia.

We, the below mentioned individuals work, live and share in our concern for the safety and well being of motorists surrounding this intersection. The existing arrangements are not working to reduce the risk of motor vehicle accidents. The existing arrangements have effected a dramatic increase in motor vehicle accidents at this intersection.

We petition the Minister to investigate and if practicable, install a **roundabout** at the intersection of **Truganina and Camboon Roads, Malaga** in the interests of reducing motor vehicle accidents and saving lives.

[See petition 82.]

PAPER TABLED

A paper was tabled and ordered to lie upon the table of the house.

**GENETICALLY MODIFIED CROPS FREE AREAS EXEMPTION ORDER (NO. 3) 2009 —
DISALLOWANCE**

Notice of Motion

Mr M.P. Murray gave notice that at the next sitting of the house he would move —

That Genetically Modified Crops Free Areas Exemption Order (No.3) 2009 under the Genetically Modified Crops Free Areas Act 2003, a copy of which was laid upon the table of the house on 9 June 2009, is hereby disallowed.

PERTH POLICE COMPLEX

Statement by Minister for Police

MR R.F. JOHNSON (Hillarys — Minister for Police) [12.06 pm]: Earlier today I announced the start of work on the \$113 million Perth police complex in Northbridge. The complex will be built on the corner of Roe, Fitzgerald and James Streets and will accommodate 500 police officers and staff. It will be a 24-hour facility and will comprise the Perth watch-house, a Magistrates Court and the Perth police centre, which will comprise Perth Police Station and the central metropolitan district office. The facility has been designed to improve policing in Northbridge, in Perth central business district and in the western suburbs.

Currently, policing resources are spread throughout the central police district. This project will bring these separate units into one state-of-the-art building, which is consistent with the needs of modern policing. Because Perth watch-house will be located on the site, police will also be able to deal with offenders more efficiently, providing a better overall service to the Northbridge area. Perth watch-house will provide overnight detention—up to 48 hours—for 72 people in custody who cannot be bailed and are awaiting an initial court appearance, or short-term accommodation for 40 drop-and-go detainees. The single Magistrates Court will operate six days a week.

The Perth police complex is one of many state government initiatives that will ensure our police officers are well resourced. Other initiatives include \$208.5 million for an additional 500 officers and 200 support staff; \$47.5 million to expand the Perth metropolitan radio network; \$34 million to build new and replacement police stations; and \$8 million to reopen country police stations. Construction of the Perth police complex is expected to begin in mid-2010, with completion scheduled in mid-2012.

DEPARTMENT OF AGRICULTURE AND FOOD — NEW ORGANISATIONAL STRUCTURE

Statement by Minister for Agriculture and Food

MR D.T. REDMAN (Blackwood-Stirling — Minister for Agriculture and Food) [12.08 pm]: I advise the house that I have signed off on a new organisational structure for the Department of Agriculture and Food. This is a great opportunity to reposition the agency to effectively and efficiently deliver the outcomes contained in the government's priority plan for agriculture and food in Western Australia. The new structure will position the department to support the agriculture and food industries as essential contributors to the economy of Western Australia and our regional and rural communities. There will be five new directorates established, namely: natural resource management and biosecurity services; industry development, including food and research; regional services; trade and market services; and business services.

The department's core business will be strongly driven by market needs. Industry development plans are being written. These plans will involve significant external stakeholder consultation. They will clearly indicate priorities which, in turn, will be used to determine the agency's resource allocation. The plans will be rolled out over the coming months.

Regional service delivery is being bolstered. For the first time industry, natural resource management and biosecurity services on the ground will be delivered by one division. This will improve the service to the myriad DAFWA clients by reducing duplication and improving service delivery.

Research and development will remain a key priority for the organisation but will become highly targeted to our strategic priorities. The department is increasingly working in partnership with other agrifood R&D agencies, including universities, at both state and national levels. I am looking forward to working with the department on the implementation of the new organisational structure and making the appropriate changes throughout the department to deliver a better organisation for the industries that it services and for the staff who work there. The Department of Agriculture and Food has lacked clear vision and direction for too long. This government is determined to see it brought into the twenty-first century and repositioned as an economic development agency focused on supporting the growth of the sector.

THREE ACTS OF MURDER

Statement by Minister for Culture and the Arts

MR J.H.D. DAY (Kalamunda — Minister for Culture and the Arts) [12.10 pm]: I was delighted to have the opportunity last week to attend the launch of the film *Three Acts of Murder* at a special screening at the Astor Cinema in the lead-up to its national premiere on ABC television on Sunday night, 14 June. *Three Acts of Murder* tells the true story of Australia's premier crime writer, Arthur Upfield, and his stockman friend Snowy Rowles, who went on to put Upfield's plot ideas into deadly effect. The resulting media coverage of Rowles' murder trial catapulted Upfield to international prominence and raised many questions about the responsibility of writers—questions that are still hotly debated today.

The film was shot in and around Mt Magnet, Cue, York, Beverley, Mundaring, Gooseberry Hill and Perth, and is an excellent example of a Western Australian story produced with exceptional authenticity and entertainment value. I am pleased to report that the audience figures exceeded expectations, with 975 000 people around Australia tuning into the ABC to watch *Three Acts of Murder*. I congratulate the producer, Sue Taylor, of Taylor media, director Rowan Woods, the ABC, and all the cast, crew and local businesses involved, on the wonderful success of this production. For those who were unable to catch *Three Acts of Murder* on television, for the next 11 days it is available to watch online on the ABC's iView.

Three Acts of Murder is just the latest success story for the Western Australian screen industry. The industry is continuing to grow and mature thanks to the support of the state government and ScreenWest. Western Australian screen production value figures have risen from approximately \$15 million in 2001-02 to more than \$45 million this year. This is a record year of production, assisted by state government funding of approximately \$5 million to ScreenWest and supported by Lotterywest. What this means in real terms to Western Australia—particularly regional areas, where a lot of the filming takes place—is big benefits for local businesses through the hiring of accommodation and cars, catering, work for carpenters, potential tourism promotion and employment as extras. For the WA screen industry, it means jobs for directors, camera operators, sound and lighting crew, make-up artists and costume designers.

For many years Western Australia has had a solid reputation for producing quality children's drama and documentaries, with ScreenWest-funded projects being watched by hundreds of millions of people around the world and screening weekly on our own national television networks. We are now being recognised for outstanding feature production as well. Western Australia will release several feature films in 2009-10, including *Bran Nu Dae*, starring, amongst others, Geoffrey Rush and Ernie Dingo, and the Indigenous comedy *Stone Bros*. I commend the work of ScreenWest and the local screen industry in taking Western Australia's stories and its landscapes, people and places to a national and worldwide audience.

ALL STAGES OF BILLS, AND COUNCIL MESSAGES

Standing Orders Suspension — Motion

MR R.F. JOHNSON (Hillarys — Leader of the House) [12.14 pm]: I move —

That, up to and including 18 June 2009, so much of standing orders be suspended as is necessary to enable bills to proceed through all stages in one day and to enable messages from the Legislative Council to be taken into consideration on the day on which they are received.

A motion similar to this is normally moved in this chamber in the week leading up to the longer recesses. It is to enable good governance in relation to bills that may already be before the house, or may be introduced, such as the Transfer of Incorporation (HBF and HIF) Bill 2009. In that particular case, my understanding is that the opposition is also very keen for the bill to pass through this house and go to the other place and be dealt with expeditiously, so that it can be in place before 30 June. There is a very good reason for that, and the bill has the support of both sides of the house, as I understand it. I hope that the manager of opposition business will confirm

that. I am very happy to ensure that that bill is brought on this afternoon straight after question time, unless the opposition tells me it wants to deal with it earlier than that, within half an hour, in which case I am very happy to accommodate it, provided the relevant minister is present. I am confident that the opposition will support this motion. It is one that the previous government moved at this time over seven years, and it has traditionally been moved to ensure good governance and delivery of bills in this house and the other place.

MR M. McGOWAN (Rockingham) [12.15 pm]: Just for the record, the opposition is agreeable to what the government is proposing. The agreement that I have with the Leader of the House is that the piece of legislation being dealt with in this way is item 4 on the business paper, under “Bills — Notices of Motion”; that is, the Transfer of Incorporation (HBF and HIF) Bill 2009. I do not think there is any intention on the part of the government to use this mechanism for any other legislation. I ask the Leader of the House to confirm that.

Mr R.F. Johnson: We do not intend to ram through any other legislation under this suspension of standing orders. It is purely for good governance, and to enable messages that come from the Council to be dealt with on the same day as they are received, whereas normally they are dealt with the following day. The main purpose apart from that, I suggest, is to deal with the Transfer of Incorporation (HBF and HIF) Bill 2009.

Mr M. McGOWAN: On the basis of that assurance, I could not be happier!

DR J.M. WOOLLARD (Alfred Cove) [12.16 pm]: I appreciate the importance of the Transfer of Incorporation (HBF and HIF) Bill 2009, but I am disappointed that the house has been asked today to suspend standing orders to allow it to go through in one day, when the bill has not yet been tabled. Members, particularly Independents, have not had the opportunity to be briefed on this bill by the government. I have obviously spoken to people outside the Parliament about this bill, and that is why I appreciate its importance. However, this Parliament is not here to rubberstamp legislation that has not been placed on the table. Under standing order 168, the bill is meant to sit on the table for two to three weeks. Yesterday the Leader of the House gave notice of a motion to expedite this bill when members had not had an opportunity to have a look at it. I thank the Treasurer, who has organised a briefing for me to be held shortly. However, this is not acceptable, and I hope it is an exception rather than a rule that this government intends to follow.

Question put and passed.

RETAIL TRADING HOURS AMENDMENT BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Mr C.J. Barnett (Minister for State Development)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR C.J. BARNETT (Cottesloe — Minister for State Development) [12.19 pm]: I move —

That the bill be now read a second time.

The purpose of this bill is to amend the Retail Trading Hours Act 1987 to allow general retail shops in the metropolitan area to remain open until 9.00 pm each week night. Currently under the act, general retail shops are allowed to trade any time during the following hours: 8.00 am to 6.00 pm on Monday, Tuesday, Wednesday and Friday; 8.00 am to 9.00 pm on Thursday; and 8.00 am to 5.00 pm on Saturday. All shops in the metropolitan area are captured by these hours unless they are motor vehicle shops, or come within any of the other categories in the act—that is, special retail shops, small retail shops and filling stations—or are located within a tourism or holiday precinct. Major department stores, most chain stores and large supermarkets are all general retail shops.

The former Labor government did not address the issue of retail trading hours. Instead of making a decision, it instigated a referendum on the matter that included an obscure question relating to the benefits to the Western Australian community of extending retail trading hours to 9.00 pm on week nights. That referendum was held in February 2005, four years ago. During the recent election campaign, the Liberal Party made a commitment to examine extending weeknight trading hours with broad agreement. In recent months, I have met with at least 18 key industry and community groups to discuss the proposal; the majority support the extension to weeknight trading hours.

This bill will give general retail shops in the metropolitan area the option of opening to 9.00 pm on weeknights should they choose to do so.

For the purposes of the Retail Trading Hours Act, the metropolitan area means the region described in schedule 3 of the Planning and Development Act 2005. This area broadly consists of the area between Yanchep, Swan Valley, Armadale and Rockingham. General retail shops located in the Perth and Fremantle tourism precincts and in the holiday resorts established under the act will be able to trade until 9.00 pm on weeknights. The

ministerial orders that fix trading hours for these tourism precincts and holiday resorts, which are made under section 12A of the act, will be updated to incorporate the 9.00 pm extension.

Standard trading hours under the Commercial Tenancy (Retail Shops) Agreements Act 1985 will not be affected. Under the Commercial Tenancy Act, tenants cannot be required to contribute to the operating expenses related to the extended hours established by the bill unless they choose to open. Such expenses are limited to the relevant proportion—in terms of the total lettable floor area—of those shops that open during the extended hours. In addition, landlords cannot refuse to renew a retail shop lease if tenants choose not to open, as a retail shop lease that requires the tenant to open at specified hours or times is void under the commercial tenancy act. The bill does not amend the commercial tenancy act and as such these existing provisions for retail tenants will continue.

The amendments in this bill extending weeknight trading hours of general retail shops will give metropolitan consumers more choice about when and where to shop during weekdays, provide choice for metropolitan general retail shops as to whether to trade until 9.00 pm each weeknight, preserve the ability for small retail shops to open at any time, and provide for special retail shops to open during their existing extended hours. It will not affect the trading hours arrangements for motor vehicle shops and filling stations.

The majority of non-metropolitan areas have their own trading hours' arrangements in place, provided for in ministerial orders. This bill makes no changes to retail trading hours for any type of shop that is located outside the metropolitan area, thereby continuing the policy of self-determination in regional and non-metropolitan Western Australia.

The government has been approached to create a tourism precinct in Joondalup to provide Perth's northern suburbs with benefits similar to those enjoyed by people living closer to the Perth and Fremantle tourism precincts. This proposal is not part of this bill, but is one that the government supports and will progress through a second bill later in the year.

The extension to weeknight trading hours is a moderate step that takes account of changes that have come about in urban lifestyles and working hours in the metropolitan area in recent years—especially those of young families and working couples. The government has taken a modern, contemporary approach that recognises that many families and individuals require extended shopping hours to provide them with the flexibility to shop around busy working and personal lives. The Retail Trading Hours Amendment Bill 2009 will deliver that flexibility and I commend the bill to the house.

Debate adjourned, on motion by **Mr M. McGowan**.

ROAD TRAFFIC AMENDMENT (HOONS) BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Mr R.F. Johnson (Minister for Police)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR R.F. JOHNSON (Hillarys — Minister for Police) [12.24 pm]: I move —

That the bill be now read a second time.

I am pleased to introduce legislation to the house to give effect to the government's election commitment to address antisocial or hoon behaviour on the roads. The Road Traffic Amendment (Hoons) Bill 2009 makes a number of changes to hoon provisions contained in the Road Traffic Act 1974 to emphasise that the Western Australian community does not and will not tolerate such behaviour on our roads. I will now outline the key provisions contained in the bill.

Impounding periods: Firstly, the bill will extend the period a vehicle can be impounded for a hoon offence from seven days to 28 days for a first offence and from 28 days to three months for a second or subsequent offence. To balance out these increased impoundment periods, the existing provisions that enable a senior police officer to release an impounded vehicle on hardship grounds will be retained.

General impoundment provisions: Currently, the Road Traffic Act 1974 provides that for a vehicle to be impounded for a second hoon offence the driver must have been previously convicted of such an offence. Over recent times, there has been an increased incidence of drivers who have been charged with a hoon offence and have committed a further hoon offence before the first offence has been determined by a court. The bill will now permit a police officer to impound a vehicle for a second hoon offence when a person has been charged with a previous hoon offence that is still outstanding.

To further strengthen the impounding provisions of the act, the bill will require that a vehicle be impounded unless in the circumstances it is impractical to do so.

Impounding offences: One of the offences that trigger police impoundment of a motor vehicle is reckless driving whereby the offence is committed in “circumstances of aggravation”—that is, racing, excessive noise or burnouts. These circumstances have to be proven in court in order to trigger the impoundment or confiscation of a vehicle. These circumstances of aggravation create significant logistical problems in respect of the confiscation of vehicles as it is extremely difficult to establish whether these circumstances were proven in court because they are not elements of the actual offence of reckless driving. In addition, behaviour such as being involved in a pursuit with police or doing wheelies on a motorcycle does not fall within the current definition of circumstances of aggravation and therefore would not trigger the impoundment or confiscation of a vehicle.

The bill removes the circumstances of aggravation in respect of reckless driving offences. The effect of this will be that all reckless driving offences will now trigger the impoundment or confiscation of a vehicle. The bill will also provide the power for police to arrest for reckless driving, similar to the provision for arrest without warrant that currently exists for the offence of driving under the influence. This will allow police to bring the person before the court in a timelier manner. In addition, the other trigger offences committed in circumstances of aggravation were examined. Presently, the offence of dangerous driving committed in circumstances of aggravation can trigger the impoundment or confiscation of a vehicle. The essential difference between reckless driving and dangerous driving is that reckless driving is a wilful act and dangerous driving is not. Currently, dangerous driving offences are captured by only the hoon offence if they are committed in circumstances of aggravation—for example, racing, excessive noise and burnouts. As all of these circumstances are wilful acts, a person’s vehicle is more likely to be impounded for the commission of a reckless driving offence than for a dangerous driving offence. This is proven by the fact that since the enactment of the hoon laws, very few people have had their vehicles impounded for having committed a dangerous driving offence. As a consequence, the bill removes the offence of dangerous driving from the hoon provisions.

Surrender notices: When a police officer is not able to impound the vehicle at the roadside—for example, circumstances may dictate that it will take two hours before a tow truck arrives at the scene—a surrender notice can be issued to the driver to surrender the vehicle. The effect of this notice is that the responsible person has seven days to surrender the vehicle to police. Should the responsible person fail to comply with the surrender notice, police will be authorised to enter the premises without a warrant to seize the vehicle. If the responsible person has hidden the vehicle, the Commissioner of Police can request the director general to suspend the vehicle licence until the vehicle is surrendered to police. To further strengthen these provisions, a person will not be able to dispose of a vehicle that is subject to a surrender notice. If he does, he commits an offence and will be liable to be fined up to \$2 500.

Confiscation of vehicles by courts: It is considered that the current provisions, when a court is considering an application for the confiscation of a vehicle for either a hoon driving, hoon driver licence or road rage offence, are too broad. Presently, a court can take into account a range of issues, including hardship, when determining whether to order the confiscation of a vehicle following the third conviction for a hoon offence. To tighten up these aspects, the bill will amend the act to provide that a court must order the vehicle’s confiscation unless it is satisfied that the order would cause severe financial or physical hardship to a person, other than the driver of the vehicle, who has an interest in the vehicle or is the usual driver of the vehicle.

If a person uses his own vehicle to commit a third hoon driving offence and action is taken to confiscate the vehicle, there will not be any capacity for the offender to raise hardship provisions before a court. However, if the vehicle to be confiscated belongs to a third party, or if another person is the usual driver of the vehicle, they will be given the opportunity to have a court decide whether hardship would apply.

Devaluing vehicles: Section 80G(6) of the act makes it an offence for a person to dispose of his or her interest in a vehicle when he or she has been served with a notice of intention to make application to impound/confiscate a vehicle. The bill will extend this offence provision to include stripping or devaluing the vehicle. This will cover situations in which a person decides to strip or damage his or her vehicle knowing that it is about to be impounded or confiscated. The penalty for this offence is a fine of up to \$2 500.

Disposal of vehicles: The remaining provisions of the Road Traffic Amendment Act 2008, which provide for impoundment of vehicles when a person drives under court-imposed disqualification, are due to be proclaimed on 1 July 2009. It is anticipated that, as a result of this, the number of vehicles that are uncollected after the impounding period has ended will increase significantly. Should this occur, it will place an additional strain on police resources in disposing of these vehicles.

Although section 78D of the Road Traffic Act provides that a contractor can assist the Commissioner of Police or a police officer in the performance of his respective functions under part V, division 4 of the act, there is some ambiguity as to whether the Commissioner of Police can engage a contractor to sell or dispose of a confiscated or uncollected vehicle on his behalf. In order to clarify this situation and remove any possible ambiguity, the bill extends the provisions of section 78D of the act to allow the commissioner to enter into a contract under which

the contractor performs the duties of section 80J of the act on his behalf; that is, the contractor will be able to sell or dispose of confiscated or uncollected vehicles.

Proceeds from sale of confiscated vehicles: Presently, the net proceeds of the sale of a confiscated vehicle are paid into the consolidated fund. The bill proposes to amend the act and the Road Safety Council Act so that the net proceeds are instead paid into the road trauma trust fund. This will enable the funding of campaigns and strategies statewide to assist in the reduction of the road toll.

Outstanding debts from sale of uncollected vehicles: Currently, the act provides that when a confiscated vehicle is sold, if the proceeds from the sale are insufficient to meet the costs incurred in confiscating and selling the vehicle, then the person who committed the offence that triggered the confiscation owes a debt to the Commissioner of Police. However, the act does not contain a similar provision in respect of uncollected vehicles that have been sold. The bill addresses this anomaly and will allow such a debt to be recovered by the Commissioner of Police in a court of competent jurisdiction.

Delegation by Commissioner of Police: Currently, when the Commissioner of Police makes an application to a court for the impoundment or confiscation of a vehicle, the application has to be made personally by the Commissioner of Police. It is anticipated that in the 2009-10 financial year, the Commissioner of Police will be signing in excess of 1 000 applications for vehicles to be impounded or confiscated. This is largely because the remaining provisions of the Road Traffic Amendment Act 2008, which come into effect on 1 July 2009, provide for the impoundment of vehicles for 28 days when a person drives under a court-imposed disqualification. While the Road Traffic (Administration) Act 2008 contains a general delegation power for the Commissioner of Police, that legislation is unlikely to be proclaimed before the end of 2010. Therefore, the bill inserts an interim measure that will allow the Commissioner of Police to delegate this function and thus alleviate the need to personally sign each impoundment/confiscation application.

Reckless and dangerous driving—alternative verdict: Section 62A of the Road Traffic Act creates an offence when a person uses a vehicle for burnouts and creating excessive noise. On most occasions, the person is also driving in a reckless or dangerous manner. In these circumstances, police will charge the person with either reckless or dangerous driving. However, there may be occasions on which the elements of reckless or dangerous driving are not proven, but it is acknowledged that the person carried out a burnout or emitted excessive noise from the vehicle. When this occurs, a court cannot currently convict a person of an offence under section 62A, because such offences are not alternative verdicts in respect of charges for offences of reckless or dangerous driving. The bill addresses this anomaly so that a court can convict a person of the lesser offence under section 62A if the elements of reckless or dangerous driving are not proven.

Minor amendments: Finally, the bill contains a number of minor housekeeping amendments designed to clarify some terminology used in the Road Traffic Act. For example, it is proposed to make a minor amendment to section 80G(2)(b)(ii) of the act, which deals with the making of applications to a court to impound or confiscate a vehicle, to remove the word “brought” and insert “commenced”. This will remove any confusion as to the intent of this provision, as currently magistrates are interpreting the term “brought” to mean the matter actually being heard by the court and not simply an application being lodged. I commend the bill to the house.

Debate adjourned, on motion by **Ms M.M. Quirk**.

ROYALTIES FOR REGIONS BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Mr B.J. Grylls (Minister for Regional Development)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR B.J. GRYLLES (Central Wheatbelt — Minister for Regional Development) [12.35 pm]: I move —

That the bill be now read a second time.

I am pleased to introduce the Royalties for Regions Bill 2009. The purpose of the bill is to provide a legislative base for the operation of the royalties for regions fund, which has already been established administratively. It will also establish the Western Australian Regional Development Trust, which will provide independent advice on the allocation of money from the fund. The royalties for regions policy was central to the formation of the present government. The policy reflects strong public sentiment in the regions that governments of today and tomorrow need to increase investment in those areas.

The royalties for regions program is designed to help regional communities grow and prosper through promotion of local decision making and to attract the resources and investment needed to support development in country Western Australia. One way of doing this is to ensure that a portion of the wealth generated in the regions stays

in the regions. This will place a new focus on people living in regional Western Australia, and will allow the significant benefits that Western Australia receives from the mining and petroleum industries to be reinvested in the future of regional communities. This view is also shared by many in the metropolitan area who empathise with the regions, whether it be through some business or family connection or simply through an understanding of the difficulties that country people face because of a lack of, or decline in, services and infrastructure.

The central and simple principle behind this legislation is that every person in Western Australia should be entitled to basic services and infrastructure no matter where they live—schools, hospitals, government services and recreation and sporting facilities, as well as the ability to develop business and economic prosperity. However, this legislation is not just about structural development. It is about people being encouraged to live and grow within their communities, to bring up families without having to move to cities for education or health services, to become long-term residents and to drive and plan the future of their own communities. In broad terms, the object of the bill is to promote and facilitate economic, business and social development in regional Western Australia; that is, through the operation of the fund and its subsidiary accounts it is hoped to build capacity in communities; retain benefits in local communities; improve services to achieve equity with metropolitan communities; attain sustainability; expand opportunity; and grow prosperity.

The bill provides that for each financial year an amount equal to 25 per cent of the forecast mining and petroleum royalty income is to be credited to the royalties for regions fund. It also provides for any income derived from the investment of money standing to the credit of the fund and for money from other sources such as the commonwealth to be credited to the fund. However, the bill limits to \$1 billion the money that may stand to the credit of the fund at any time. The royalties for regions fund will consist of the following programs: the country local government fund; the regional community services fund; the regional infrastructure and headworks fund; and any other account determined from time to time with ministerial approval.

The fund will hold significant public funds, and a statutory body is required to provide oversight in the management of those funds. Accordingly, this bill provides for the establishment of the Western Australian Regional Development Trust, which will provide me with independent and impartial advice on the allocation of moneys from the royalties for regions fund to each of the subsidiary accounts. The trust will also advise and make recommendations on the purposes for which funds are to be used and on any other matter relating to the operation of the fund. The trust is also required to report annually to Parliament on its activities.

The bill provides for the department responsible for assisting the trust to provide the trust with such services and facilities as are necessary to enable it to perform its functions. In undertaking this role, the Department of Regional Development and Lands will, as the accountable authority, monitor and report on any disbursements in expenditure in accordance with its obligations. The department will also be required to include information about the operation of the fund during the financial year in its annual report.

Local decision making and delivery of this initiative will be fundamental to its implementation. For this reason, membership of the trust will consist of a chairperson of a regional development commission and between three and five other people with the regional knowledge and experience necessary to enable the trust to perform its functions. Although the term of office of a chairperson of a regional development commission will be 12 months, for other members it will be three years. This will provide people with fresh ideas and different perspectives with the opportunity to become members of the trust and contribute to the social and economic development of regional areas. This legislation will affect all communities in regional Western Australia, including all local government areas covered by the nine regional development commissions. Its impact will be positive and far-reaching and will bring a newfound sense of purpose.

The royalties for regions policy has delivered a program that allows communities to plan for sustainable social and economic opportunities into the future and the Royalties for Regions Bill 2009 provides a legislative framework for the ongoing investment into these regional communities. I seek the support of members of the house to expedite the passage of this bill. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.

TRANSFER OF INCORPORATION (HBF AND HIF) BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Mr T.R. Buswell (Minister for Commerce)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR T.R. BUSWELL (Vasse — Minister for Commerce) [12.42 pm]: I move —

That the bill be now read a second time.

The bill the government is introducing today is the Transfer of Incorporation (HBF and HIF) Bill 2009. The purpose of the bill is to facilitate the transfer of the incorporation of HBF Health Funds Inc and the Health Insurance Fund of WA Inc from the Western Australian Associations Incorporation Act 1987 to the commonwealth Corporations Act 2001.

The transfer of the incorporation of HBF and HIF is necessary for the two organisations to remain compliant with the requirements of the commonwealth Private Health Insurance Act 2007, which came into effect on 1 April 2007. This act requires that all providers of health insurance be registered under that act as either for-profit or not-for-profit insurers. HBF and HIF are both currently registered as not-for-profit insurers. In 2008 the Private Health Insurance Act was amended to provide that all private health insurers must be registered as companies within the meaning of the Corporations Act by 1 January 2010. The purpose of this amendment was to make certain that all insurers will be subject to similar accountability standards and governance requirements, thus improving equity in the regulation of the industry. Under the Corporations Act, the insurers will be subject to a more stringent regulatory regime. HBF and HIF are currently incorporated associations under this state's Associations Incorporation Act. In order to avoid cancellation of their registration as private health insurers, HBF and HIF must become registered companies under the Corporations Act before 1 January 2010.

Both HBF and HIF have strong roots in Western Australia. HBF was established in 1941 and is the largest not-for-profit provider of health insurance in Western Australia, with more than 900 000 policyholders. HIF was established in 1954 as a health fund for certain employees of West Australian Government Railways. It is now an open access fund and the third largest not-for-profit provider of health insurance in Western Australia, with approximately 50 000 policyholders.

Together HBF and HIF provide private health insurance to more than 60 per cent of the market in Western Australia, with more than 95 per cent of the policyholders from each organisation being Western Australian. It is therefore essential that HBF and HIF maintain their registration as private health insurers and are able to continue providing health insurance to Western Australians.

There are two ways for HBF and HIF to become registered companies and thereby continue to provide private health insurance. At present the Associations Incorporation Act does not authorise the transfer of the incorporation of an association to registration as a company under the Corporations Act. Proposed amendments to the Associations Incorporation Act are intended to permit such a transfer administratively; however, these arrangements have not yet been finalised. It is unlikely that the proposed amendments will be developed and passed in time for HBF and HIF to transfer their incorporation prior to 1 January 2010. Accordingly, the transfer of incorporation of HBF and HIF cannot be done administratively at this time.

It would be possible for HBF and HIF to transfer their health benefit funds to a newly incorporated company limited by guarantee. Section 34 of the Associations Incorporation Act will facilitate this transfer, although there are additional steps to be taken to achieve this outcome. These further steps include: establishing a new company under the Corporations Act; making an application to the Private Health Insurance Administration Council for registration of the new company as a private health insurer, although the council has advised that such an application would need to be lodged before 1 September 2009 in order to be considered prior to the 1 January 2010 deadline; seeking an order from the Commissioner for Consumer Protection under section 34; and obtaining any necessary taxation rulings.

Although this option is available, there is concern that there will not be sufficient time to obtain the necessary rulings from third parties to enable HBF and HIF to comply with the deadline. As a result, the government has chosen to assist HBF and HIF to use another mechanism to transfer their incorporation legislatively. Section 5H of the Corporations Act provides *inter alia* that a body is taken to be registered under the act as a corporation if a law of the state provides that the body is a deemed registration company and specifies the registration day, the type of company that the body is to be registered as, and the company's proposed name. Section 5H also provides that certain notices and other documents must be lodged with the Australian Securities and Investments Commission prior to the registration day. Section 5H of the Corporations Act has been used at various times in New South Wales to provide that the Cancer Council, the FSS Trustee Corporation and Westpac Banking Corporation are deemed registration companies.

This bill will deem HBF and HIF to be registration companies under section 5H of the Corporations Act. It will facilitate HBF and HIF changing from incorporated associations to public companies limited by guarantee and remaining registered as insurers under the Private Health Insurance Act. HBF and HIF have each advised that they will remain registered as not-for-profit health insurers under that act.

HBF and HIF have also advised that there will be no impact on the rights of policyholders in relation to their health insurance as a result of the changes in incorporation and that there will be no impact on health insurance premiums or benefit payments. The changeover from an incorporated association to a registered company will involve some changes to the governance arrangements of each association.

Currently, HBF policyholders are not automatically members of HBF Health Funds Inc. However, certain policyholders have the right to nominate to become members of the incorporated association and to vote for members of the association, known as the council. The proposed corporate structure for HBF as a company limited by guarantee is similar to HBF's current constitution as an incorporated association, with the same number of members or councillors, who will be required to provide a guarantee in relation to the liabilities of the company. Policyholders will have the same voting rights. HIF's policyholders automatically are members of the association, the Health Insurance Fund of WA (Inc). The proposed structure for HIF as a company limited by guarantee will involve some change to the rights of policyholders as members of the organisation. Under the proposed structure, policyholders will be entitled to vote for members of the company. They will also be entitled to attend meetings of company members and be heard, but will not have the right to vote at those meetings. Only the policyholders who are company members will have the right to vote at meetings and will be required to provide a guarantee in relation to the liabilities of the company. HIF has advised that this change to the rights of members is necessary to make the structure of a company limited by guarantee workable.

I now turn to the key provisions of the bill. The Transfer of Incorporation (HBF and HIF) Bill 2009 provides that HBF and HIF are to be deemed registration companies for the purposes of section 5H of the Corporations Act; HBF and HIF are to be registered as companies limited by guarantee; the proposed names of the companies are to be HBF Health Limited and Health Insurance Fund of WA Limited; and the registration day is to be a date specified by the Minister for Commerce by order published in the *Government Gazette*. The bill also provides that the minister will make an order specifying the registration day for HBF or HIF only if the minister is satisfied that each insurer has complied with section 5H(2) and (3) of the Corporations Act and the minister has approved the proposed constitution provided by the insurer. In addition, the bill provides that the HBF and HIF companies are to be taken to be a continuation of the same legal entities as the respective associations. The registration of HBF and HIF as companies is not to affect any rights, obligations, liabilities or legal proceedings.

The bill provides a cost-effective and certain means of enabling HBF and HIF to become incorporated under the Corporations Act and comply with the requirements of the commonwealth private health insurance legislation by 1 January 2010. The bill will enable HBF and HIF to maintain their registration as private health insurers. This will mean that Western Australians will continue to have access to health insurance provided by these two insurers. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.

[Continued on page 5191.]

CROSS-BORDER JUSTICE AMENDMENT BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Mr C.C. Porter (Attorney General)**, and read a first time.

Explanatory memorandum presented by the Attorney General.

Second Reading

MR C.C. PORTER (Bateman — Attorney General) [12.52 pm]: I move —

That the bill be now read a second time.

The cross-border justice scheme will introduce a collaborative system of justice administration in the region where the borders of Western Australia, South Australia and the Northern Territory meet. The scheme was instigated by the NPY Women's Council, which initially approached state and territory governments in 2003 seeking a solution to the serious justice problems in these remote regions. In response, the governments of South Australia, the Northern Territory and Western Australia developed the cross-border justice scheme. As noted by the former Attorney General upon the introduction of the Cross-border Justice Bill 2007, the scheme seeks to break down the barriers that the borders create in the administration of justice in the cross-border region.

The cross-border justice scheme will allow police, magistrates, fines enforcement agencies, community corrections officers and prisons of one jurisdiction to deal with offences that may have occurred in another of the participating jurisdictions. Western Australia developed the model legislation for the cross-border justice scheme, which was then used as the basis for the drafting of the Northern Territory's and South Australia's legislation. Western Australia's Cross-border Justice Act 2008 was assented to in March 2008.

During the consultation process in South Australia and the Northern Territory, several issues were raised that resulted in minor changes to the model legislation. The changes were agreed to by all three jurisdictions and incorporated in the South Australian and Northern Territory legislation. The Northern Territory's Cross-border Justice Act 2009 was assented to in March 2009, and South Australia introduced its bill into Parliament in February 2009.

The Cross-border Justice Amendment Bill 2009 amends the Cross-border Justice Act 2008 to ensure consistency with the South Australian and Northern Territory mirror legislation. To enable the cross-border justice scheme to operate successfully, it is critical that the legislation is uniform across participating jurisdictions. To ensure such consistency in the model legislation, the 2009 bill amends sections 7, 8, 29, 36, 54 and 55 of the Cross-border Justice Act 2008, and also inserts a new section, section 139A, into the act.

The amendment to section 36 and the insertion of proposed section 139A represent the only two substantive amendments to be made to the Cross-border Justice Act 2008 by way of this bill. The first substantive amendment is to section 36 of the act. South Australia and the Northern Territory expressed concern that the text in section 36(1) did not make it clear that the clause applied to only those persons released without charge. Consequently, this section is amended to clarify that it specifically relates to persons released without charge rather than simply persons released. In section 36(1) the word “released” will be deleted and the words “released without charge” will be inserted.

The second substantive amendment made by this bill is the insertion of a new section, section 139A, into the act. Proposed section 139A addresses an issue raised by the Coroner’s Court in South Australia and the Northern Territory. Concern was raised that section 34(3) of the model legislation may prevent a state or territory coroner from investigating the death of a person that occurred while the person was in the custody of another state or territory.

Proposed section 139A will ensure that the coronial jurisdiction of each participating state or territory is not affected by the new scheme. Consequently, this proposed section clarifies that the operation of Western Australia’s Coroners Act 1996 will not be affected by the Cross-border Justice Act 2008. It is important to note that the coroners have an administrative mechanism for determining which state or territory would hold an inquest in the event that two or more of the participating jurisdictions may have the jurisdiction to investigate a death in custody.

In terms of the remainder of the Cross-border Justice Amendment Bill 2009, sections 54 and 55 of the act will be amended, not substantively, in order to make these sections clearer. Additionally, amendments will be made to sections 7, 8 and 29 to correct minor drafting errors.

The Cross-border Justice Amendment Bill 2009 will ensure consistency with the South Australian and Northern Territory legislation. I acknowledge the support given to the cross-border justice scheme by the previous Attorney General, Hon Jim McGinty, MLA and also by the Attorneys General of South Australia and the Northern Territory.

I further acknowledge the work of the commonwealth Attorney-General in realising the operation of the cross-border justice scheme. Hon Robert McClelland, MP recently introduced the Law and Justice (Cross Border and Other Amendments) Bill 2009 into the commonwealth Parliament. This bill will make the necessary amendments to the Service and Execution of Process Act 1992 to facilitate the operation of the cross-border justice scheme. The cross-border justice scheme is a groundbreaking approach from Western Australia, South Australia and the Northern Territory, which will enhance the safety of those living in the remote communities in the cross-border region. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.

BUSSELTON WATER BOARD (SUPPLY OF WATER TO DUNSBOROUGH) BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Dr G.G. Jacobs (Minister for Water)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

DR G.G. JACOBS (Eyre — Minister for Water) [12.58 pm]: I move —

That the bill be now read a second time.

The purpose of this bill is to extend the operation of the Water Boards Act 1904 to enable the Busselton Water Board to enter into a water supply agreement with the Water Corporation for the supply of water to Dunsborough and surrounding areas. Water supply in the Dunsborough area is operated by the Water Corporation and is now approaching peak capacity during summer months. One option to secure the Dunsborough area’s water supply into the future is for the corporation to purchase water from the Busselton Water Board. In this way the Water Corporation can meet the growing demand for water in the Dunsborough area at a lower cost by deferring upgrades to the water supply scheme. Avoidable costs as a result of this arrangement amount to about \$9 million.

Under the proposed arrangement, the Busselton Water Board and the Water Corporation will enter into a water supply agreement giving the corporation an option to purchase up to 23 megalitres a day to supply the

Dunsborough area for a period of up to 65 years, depending on demand. At present, Busselton Water Board does not have authority under the Water Boards Act 1904 to enter into water supply agreements outside its water area. Accordingly, this bill extends the operation of the Water Boards Act 1904 to allow Busselton Water Board to supply water to the Water Corporation for the Dunsborough area as if it were part of the normal business of the board and the board's operations for the purposes of the Water Boards Act 1904.

This extension of the Water Boards Act 1904 is limited in scope and applies strictly to the supply of water to the Dunsborough area. It is intended that the Water Boards Act 1904 will be repealed and replaced with new water services legislation to be introduced into Parliament in the near future as part of a major reform of Western Australia's water legislation. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.

REVENUE LAWS AMENDMENT (TAXATION) BILL 2009

Second Reading

Resumed from 20 May.

MR B.S. WYATT (Victoria Park) [1.01 pm]: I rise to speak to the Revenue Laws Amendment (Taxation) Bill 2009. I am the lead speaker on behalf of the opposition, and I will begin by saying that the opposition will be supporting this legislation. I do not propose to spend 60 minutes talking to this bill, but I will spend a little time reflecting on tax generally, as well as on the contents of this bill.

As the explanatory memorandum states, the bill seeks to amend three pieces of legislation, primarily the Land Tax Assessment Act 2002, to implement a number of land tax measures announced as part of the 2009-10 budget. The measures include a system of capping growth in individual land cap values by a prescribed percentage, which is intended to be 50 per cent for the 2009-10 assessment year, and also the reintroduction of a concession for land developers which allows land tax to be calculated on the en globo value of land holdings rather than the full subdivided value of lots for one year after the creation of the lots. Consequentially, some amendments must be made to the Land Tax Act 2002 and the Metropolitan Region Improvement Tax Act 1959 to facilitate those capping arrangements. The bill before us today is somewhat technical in nature and amends those three pieces of legislation to deliver upon budget initiatives primarily in respect of capping growth in valuations for the purposes of land tax.

I will refer to an advertisement printed in *The West Australian* on 26 November 2008 that I referred to last time there was a revenue laws amendment act dealing with land tax. The advertisement was placed by Mr Joe Pintaudi of City Beach. The advertisement states —

THE LAND TAX OFFICE IS A DISGRACE

Can the Land Tax Office or our Government tell me how my land tax on my commercial properties from Sep '07 to Nov '08 went up from \$50,546.50 to \$118,085.75 — That is a \$67,539.25 increase in 12 months and the land value went up from \$4,674,651 last year to \$9,517,236 this year — That is ridiculous.

I have given very little rent increases to my tenants in the past 5 years, I charge my tenants \$80 per square metre for factories in Balcatta, now I will have to put the rent up to \$100 per square metre or more. That will probably send some of my tenants bankrupt.

I am wondering if you people are for real?

Looks like you really want to send the State into a Full-Blown Recession.

Joe Pintaudi

City Beach.

Land tax has caused consternation for governments across this country for many years. The advertisement placed by Mr Pintaudi details a scenario that the government is attempting to address by way of this cap, the implementation of which is supported by the opposition.

By way of background, it is worth noting the recent Western Australian government submission to the review of Australia's future tax system, dated May 2009—otherwise known as the Henry review—commissioned by the commonwealth government shortly after Kevin Rudd became prime minister and formed government. Dr Ken Henry, secretary of the federal Treasury, is heading that review into Australia's tax system, which is well past due. Hopefully, the results of that review will enable a reform of our taxation system that better reflects the demands placed on the state and territory governments in service delivery and better reflects the reality of the limited revenue base that state and territory governments have.

The submission is well-written and outlines the limitations of state and territory governments. Page 2 details the composition of state and territory revenue for 2007-08, and notes that whilst Western Australia has a higher composition of royalties, we are fortunate that we have a royalty revenue base higher than any other state or territory, and the graph indicates that our own taxation probably sits somewhere in the middle of most of the states and territories. Turning to page 3, the composition of the source of taxation is detailed. As has been mentioned a number of times by members of Parliament, Western Australia has three primary direct taxation sources beyond royalties; namely, land tax, payroll tax and conveyancing duty. Page 3 of the submission to the Henry review details the make-up of that collection, and land tax is a not insignificant part of Western Australia's taxation revenue source.

I will quote from page 2 of the submission that relates to goods and services tax returns, although it is not directly relevant to the bill. Page 2 states —

Western Australia is also very important to the overall fiscal health of the Australian economy and the individual States. For 2007-08, it is estimated that Western Australia contributed \$8.2 billion to the Federation in net terms. This is an estimate of the difference between revenue the Commonwealth derives from Western Australia (\$37.3 billion) and Commonwealth expenditure relating to the State (\$29.1 billion). Western Australia's contribution is much greater than New South Wales' and Victoria's, the only other States that are net contributors ...

I will finish reading that quote, but I want to make the point that I noted with interest the comments of the New South Wales' Treasurer in *The Australian Financial Review* at the weekend. He was interviewed prior to the release of his government's budget yesterday, and he said that he was, effectively, sick of New South Wales subsidising other states and territories, in particular resource-rich states. Whilst he did not name Western Australia, I assume he was referring to our state in that comment. His comments do not reflect the reality of what has been happening regarding which state is subsidising which.

I will continue the quote from page 2 of the submission to the Henry review —

Western Australia's contribution is also reflected in the distribution of the Goods and Services Tax (GST) revenue by the Commonwealth. The horizontal fiscal equalisation (HFE) process applied by the Commonwealth Grants Commission will leave Western Australia with only 8 per cent of GST revenue in 2009-10, even though its population comprises over 10 per cent of Australia's total population. Western Australia's share of GST revenue is forecast to decline further to about 6 per cent in 2011-12.

No doubt every member of Parliament is aware of our declining GST returns and the fact that the horizontal fiscal equalisation process penalises Western Australia. The submission that the state government submitted to the Henry review makes that point very well. I hope that Ken Henry and his committee take that into consideration when they make their recommendations about a future tax system for Australia. I know that the Treasurer is very interested in meaningful tax reform as he spent many hours sitting on this side of the house talking about meaningful tax reform. However, now that he is the Treasurer, he gets to see the finances that the former Treasurer, now Leader of the Opposition, had the pleasure of seeing. Not many members of Parliament get that information, but meaningful tax reform at the state level cannot take place without the commonwealth also being involved.

Mr T.R. Buswell: The numbers that the former Treasurer used to see are a distant memory compared with the numbers that I normally see now.

Mr B.S. WYATT: I have no doubt that the numbers that the Treasurer is seeing are somewhat different. I daresay in four years, when I assume the member for Vasse will still be Treasurer, the numbers will be different again. The fact is that state governments—all state governments are in a similar position, having to deliver core services—are limited by their revenue source and by what they can do by way of meaningful reform. Whilst sitting on this side of the chamber, the Treasurer made a number of suggestions on land tax reform. I have read his speeches and I have met with the various lobby groups that are interested in this area. However, the only way we can have meaningful reform, whether it is land tax or payroll tax, is to either reform the fiscal relationship we have with the commonwealth government or decide that there is an area in which state governments no longer involve themselves.

Mr T.R. Buswell: And attempt to slow down the rate of growth of recurrent spending as a third of —

Mr B.S. WYATT: I agree, but we need to look at the states generally over the past two decades, regardless of what party has been in power. I think the government is attempting a significant pullback on that growth of recurrent spending, in terms of both percentage and real dollars. To get the sorts of tax reductions that the government would like to get, we probably have to remove government from a particular area. I am not saying that this side of the house will support that but with the limited capacity that it has, even if it wrings every cent out of every dollar, the demand for recurrent spending of state governments will always be higher year in, year out.

Mr T.R. Buswell: I will give an example of the challenge in health services, which is 25 per cent of our general government recurrent spending.

Mr B.S. WYATT: And going up.

Mr T.R. Buswell: Health recurrent spending is currently growing at about 10 per cent. The health demand is growing at about half that. There are all sorts of challenges in and around those areas.

Mr B.S. WYATT: I am assuming that the demand increase is not necessarily linked to the cost of providing it. It depends on what is being put on.

Mr T.R. Buswell: You would have to wonder, therefore, why the per unit cost of health service delivery is going up at such a rate.

Mr B.S. WYATT: That may be because of a particular investment in health—short-term higher spending—or it may be a long-term problem that the Treasurer is now grappling with to try to get those two figures closer together.

The point that I am trying to make and the point that the government's submission to the Henry tax review makes is that Western Australia is a net contributor to the Australian federation. That point needs to be made clear. I make that point because I was somewhat surprised by the comments of the New South Wales Treasurer.

Mr T.R. Buswell: Have you met him?

Mr B.S. WYATT: No, I do not get those sorts of pleasures of meeting high and important people; I am merely a member of the Western Australian opposition.

Mr T.R. Buswell: He's all right.

Mr B.S. WYATT: I agree; he seems to be a very competent man but I think he got his points wrong in Saturday's newspaper. I would like to quote from the first page of the submission to the Henry review, which sets up the value that Western Australia has for the Australian commonwealth. It states —

Western Australia's gross state product (GSP) for 2007-08 was \$146.4 billion or 13.5 per cent of Australia's total gross domestic product (GDP) for that year. It's GSP per capita for 2007-08 was \$68,837, the highest of all States.

Western Australia is a state that certainly cannot be ignored because it is a net contributor. I dare say that the Prime Minister is relying on Western Australia's relationships with its trading partners to ensure that it remains a net contributor to the federation.

This legislation, as I have already briefly outlined, primarily deals with two matters. It will cap growth in individual land values at 50 per cent for the 2009-10 year. The example given by Mr Joe Pintaudi in the advertisement that he took out on 26 November 2008 highlighted a number of complaints that I, as shadow Treasurer, received at my office. The member for Balcatta outlined those very eloquently last year when we were debating the previous piece of legislation that dealt with land tax adjustments. It is interesting to note that the complaints about the last round of land tax assessments that went out dealt primarily with commercial property, particularly in areas such as Balcatta and Osborne Park. I have part of Welshpool in my electorate. Welshpool is a commercial area but I did not receive any complaints about Welshpool.

Mr T.R. Buswell: There are also some in the Midland area.

Mr B.S. WYATT: That may be true but the complaints that I received, which would have been a small percentage of the complaints received by the Treasurer or Landgate, were primarily about two or three areas of commercial property. I wrote to the Valuer-General outlining some of the queries that I had about how valuations were arrived at. For a number of years a constituent of the member for Balcatta had received valuations that he considered to be 10 to 15 per cent below market value. He assumed that that was the process taken by the state government to eliminate complaints. By taking a conservative estimate by the landowner's value, we will eliminate or at least reduce complaints. In the last assessment he got, the valuation was correct. It had a double impact. Instead of having the 10 to 15 per cent reduction in market value, the impact that that had on his land tax assessment was quite phenomenal. I had an example of that but I will find that later.

My point is that there was a massive growth in land tax bills primarily for commercial property. I wrote to the Valuer-General about that constituent. He considered the valuation transparent enough for him to at least estimate what his land tax liability would be in any particular year. As has been discussed at length in this place, land tax is not necessarily linked to one's capacity to pay; it is simply linked to the value of one's property. He was making a point. As Mr Pintaudi said in the advertisement in *The West Australian*, he had to pass that on to the tenants in his property. In the past five years the flow-on from that has not caused as many complaints simply because the economic conditions allowed those businesses subletting commercial property to absorb those rises because their revenue streams tended to be going well. However, because of the lag that land tax assessment has,

the most recent land tax assessment had a large increase at a time when the economy slowed dramatically. That is exacerbating the impact, as landowners tend to pass on, as they would, those land tax rises. A letter I received from Mr Garry Fenner, Valuer-General, Landgate, states —

There is a period of 12-15 months between the date of valuation and the issue of land tax assessment notices (the period of time to revalue the whole state typically 10 to 12 months with the remaining period used to model tax scales and issue rate notices). During booming market conditions this resulted in values being significantly below the market value of a property at the time the notice is received and gives the impression of conservative values being applied. In less buoyant conditions such as we have more recently experienced this is not the case.

I also asked a question about the total number of objections that Landgate had received, which is also a question I intend to put to the Treasurer during consideration in detail. The total number of objections to unimproved value assessments lodged since 1 July 2008 is 1 199, plus 902 informal queries. Osborne Park recorded 34 objections and 35 queries, and Balcatta recorded 30 objections and 35 queries. These numbers are high above historical levels and are a reflection of the interplay between the unusually high increases in market values, land tax assessments and the current recession. As a general rule the level of objection to values in Western Australia is well below the level in all other states. We have since received, through questions in the other place, some up-to-date information on those objections.

I received no complaints involving residential property owners. All the complaints that I have received involved commercial property owners. I think that by and large that is due to the tax relief measures that pertained in the 2008-09 budget. As outlined at page 60 of the 2008-09 *Economic and Fiscal Outlook*, the increases in thresholds and cuts in rates of land tax and the metropolitan and regional improvement tax totalled over \$558 million and had an impact in 2008-09 of \$120 million; in 2009-10 an impact of \$132 million; in 2010-11 an impact of \$145 million; and in 2011-12 an impact of \$161 million. On page 63 of the 2008-09 *Economic and Fiscal Outlook* it states —

The new 2008-09 land tax and MRIT scales will, on average, offset the impact of ‘bracket creep’ through a combination of an average 13% in all thresholds (ranging from 20% for minimum thresholds for 10% for the two highest thresholds for land tax), 33% reductions in the two lowest marginal land tax rates (applying to properties valued up to \$2.2 million under the new scale) and reducing the MRIT rate by 17% (from 0.8% to 0.5%). As a result, the increase in total land tax and MRIT revenue in 2008-09 will be around 29%, broadly the same as the average increase in land values. The increase in the minimum threshold to \$300,000 (for both land tax and MRIT) also reduces the number of taxpayers by about 26,600 compared to if the threshold remained unchanged at \$250,000.

From the lack of complaints that I received involving residential property owners it seems that those initiatives contained in the 2008-09 budget are largely, not eliminating complaints, but I guess reducing the number of complaints from residential property owners.

The first budget that this government has brought down contains this capping initiative. I note that during debate in this place back on 12 June 2007 between the former Treasurer, now Leader of the Opposition, and the current Treasurer regarding reforms, the Treasurer suggested the idea of a cap based on the consumer price index. Discussions that I have had with the Real Estate Institute of Western Australia have suggested the idea of rolling three or five year averages. However, the end of those three or five years would obviously see a spike in land tax bills. REIWA is certainly of the view that that spike would not be as dramatic as the most recent spike in commercial properties’ land tax valuations. The Treasurer’s budget has included the relief, or cap, and the in globo reintroduction of the development concession, as well as outlining a new instalment option extension of time to pay, which I think will be helpful for those commercial property owners seeking to recoup the increased land tax from their tenants.

The cost of land tax and the 50 per cent cap on unimproved valuation growth in both land tax and MRIT is estimated at \$6.9 million for 2009-10; no impact for 2010-11, which I assume means that 2010-11 will have a reduction in property values, which the budget certainly indicates; \$2.3 million in 2011-12; and \$2.3 million in 2012-13, being a total cost to the state’s finances of \$11.5 million. The reintroduction of the developers’ in globo concession for the 2009-10 budget will be \$2.3 million, and there are similar figures all the way through to 2012-13, being a total cost of \$9.2 million. That \$11.5 million is not a huge amount of money. However, it will certainly be well received by those who have been otherwise subject to this large growth in land values. The Valuer-General at page 54 of the 2009-10 budget has provided preliminary land valuations indicating that unimproved land values for 2009-10 land tax assessments will decline by an average of two per cent, hence the lack of impact on the budget in 2010-11. I think the Treasurer said that it would impact on 2 600 land taxpayers.

Mr T.R. Buswell: It is on page 55. My recollection is that something like 20 per cent of taxpayers will have a higher valuation on their property. Of that 20 per cent, around 2 600 will have a valuation of about 50 per cent. There are therefore about 2 600 people to whom, in the current environment, the 50 per cent cap will apply.

Mr B.S. WYATT: Around 80 per cent of a total of 106 000 will face no increase or a lower land tax bill than in 2008-09, which makes sense. However, around 20 per cent of taxpayers will incur a higher land tax bill, profits and strong growth having continued for some commercial industrial properties. Again, as the Treasurer points out in the budget, and a point I have already made, it partly reflects the valuation lag, whereby land tax is based on valuations conducted around August of the previous year.

The budget, as well as the explanatory memorandum, sets out examples of how the capping system will work. It is interesting to note the breakdown of the value distribution of taxpayers and the contribution to the land tax revenue that the Treasurer provided me with last time this issue came before the house. I assume the 2 600 taxpayers would be at the top end, probably among those commercial property owners with property valuations of \$5 million plus, which is where I would have thought it would have its greatest impact. In any event, what is interesting to note from these figures—this is from the 2008-09 budget scale—is that 192 taxpayers paid 42.9 per cent of the land tax revenue.

That means that 0.2 per cent of taxpayers paid nearly half of the total land tax revenue source. It also shows the impact on the bottom end; that is, about 60 000 taxpayers representing 54 per cent of total taxpayers are paying only 1.2 per cent of the land tax bill that the state sends out. Land tax is distorted by those large property owners, who tend to own commercial property.

One other thing that I would like to refer to, which I have referred to previously, is Western Australia's position in respect of land tax compared with the other states. A publication of the Institute of Public Affairs in December 2008 titled "Business bearing the burden. The size and Impact of State Government Business taxes" noted that Western Australia is a low taxing state compared with its competitors. According to the results of the IPA state tax calculator, Western Australia's land taxes were 75 per cent less than the state average, and its vehicle registration rates contributed to WA's status as Australia's lowest taxing jurisdiction. When gauging Western Australia's competitiveness with other states, Western Australia is very well placed regarding the state tax liability.

Page 9 of the IPA document lists Western Australia's state tax liability: land tax is \$4 525, which is by far the lowest; the second lowest is Victoria at \$7 302; and the highest is South Australia at \$29 099, closely followed by Tasmania at \$28 033, New South Wales at \$18 001; and the state average is \$17 930. Members would appreciate that the Institute of Public Affairs is not necessarily an organisation that sits comfortably with the Labor Party, but it makes the point that Western Australia has a relatively light-handed position on land taxes. That has been brought about due to the \$558 million worth of tax relief that was included in the 2008-09 budget. However, as I have indicated previously, the state opposition supports this legislation. This legislation will have an impact on the recent rise in land tax bills, primarily for commercial property, by capping the growth in land tax valuations and how that applies in respect of land tax.

I want to wind up, but while I am waiting for the member for Cannington to return to the chamber, I will say a few words. In light of the fact that I have been given a little more time, I will raise one other point. I am not necessarily seeking a comment from the Treasurer, but I refer to the submission by the Western Australian government to the Henry review. I will quote from page 20 —

Land tax could be converted from an unimproved value basis to gross rental value basis and amalgamated with local government rates. In so doing, the land tax base could be broadened to align with the rating base (facilitating reduced tax rates), and progressive land tax scales replaced by proportional rates (albeit potentially differentiated by property type according to local government practice).

This could substantially improve the equity, efficiency and simplicity of land tax. Savings in administration costs may also be possible as a result of unimproved values no longer being needed, and State Revenue Offices working with local governments on collection mechanisms.

I note that was not one of the recommendations of the Henry review, but it was part of the submission to the Henry review. That would mean that all property in Western Australia would be liable to a land tax, albeit at a reduced rate. It would then, effectively, be applied by the local governments, which would then pass that revenue on—I assume, to the state government. I appreciate that there are still some details to be worked out. It is also interesting that Peter Kenyon from Curtin University of Technology makes the point time and again that a similar argument could be made about payroll tax, that is, broadening the base and applying it to everyone. Peter Kenyon has made the argument that eliminating the threshold, reducing the rate and broadening the base has a less distortional impact on the market.

I commenced my contribution by referring to the state government's submission to the Henry review. Land tax is a significant part of the state of Western Australia's revenue source—30 per cent of its direct taxation revenue source. This attempt by the Treasurer to ease the impact of unexpected rises in land tax following rises in land tax assessments is welcome and supported by the opposition. However, the point must be made—the Treasurer

would know this by now—that significant taxation reform is very difficult without significant reforms to the fiscal relationship between the commonwealth and the state government. Until that happens or the government makes a decision to remove itself from a part of public policy that can then free up savings through significant reform—that generally means tax reductions—that will not go ahead. I look forward to the Henry review and the recommendations contained in that report, and to seeing the appetite of the federal government in implementing the suggested reforms from Ken Henry.

As I said at the beginning of my contribution, the opposition supports the Revenue Laws Amendment (Taxation) Bill 2009. This legislation brings in a very good reform that will ease the burden of increasing land tax liabilities on a small but significant number of Western Australians.

MR W.J. JOHNSTON (Cannington) [1.37 pm]: I am pleased to rise and make a few short remarks on this bill. Clearly, this is a very small measure. The Treasurer's second reading speech made clear that it is only about \$11.5 million over four years for the cap, being forgone revenue, and the other measure being the in globo developer arrangements of \$2.3 million. The Treasurer is not in the chamber at the moment, but I am sure he would confirm that is a minute fraction of the total revenue that will be collected over the next four years. The budget papers refer to \$26 billion in taxation. Indeed, the government is counting these very, very small administrative measures as part of its tax cuts for the \$250 million of tax cuts it promised during the election campaign.

This bill relates to a very small part of that \$250 million tax cut that was promised. Of course, members know that the government has now reversed that and taken it out of the budget papers. The government has effectively cancelled, in round figures, \$150 million of that \$250 million tax cut. I invite the Treasurer to comment on its current commitment to that \$250 million tax cut. I note, too, that the Treasurer said in his second reading speech that the cap arrangements will affect around 2 600 landowners in 2009-10. Based on information the Treasurer provided to me on the previous bill, I calculate that that is 2.9 per cent of land taxpayers. Again, a very, very small number of land taxpayers will benefit from this amendment.

It is interesting that we could in fact eliminate 29 000 land taxpayers from the system entirely for less than the \$11.5 million that is being used in this small technical amendment. Although they might be welcome relief measures to individuals who will benefit from these land tax changes, they are not —

Mr T.R. Buswell: Member, when the market turns around, the number of people it impacts will be significantly higher.

Mr W.J. JOHNSTON: That would depend, Treasurer. It is a good interjection because it is true. If the market was booming, as it was for a previous number of years, that would be very true. The point that the Treasurer made when in opposition was that the reason that land values accelerated so quickly was in fact not the market, but market distortions. When in opposition, the Treasurer's argument was that the former Labor government was failing to bring land on to the market at an adequate rate to match supply. I am happy to take the interjection because this is one of the things I keep reminding the Treasurer—that his actions in government have to be measured, not against his good intentions but, rather, against his rhetoric in opposition. As the member for Victoria Park commented, these are actually very complicated matters. In opposition, it was very easy to stand in this chamber and make very bold statements about what the former government should or should not have done, but in fact it is very complicated. We all expect a return to growth—in fact, it could be argued that is the budget strategy because the easiest way to fill in the \$750 million, in round figures, hole for the third and fourth years of the out years is to have above estimated growth.

Mr T.R. Buswell: We hope.

Mr W.J. JOHNSTON: We all hope. If that is the Treasurer's budget strategy, we on this side of the chamber hope for him as well.

Dr M.D. Nahan interjected.

Mr W.J. JOHNSTON: The member for Riverton interjected about New South Wales. One of the problems in that state is that it actually passed a law that required it to eliminate state debt. That was one of the things that chained that state. As it was so fixated on repaying debt, it stopped worrying about building infrastructure. Many of the problems that it is now trying to overcome —

Dr M.D. Nahan interjected.

Mr R.F. JOHNSON: That is one of the most important issues—NSW underinvested because it was fixated on debt. It was in response to the political environment.

These are welcome small adjustments to land tax arrangements. They build on the previous government's reforms in the land tax area. When the Treasurer introduced his previous land tax adjustments, he cut the rates to take into account the incorrect estimates of the inflationary effect on land tax rates. State governments have only

a limited number of revenue options in the taxation area—land tax, payroll tax and stamp duty. I again make the point that land tax is probably the least attractive form of taxation because we can have land that attracts a taxation obligation but is not producing a holding income. It is probably the area to concentrate on. The Chamber of Commerce and Industry of Western Australia and other organisations will constantly refer to the need to reform payroll tax but actually —

Mr T.R. Buswell: Can I make a point? I attended a general council meeting of the Chamber of Commerce and Industry. I was probably there for a couple of hours. I had the member's view on payroll tax when I attended the meeting. The biggest issue raised with me at that meeting was land tax. A lot of businesses have leases. Admittedly, land tax is an outgoing; it is a tax deduction. However, businesses still have to find the money. We only have three taxes that impact significantly. I think it depends on the time of the year we go down there. Payroll tax is always there; the interest in land tax goes up and down.

Mr W.J. JOHNSTON: I think, too, that there is a dichotomy between the membership of the Chamber of Commerce and Industry and its leadership, which was actually the point I was about to make. It is obviously a very broad organisation with many, many small businesses and small investors as members, whereas its leadership is dominated—I am not being disrespectful to anybody in the chamber—by more orthodox economic views of the world. Although the orthodox economic view might be to cut payroll tax as a first preference, the actual individuals who belong to the chamber will see land tax as being the sleeper, as they are paying it when they are not getting an income from whatever it is that they are investing in.

In my former role, I spoke to lots of different people. A businessman told me that he had bought a house in Dalkeith or Nedlands—one of those suburbs. It took two years for him to buy the house, knock it down and build his new house. He lived in his former home for two years while his new home was being built. Obviously, he was a rich person. He was building a major house, as one can imagine if it takes two years to build —

Mr T.R. Buswell: I hope the member was not seeing him as a donor in his capacity to his former organisation.

Mr W.J. JOHNSTON: I had a range of duties, Treasurer, in my former capacity.

Mr T.R. Buswell: Where was he—Dalkeith?

Mr W.J. JOHNSTON: One of those suburbs.

Mr T.R. Buswell: Better get the member for Nedlands on to him!

Mr W.J. JOHNSTON: I am sure he gives to both sides! The point I am making is that he had to pay land tax on his land while he was doing that work. When he was telling me how the state government could improve, on the top of his list was land tax. That is no surprise. With payroll tax, the payroll has to be paid before payroll tax is payable; with stamp duty, a transaction has to be completed before the transaction costs are paid.

Mr T.R. Buswell: Payroll tax is paid on a periodic basis; a land tax bill is payable in one clump.

Mr W.J. JOHNSTON: Certainly. However, the point I am making is that with payroll tax there has to be something happening in the business; whereas with land tax, if a person is holding property that he or she is not actually using, he or she will have to pay land tax. My view is that land tax is actually the one that the state should concentrate on. Payroll tax is in fact just taxing the value added by labour to a production process. It operates in much the same way as the goods and services tax, which is also taxing the labour content in added value.

I was also very interested to read the state government's intention regarding the Henry tax review. I read the commentary on pages 19, 20 and 21 about tax base sharing. I particularly draw attention to the comment at the bottom of page 19 of the state government's submission to the Henry tax review —

Payroll tax could be amalgamated with the Commonwealth's Pay as You Go (PAYG) income tax system (administered nationally by the Australian Taxation Office), reflecting that both taxes apply to 'wages' and are collected 'at source' by the employer. As has been noted by other commentators, this would be a natural extension of the current payroll tax harmonisation process.

That is an interesting comment from the state government about its intentions.

Mr T.R. Buswell: Sorry, which page was that?

Mr W.J. JOHNSTON: The bottom of page 19. The way I read it—I am happy to take an interjection if my reading of it is wrong—the state government is asking the commonwealth to eliminate payroll tax, which is a tax on business, and apply it as a tax on individuals' wages, because the PAYG is of course collected by the employers but paid by the employees. Given that the government is already slugging families in the suburbs by \$350, the Treasurer is proposing —

Mr T.R. Buswell: I asked Treasury about that, and the advice it gave was that that would not necessarily be the case. I raised exactly the same question. I didn't ask for the detail, but that will wash out in due course. You can

only assume that what the businesses save in payroll tax will somehow transfer through that mechanism to the commonwealth, because there is no way you will increase tax on take-home pay. There would have to be some transference mechanism.

Mr W.J. JOHNSTON: Absolutely. The point I was getting to —

Mr T.R. Buswell: I agree with you.

Mr W.J. JOHNSTON: The problem I have is that it is about transferring the tax burden from businesses to individuals. I understand that that is the philosophical position of some people, but it is not mine.

Mr T.R. Buswell: One of the other approaches was to apply a company tax surcharge, which is probably more in line with what you are talking about. I was happy to sign off on this because it is important to start the debate. One thing I have learned about WA Treasury is that it is not backward in coming forward when raising issues for public debate.

Mr W.J. JOHNSTON: Indeed. It was not backward in coming forward during the time of the previous government either. I am sure that if I examined the Treasurer's use of the same sorts of ideas that were floating around during the time of the previous government, I would find some colourful language.

Mr T.R. Buswell: To be truthful, the only significant body of work on tax that the former government did was the state tax review. The state review was limited to state taxes and it did not really go into these issues, which are far more broad ranging.

Mr W.J. JOHNSTON: The outcome of the budget is that it will increase the costs that individual families must pay. The Treasurer can argue that that is not his intention, but regardless of whether or not it is his intention, that will be the result. The point I am getting to is that most of the residents in Cannington do not pay land tax. The Treasurer might say that they effectively pay the costs because they deal with businesses and pay for the cost of services.

Mr W.R. Marmion interjected.

Mr W.J. JOHNSTON: Absolutely. I have made the point before, and I will make it again directly to the member, that we should make sure that the total cost on families is always the most important thing to think about. If we are to reform state taxes, the tax to reform is land tax, not payroll tax, because land tax has the biggest negative effect. The member for Victoria Park mentioned the proposal to transfer land tax into the rates base and pass it on to individual families. I would not accept that either, because the purpose of land tax is for investors to pay a higher contribution to the community than do other members of society. I have no trouble with that. I am not saying that land tax should be eliminated; I am saying that reform should be focused on land tax. Although the Revenue Laws Amendment (Taxation) Bill 2009 and the previous bill introduced by the Treasurer regarding the indexation of land tax rates were both welcome, they make only minor adjustments. If the government is committed to providing \$150 million of additional taxation relief to meet the \$250 million promise it made during the election campaign, it should probably focus on this area rather than other areas, because the most benefit could be gained by concentrating on this area.

I am pleased that the Treasurer said that the state's submission to the Henry review is a submission on behalf of the department and not necessarily —

Mr T.R. Buswell: No. I signed off on it. I am not hiding behind the department's involvement. I have had my share of political bruises, and I am up for a few more.

Mr W.J. JOHNSTON: I will not speak beyond 2.00 pm. The question of interstate comparisons is quite interesting. I note the graph on page 3 of the Henry review. The state misses out on collecting revenue from gambling taxes. Western Australia is very lucky that it does not have many poker machines. Therefore, those machines are not taxing the working people, such as those who live in Cannington, who would most likely use those devices. I am sure that the Treasurer has already been visited by lobby groups who talk about the additional revenue that the state could gain by making minor adjustments to the gambling arrangements. I am not a puritan and I am not opposed to gambling. I am not saying that people cannot choose to be involved with gambling. It is a pastime and I can understand why people are attracted to it as a form of simple entertainment, but not in such a way that it destroys their lives. Perhaps it is a large entertainment for the member for South Perth!

Mr J.E. McGrath: Australia rides on the horse's back.

Mr W.J. JOHNSTON: It is something that the state should resist.

Several members interjected.

Mr W.J. JOHNSTON: He has many horses. It is not just the horse, but the mail that counts. Is that not right, member? All I am saying is that a dependence on gambling revenue is to be resisted. The former Liberal-

National Court government and the former Labor government, particularly under Geoff Gallop, who was very opposed to it, as was the member for Willagee, resisted that temptation. I encourage the Treasurer to also resist the temptation. It is wrong for the Commonwealth Grants Commission to not take proper account of the fact that Western Australia has resisted that urge. We are being penalised for that because we do not have substantial gambling tax revenues. That situation is not right. The federal grants formula should take account of that and not penalise us for it.

[Member's time extended.]

Mr W.J. JOHNSTON: The past three Premiers of Western Australia are to be congratulated for having resisted the temptation to go down the gambling tax track. Western Australia should not be penalised by the commonwealth government for doing that. The Productivity Commission's review of gambling taxes recommends that we should be rewarded for our strong stand on that matter. I urge the new government to follow through on the former government's and the Court government's position on gambling taxes. With those few words, and on those important topics —

Several members interjected.

Mr W.J. JOHNSTON: I am doing my best here!

The SPEAKER: Order, members! I have given the call to the member for Cannington and am interested in hearing him.

Mr W.J. JOHNSTON: Apparently, today the Speaker is not alone in wanting to hear me speak! There are many members coming into the chamber; they are flooding in.

Mr E.S. Ripper: It is the power of your oratory.

Mr W.J. JOHNSTON: Obviously, Leader of the Opposition. When the Treasurer encourages me to seek an extension of time, I know that things are at an interesting stage.

Mr T.R. Buswell interjected.

Mr W.J. JOHNSTON: I did not hear Joe's comments on the radio, Treasurer.

Mr T.R. Buswell: I will read them to the member.

Mr W.J. JOHNSTON: I am sure that the Treasurer will.

This is a modest but welcome adjustment to land tax. Some \$11.5 million will be saved over four years, which will affect about 2.8 per cent or 2.9 per cent of land tax payers. Other revenue measures of smaller amounts will assist a small number of developers and ensure the smoothing out of the supply of land. That revenue measure will save only \$2.3 million.

Debate interrupted, pursuant to standing orders.

[Continued on page 5193.]

QUESTIONS WITHOUT NOTICE

HAYDN LOWE — APPOINTMENT TO ABORIGINAL CULTURAL MATERIAL COMMITTEE

544. **Mr R.H. COOK to the Minister for Indigenous Affairs:**

I refer the minister to the appointment of Mr Haydn Lowe as chair of the Aboriginal Cultural Material Committee under the Aboriginal Heritage Act 1972. Will the minister confirm that at no stage did he or his office communicate with the Department of Indigenous Affairs, instructing it to proceed with the appointment of Mr Lowe as chair, despite his name not being on the recommended list of names?

Dr K.D. HAMES replied:

I welcome the students from Ocean Road Primary School in my electorate.

The member asked me this question yesterday, and asked whether I could confirm that none of my staff had communicated with the Department of Indigenous Affairs. I replied that I could not confirm that, because obviously my staff communicated with the senior officers of that department. I think that the member was trying to suggest that my staff had had direct contact with Pam Thorley, the registrar, in relation to the issues being discussed. The response to that suggestion is: no, they did not. In fact, I said that I would confirm that, and I have since been back and asked my staff the question again, because the member is obviously showing some signs of disbelief. My staff reaffirmed that they have been in contact with senior members of the department—largely the director general, but also other senior staff—on that issue. With regard to the appointment of Mr Lowe, the member has a copy of the advice that was given to me by Lorraine Allen and presented by me yesterday, in which she stated that in her view I had followed the correct procedures in appointing Mr Lowe as chairman. That is what I believe to be the case.

HAYDN LOWE — APPOINTMENT TO ABORIGINAL CULTURAL MATERIAL COMMITTEE

545. Mr R.H. COOK to the Minister for Indigenous Affairs:

I have a supplementary question. How does the minister explain documents dated 14 and 15 April, clearly outlining the minister's decision to ignore the recommendations of the registrar and to breach section 28 of the Aboriginal Heritage Act by parachuting his own hand-picked candidate into the job? I seek leave to table the documents.

Leave granted.

[The paper was tabled for the information of members.]

Dr K.D. HAMES replied:

This is a supplementary question and it would obviously have been advantageous for the member to have first given me copies of the documents.

Mr E.S. Ripper: Which contradicts your answer.

Dr K.D. HAMES: I do not believe it is possible to contradict my answer, because my answer is factually correct.

Mr E.S. Ripper: Have a look at those documents. They tell a different story.

Dr K.D. HAMES: Why did the member not give the documents to me before asking the question, so I could have had the advantage of reading them?

Mrs M.H. Roberts: Why didn't you tell the truth?

Dr K.D. HAMES: I have told the truth, and there is nothing that we are trying to cover up or hide. The fact is that I have not had the opportunity to look at the documents. I will read the documents and give an appropriate response at a later stage of the day's sitting.

ROAD SAFETY — AUDITOR GENERAL'S REPORT

546. Mr W.R. MARMION to the Minister for Road Safety:

I acknowledge the students from Ocean Reef Senior High School.

I refer to the Auditor General's report, released today, which reports on the condition of the state's road network and its governance over the past 10 years. As a former Main Roads engineer, I have a strong interest in the road network and its safety. I also congratulate the Auditor General on a fine report.

Several members interjected.

The SPEAKER: Members! Member for Armadale!

Mr W.R. MARMION: Can the minister outline to the house the impacts that the findings outlined by the Auditor General will have on road safety?

Ms A.J.G. MacTiernan interjected.

The SPEAKER: Member for Armadale, as I reminded you yesterday, the question was not asked of you; it was asked of the Minister for Road Safety.

Mr R.F. JOHNSON replied:

I feel that thou dost protest too much; I will get to the member.

The Auditor General's report, tabled in Parliament today, shows an \$800 million black hole backlog of road maintenance that needed to be carried out over the past 10 years.

Several members interjected.

The SPEAKER: I am sure that there is a member in this place who would like to hear the answer to this question. I have not been able to hear much of the answer that the minister has been attempting to provide. I ask members—those to my left, at the moment—to remain silent, at least for a little while, to hear the minister.

Mr R.F. JOHNSON: The previous minister, the member for Armadale, ought to take some of the blame for the \$800 million black hole of neglected work on our main roads. That work should have been done when the previous government was awash with funds, but it obviously did not have the same priority as somebody's little pet railway that does not even reach Mandurah proper; it was a monument to the former minister. I think she abrogated —

Several members interjected.

The SPEAKER: Members might not necessarily like the answer, but I would like to be able to hear the answer. I might not necessarily like the answer, either, but I want a chance to hear it.

Mr R.F. JOHNSON: My concern is road safety; there is no question about that. I am very dismayed about the funds that should have been spent on upgrading main roads, which would have contributed to some serious —

Several members interjected.

The SPEAKER: I have been subtle. I formally call the member for Armadale for the first time.

Mr R.F. JOHNSON: The government now has to find the cash to make good the previous government's inadequacies in upgrading roads and road safety generally. The government takes that very seriously. In contrast to the previous government, the Liberal-National government has provided in its first budget nearly \$123 million towards a major road safety project—the construction of an interchange at the intersection of Roe Highway and Great Eastern Highway in Midvale. That is the sort of commitment that this government makes. How can the opposition and the shadow Minister for Road Safety have the audacity to give notice of a motion attacking me and the government about what the shadow minister perceives to be a lack of commitment to road safety? I find that absolutely incredible. The government has committed funds to road safety, but at the end of the day, we do not have the funds available to make up the shortfall on what the previous government should have spent on road safety. There was an 18-month period between the Arriving Safely strategy and the Towards Zero strategy. The previous government buried the Towards Zero strategy; it did not want to know about it, and I find that most distasteful. The government is implementing that strategy, and will spend \$60 million on upgrading certain roads in country areas and some urban areas.

Mr J.R. Quigley: Six dollars?

Mr R.F. JOHNSON: No, \$60 million. Stupid boy!

That is what the government is doing. I find it most distasteful that the previous minister's only project was to build a monument to herself—the little railway that goes down to Mandurah—for \$1.7 billion.

Ms A.J.G. MacTiernan: What about the southern transport corridor, Indian Ocean Drive and Perth-Bunbury highway! This is absolute nonsense!

Mr R.F. JOHNSON: She would not spend the \$800 million needed to upgrade the roads in our state. I find that deplorable.

Ms A.J.G. MacTiernan: What about the extension of Mitchell Freeway!

The SPEAKER: I suggest to the minister that if he is going to mention people in the former government, he can expect interjections—perhaps voluble interjections. He should expect that. I also suggest to members on my left that if they genuinely want to have input on this issue, perhaps they should develop another question for a later stage of question time.

Mr R.F. JOHNSON: I have obviously hit a bit of a raw nerve. Members opposite know that for seven and a half years they had responsibility for road safety in this state.

Ms A.J.G. MacTiernan: We object to your stupidity.

The SPEAKER: Order, member for Armadale!

Mr R.F. JOHNSON: The Auditor General has clearly outlined in his report today that the former Labor government neglected the upgrading of those roads to the tune of \$800 million.

Ms A.J.G. MacTiernan: It was the contracts that were objected to.

Mr R.F. JOHNSON: The member for Armadale will blame anyone but herself. That is all she has ever done.

I think I have outlined the case. I take this opportunity to thank the Leader of the Opposition most sincerely for bringing his party into line in the caucus room to support the mandatory sentencing legislation for assaults on police. That would not have happened under the previous Attorney General. Obviously, the new Leader of the Opposition has tight control over members of his caucus. We thank him and we look forward to his supporting further legislation that we introduce.

ALBANY REGIONAL HOSPITAL — GENERAL PRACTITIONER PRIVILEGES

547. **Mr P.B. WATSON to the Mister for Health:**

I refer to correspondence with the minister's office on 25 May 2009 concerning the current clinical crisis at Albany Regional Hospital, where local general practitioners have had their privileges terminated simply because they are not able to fully participate in the problematic and rigid 24-hour emergency service.

- (1) Why, when the local doctors had warned the medical director, John Mulligan, on numerous occasions over a number of years about their concern over emergency rosters, has the department refused to discuss it and amend local rosters?
- (2) Why is the Albany community being denied the important services of local GPs in other areas of the hospital system simply because of the intransigence of the local health department bureaucrats?
- (3) When can the Albany community expect a resolution to this issue?
- (4) Can the minister personally intervene to ensure all the parties cooperate and help the Albany hospital get back on its feet?

Dr K.D. HAMES replied:

I thank the member for the question.

- (1)-(4) It is an issue with which I am familiar. I do not know about intervening, but about a week or two ago I signed off on what we think is a resolution to that problem. The advice I have is somewhat different from what the member presented to the Parliament; that is, one of the practices in particular was having trouble with the number of doctors it had available.

Mr P.B. Watson interjected.

Dr K.D. HAMES: Again, the member has not given me notice of the question. I cannot recall off the top of my head the names of the doctors or the practices. As a general concept, one of the practices was having problems with enough doctors in its team to provide a full 24-hour on-call roster at the hospital. This was seen by the Department of Health and local health officials to be of significant concern, so the health department has been talking through this issue with the local GPs. As a result of that—I think it is the only hospital to have specially done this—we have now allocated to the hospital doctors who work for the health department to fill in those gaps to help that particular practice with its inability to fulfil that roster.

Mr E.S. Ripper: Do you think you have solved this issue?

Dr K.D. HAMES: I was asked whether I was prepared to do it, remembering that—I should not say this while the Treasurer is listening—we had to find the extra funding internally that we do not usually have.

Mr E.S. Ripper: I know from experience that that will be supplementary funding.

Several members interjected.

The SPEAKER: Order!

Dr K.D. HAMES: I can tell members that he is a hard man to deal with. The GPs who had been providing that on-call roster did not have sufficient staff to cover it. We as a state government have filled those spaces with government-employed doctors. I understand that will solve the problem. If the member has information to suggest that might not be the case and there is still a problem, I would be more than happy to talk to him about it after question time.

ALBANY REGIONAL HOSPITAL — GENERAL PRACTITIONER PRIVILEGES

548. Mr P.B. WATSON to the Minister for Health:

I have a supplementary question. Is it true that from 30 June there will be a shortage of doctors at the hospital and the department will have to fly doctors to and from Perth?

Dr K.D. HAMES replied:

I do not care how I have to get them to Albany. I do not care if I have to fly them into and fly them out of Perth. I will make sure Albany gets that service, which is essential for that hospital. I will not leave Albany hospital without 24-hour cover. However I can arrange for the doctors to get there, I will provide them. If I have to fly them from Perth, I will. If I have to get them to work down there rather than at other hospitals, I will. Whatever the problem is I will fix it.

MARIUS KLOPPERS — MEETING WITH PREMIER

549. Dr M.D. NAHAN to the Premier:

I understand that today the Premier met Marius Kloppers, the chief executive officer of BHP Billiton Ltd. Can he advise the house of the results of today's discussion?

Mr C.J. BARNETT replied:

I thank the member for the question. Yes, I have just come from a meeting of a little over an hour with Marius Kloppers. I guess it is obviously the first of what will be numerous meetings over the coming months. I am left with the impression that this iron ore joint venture arrangement between BHP Billiton and Rio Tinto will go

ahead. The expectation of the various parties is that they will ultimately get approval through the European Union, which is a major hurdle.

I sought certain assurances relating to employment. Given the complexity of and the time it will take to put together this arrangement, it is unlikely to come into place until probably the second quarter, or even later, of next year, so it is probably at least nine months away. In the meantime, both BHP and Rio will continue their iron ore operations as usual. We are not likely to see any immediate impact. I imagine that once the organisations do merge, there will be some loss of jobs obviously in the middle management corporate area. I was assured by Mr Kloppers that the intention to expand the iron ore operation, however, was as strong as ever and, therefore, we can expect to see stable and increasing employment on the production side of the iron ore industry.

Bringing the two together is a complex venture. They are talking about a number of joint ventures such as the Newman Joint Venture Mines and the Channar Mining Joint Venture, all with separate and different ownerships. The complexities and interests of many joint venture partners will take some time to play out. I made it clear that the state, although not exactly thrilled, I think I said, with the arrangement, would not be obstructionist and we would work with the two companies, recognising that they have made that decision, and that is most likely what will happen.

In saying that, I certainly sought assurances, firstly, on jobs, which I have commented on. I was assured that the capital expenditure programs would proceed. However, obviously they will change, whether there is expansion of the outer harbour at Port Hedland or investment on the port side as it goes into the Cape Lambert area. Who knows? I guess that is part of what they will work on over the coming months. In terms of the financial implications—if I can say so—government, and indeed this Parliament, has a role in a policy sense. Jobs, ownership of the iron ore industry and how we sit with our international trading partners are critically important. Rail access is also important.

The state also has a direct commercial interest in this. Sometimes it can be useful to distinguish between the public policy issues and commercial interests, and I sought to do that in the meeting. Our commercial interest is simply a large amount of money. In that regard, I placed on the table that, out of this arrangement, the state would expect the longstanding concessions on iron ore royalty charges to cease and we will see a normal rate apply.

Mr E.S. Ripper: Immediately?

Mr C.J. BARNETT: We did not talk about timing; there may be some phase-in period, but my expectation —

Mr E.S. Ripper: There shouldn't be.

Mr C.J. BARNETT: That is to be negotiated. We were talking about broad principles. My view is that full royalties should apply on not only new and expansion projects, but also production coming out of that joint venture.

The second point of view—this is more complex and I guess there will be more argument about it—is that the two parties stated that there will be no change of ownership; they intend to basically share the iron ore out of this joint venture.

Several members interjected.

Mr C.J. BARNETT: I would like to continue for a moment. However, BHP, by its public announcement, intends to pay Rio Tinto \$US5.8 billion as a way of equalising its share of iron ore production. As a lay person—I do not pretend to be a tax expert—that seems to be tantamount to a change of ownership, at least to the extent of that share of Rio's production.

Mr E.S. Ripper interjected.

Mr C.J. BARNETT: I have not received that advice yet. Let me make it very clear, as I made it very clear to Marius Kloppers: as far as the state is concerned, that is tantamount to a change in ownership. It is not a right to buy; it is a right to sell iron ore. It is about ownership and the state will expect stamp duty to be payable on that. If there is any doubt, we will look at making amendments to the Stamp Act to make sure that is clear.

I made the position clear. That is, I guess, the state stating its position. There is a long way to go—at least nine months in terms of this negotiation. I think it is fair to say that there is a broad agreement that there would need to be substantial changes to the state agreements acts. There are over 20 state agreement acts. We need to have a discussion as to whether there is one agreement act or several agreement acts. They will need to be modernised. There will be radical change. That will require a parliamentary process without much doubt at all, so I will keep the Parliament informed. This is a big deal for Western Australia. As members are aware, Western Australia supplies about one-third of the world's seagoing trade in iron ore. This is a world-scale deal in the significance of iron ore as a commodity, in the value of the deal, and in its international, national and state complexity.

Mr B.S. Wyatt: What about the potential job losses?

Mr C.J. BARNETT: The first point I raised with him was the job situation. To be honest, I do not think the two companies are particularly advanced in terms of the detail of what they have reached agreement on. They have to go through a complex process themselves. But, basically, the view that Mr Kloppers expressed was that total employment would continue to grow in the iron ore industry. He also expressed the view that we will probably see more employment as owner-operator rather than contractors, but, again, I think it is all probably premature to go beyond that now.

Mr F.M. Logan: What about the implications for the iron ore policy?

Mr C.J. BARNETT: I do not know what iron ore policy the member is talking about.

Mr F.M. Logan: The Charles Court one.

Mr C.J. BARNETT: Which one?

Mr F.M. Logan: The standing iron ore policy.

Mr C.J. BARNETT: The Labor Party may have an iron ore policy. It is not necessarily my iron ore policy.

Mr F.M. Logan: It was around in Charles Court's day.

Mr C.J. BARNETT: I think we have moved on from the 1960s, with due respect. We are in a different realm. We can have a private discussion about that later. As I say, there are public policy issues that this state and this Parliament should deal with. I urge members to try to distinguish in their minds between those matters that are of immense importance, and the other more direct commercial interests that the state has as the owner of the iron ore.

MINISTER FOR REGIONAL DEVELOPMENT — CONFIDENCE IN DIRECTOR GENERAL OF THE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION

550. Mr E.S. RIPPER to the Minister for Regional Development:

Mr Speaker, I have one other issue.

The SPEAKER: Order! The Leader of the Opposition.

Mr E.S. RIPPER: I thank you for your indulgence, Mr Speaker, in allowing me one more question, and I apologise to the member for Kingsley.

I refer to my question in this house yesterday, when I asked whether the minister, Derek Carew-Hopkins, or the minister's staff had had any contact with any representatives of the Shire of Shark Bay or had put any pressure on the shire not to comment publicly or privately on the issue of the no-confidence motion in the Director General of the Department of Environment and Conservation. In the past 24 hours, has the minister had cause to reflect on his answer, and is the minister confident that his answer to this house was indeed correct?

Mr B.J. GRILLS replied:

In light of the very serious nature of the question, I did actually check my answer in *Hansard* yesterday with regard to this question. The only people I can speak for are myself and my office. The last time that I spoke to any representative of the Shire of Shark Bay was Thursday morning of last week, and that was the former shire president. My office has had no contact with that person or any other person from the Shire of Shark Bay since then, and I have had no contact with Derek Carew-Hopkins since Thursday of last week. I cannot answer on behalf of Derek Carew-Hopkins. He is not in my employ. I can answer on behalf of myself and my staff, and that is that no contact has been made.

MINISTER FOR REGIONAL DEVELOPMENT — CONFIDENCE IN DIRECTOR GENERAL OF THE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION

551. Mr E.S. RIPPER to the Minister for Regional Development:

I have a supplementary question. In view of the fact that the minister's answer yesterday covered the activities of Mr Carew-Hopkins, or appeared to do so, is the minister not the second minister to have misled Parliament in this question time?

Mr B.J. GRILLS replied:

I have checked my answer in *Hansard* yesterday. Quite clearly, in answer to the question I referred to myself and my staff, and I am satisfied that my answer did not mislead the house. Can I say once again that I have made very clear my involvement in this matter. In terms of reflecting poorly on the Shire of Shark Bay, which the Leader of the Opposition seems happy to do, I refer to the comments made by the member for Rockingham in this Parliament last week about the elected representatives of the Shire of Shark Bay. This is a quote from *Hansard* —

Mr McNamara had a difficult relationship, it has to be said, with the Shire of Shark Bay, and I understand why. The establishment, if we like, of Denham and that community was extremely hostile to anyone who had any commitment to conservation and the environment. In that area it was largely about the conservation aspects . . .

The member for Rockingham was quite happy to drag up —

Point of Order

Mr P.B. WATSON: Mr Speaker, I have a question about relevance.

Several members interjected.

The SPEAKER: Order, members! Minister, continue.

Questions without Notice Resumed

Mr B.J. GRYLLS: The member for Rockingham goes on to say about the Shire of Shark Bay council —

One councillor, as I recall—this is not a joke—held the natural environment in such contempt that he went on national television and alleged that dolphins are paedophiles.

Mr M. McGowan: He did! It was on *Four Corners*!

Several members interjected.

The SPEAKER: Order, members!

Mr B.J. GRYLLS: That is the level of behaviour that the member for Rockingham brings to this Parliament. Does the member think that is becoming to having a relationship with the Shire of Shark Bay?

Mr M. McGowan: That is what he said! Am I not allowed to tell the truth? You endorsed what he said! That is what he said!

Several members interjected.

The SPEAKER: Order, member for Rockingham! If I recall accurately, this question has been asked of this minister in this place before. I believe that at this point the minister is providing some further detail. Some people may not consider it to be relevant, but I decide the question and its relevance. I ask the minister to wind his answer up very quickly, and I ask members to my left to hear the minister out. I ask the minister to wind this up very rapidly.

Ms A.J.G. MacTiernan: Name the dolphins!

The SPEAKER: Order! I call the member for Armadale formally for the second time. The minister.

Mr B.J. GRYLLS: I have made it clear that my involvement with the Shire of Shark Bay was to help it deal with the issues in its community. I made it clear in the answer to the question yesterday that neither myself nor my officer had had any contact with or applied any coercion to the Shire of Shark Bay. Can I say that Derek Carew-Hopkins is no longer in my employ, and I cannot speak for him. If members opposite have an allegation, make it! Do not keep dragging this through the Parliament. If they have an allegation, make it!

Several members interjected.

Mr B.J. GRYLLS: If they have an allegation, make it!

NARROGIN SENIOR HIGH SCHOOL

552. Ms A.R. MITCHELL to the Minister for Education:

Before I ask my question, I acknowledge the members of the YMCA Youth Parliament who are in the gallery this afternoon. Can the minister update the house on the situation at Narrogin Senior High School as reported in the media?

Dr E. CONSTABLE replied:

I thank the member for Kingsley for the question. I think it is important for us all to understand the situation at Narrogin Senior High School. I understand that yesterday, four students were suspended after an altercation, and that today, as a result, the parents of some of the Aboriginal students at that school have kept their children home from school.

Point of Order

Mrs M.H. ROBERTS: Mr Speaker, I am quite interested to hear what the minister has to say, but she is speaking so softly that I cannot hear from here.

The SPEAKER: Order! Member, there is no point of order, but might I suggest to all members in this place that when a member is asking a question, or when a minister is responding to a question, especially in the initial stages of that response, they at least remain quiet for that period. Hopefully, member for Midland, that might solve some of the problems.

Questions without Notice Resumed

Dr E. CONSTABLE: I should explain that I lost my voice two days ago and I just cannot produce any more than members are hearing now.

As a result of the altercation yesterday, some parents have kept their children home from school. I understand that 12 Aboriginal students are at home today, or absent from school, and 13 are at school—so about half the Aboriginal students have stayed at home. The department is working with the school to make sure that those students return to school as soon as possible. I understand that two specialist behaviour psychologists have gone to the school to assist the staff and the school with that work, and two mentor principals are also at the school. We should see this in the context of an ongoing range of tensions between a small group of Aboriginal girls—I think around five—and a small group of non-Aboriginal girls. It is all girls who are involved in this—about four non-Aboriginal girls. The sorts of behaviours that they are displaying towards each other have been verbal abuse and fairly low-level physical aggression—scratching, and some hitting and some intimidation. It is very important that we see these events against a general backdrop in the community of problems that the town has had. I think that what is happening at the school is reflecting those issues that we have seen in that local community for some time.

The issues among this small group of girls that the school has been dealing with have been ongoing for about nine months. The school has put in place a range of initiatives in the past nine months or so. It has put in place a number of preventive programs for educating parents and students about Aboriginal culture and history; some special programs on society and environment to inform all students about Aboriginal culture, which have been delivered by one of the Aboriginal staff members of the school; and also a range of other background and informative programs for staff to understand the students with whom they are working. The chair of the Aboriginal Education Advisory Council, Carol Garlett, has also been to the school and worked with the Narrogin Aboriginal Community Reference Group—a group of Nyoongah citizens in the town—and central office to make sure that goals for Aboriginal education are being developed and properly actioned within the school. The new principal and the district office have been working very hard on communication strategies between the school and the community and working with them on their concerns. Of really great importance is that the school, community members and the district office are developing programs to ensure that Aboriginal students at the school are engaged, and an additional psychologist is working at the school to help at-risk students. A range of other initiatives have been implemented in the past nine months. I do not need to go into the details of all those initiatives, but my own communications have been with one parent at the school and I understand that he is happy with the work that the school has been doing with his child and with others in the community; others are not as happy. However, these are complex intergroup issues and interpersonal disputes that the school is working to resolve.

Mr R.H. Cook: Is this tied in with the suicide prevention strategies down there as well?

Dr E. CONSTABLE: Yes, it has been. I spoke with the member for Wagin this morning about these issues to get his views on them, and he assured me that the school has worked extremely hard in the past nine months or so to help resolve these issues. These issues are ongoing and I have been monitoring them as well with the director general.

DEBT REPAYMENT TIME LINE

553. Mr B.S. WYATT to the Treasurer:

I acknowledge the Youth Parliament representatives in the public gallery, including the very youthful Youth Parliament member for Victoria Park.

In my question to the Treasurer, I refer to the 2009-10 budget and the projected net debt position of \$19.1 billion by 2013.

- (1) Can the Treasurer advise the house how long it will take for the \$19.1 billion of net debt to be repaid?
- (2) Assuming there is a time line, what average annual growth in gross state product is required to meet the Treasurer's time line?

Mr T.R. BUSWELL replied:

- (1)-(2) I will say this about state debt: the member for Victoria Park is right that it is \$19.1 billion. A lot is being made by the opposition about the level of debt in Western Australia being too high. We make absolutely no apology whatsoever that we are prepared to borrow money to support Western Australian jobs.

Point of Order

Mr B.S. WYATT: Mr Speaker, I am not seeking an apology from the Treasurer. My two questions are very specific and I ask that you ask him to address the two questions.

The SPEAKER: I presume the Treasurer is going to address those questions that the member for Victoria Park has asked, and I urge him to do that now.

Questions without Notice Resumed

Mr T.R. BUSWELL: Let me say this: the level of debt, which is debt the government is borrowing to support Western Australian jobs, runs out over the four-year period to \$19.3 billion.

Mr E.S. Ripper: To assess whether that is a good policy, we should know about the repayment plan.

Mr T.R. BUSWELL: Yes, of course. Of course, when the opposition was in government, as it ran state debt up over the forward estimates —

Mr E.S. Ripper: We reduced state debt.

Mr A.J. Carpenter interjected.

Mr T.R. BUSWELL: No, that is where the member for Willagee is wrong.

Under the Carpenter government in the budget brought down last year, state debt went as high as I am indicating with my hand. I do not have a problem with that, but we will provide the same financial information in an environment of increasing debt that the previous government provided; that is, information that is contained in the budget. I am not going to make 10 or 15-year assumptions.

Point of Order

Mr E.S. RIPPER: Mr Speaker, the Treasurer's answer appears to be a refusal to answer the question, and I ask you to direct him to cover the issues raised by the member for Victoria Park.

The SPEAKER: The Treasurer has the questions before him. I ask him to answer them.

Questions without Notice Resumed

Mr T.R. BUSWELL: The point I am making is that we will outline our financial plan at budget time. We will outline our plan at the time of the midyear review in exactly the same way that the previous government outlined its financial plans at that time. That is what we will do. In due course debt will decline and the member for Victoria Park will see that outlined at the appropriate time in the appropriate document, which is the budget document.

Several members interjected.

Mr T.R. BUSWELL: In the meantime every million dollars of debt that goes to building houses in this state keeps 13 extra Western Australians in employment.

Mr B.S. Wyatt: Says who?

Mr T.R. BUSWELL: Says the Master Builders Association.

Mr B.S. Wyatt: Says who?

Mr T.R. BUSWELL: The member for Victoria Park disagrees; and says the Housing Industry Association.

Mr B.S. Wyatt: Is there any DTF modelling on that? Is there any Treasury modelling on that?

Mr T.R. BUSWELL: That is information from those associations. I am happy to support their claim.

BUILD NOW CAMPAIGN — LAUNCH**554. Mr A.P. JACOB to the Treasurer:**

I refer to the state government's record capital investment program and the efforts being undertaken by the private sector that complement the government's actions. Today I was privileged to attend the launch of a new housing initiative, launched by the Treasurer along with the Master Builders Association and the Housing Industry Association.

Several members interjected.

Mr A.P. JACOB: Can the Treasurer please outline to the house information on this campaign and its benefits?

Mr T.R. BUSWELL replied:

I thank the member for Ocean Reef very much for the question. I must say how enjoyable it was to travel north to Burns Beach to launch, with the Housing Industry Association and the Master Builders Association, this very

important initiative. The workers working on \$500 000 houses have mortgages to pay and families to feed in the same way that workers working on \$300 000 houses have.

Several members interjected.

Mr T.R. BUSWELL: I am not going to let the politics of envy and poison from members opposite stop us from helping the private sector. This is a diagram, which I am holding up to show members, of what we launched.

Several members interjected.

Mr T.R. BUSWELL: The only way is up! Before I talk about the launch, I must apologise to the member for Ocean Reef. I offered to him perhaps one of the greatest insults that I could offer to a member while I was at the launch and I apologise to him immensely. In my introductory comments while I was speaking, I acknowledged him as the member for Mindarie, and for that I apologise profusely.

Mr B.S. Wyatt: His margin will go up!

Mr E.S. Ripper: People will think he's effective!

Mr T.R. BUSWELL: I will tell members quickly about the Build Now campaign that we launched this morning. Build Now is a campaign, under the umbrella of the HIA and the MBA, that builders, suppliers, land developers and a range of other people, including labour-hire firms, have come together to fund to encourage Western Australians to invest in housing. The message is simple: interest rates are low, the price of housing is as competitive as it has been for some time, the price of land is competitive and people can get things built in a short period; so people should go out and invest in properties, not for the first home owner market but for the balance of the market. Several hundred thousand dollars have been committed to the program. It is a very good program. It is a great thing to see an industry sector that is prepared to get up off its backside, dip its hands in its pockets and invest in and encourage private Western Australians to actively support the industry, and, more importantly, to actively support the state's economy. As I said earlier, the advice from the industry is that \$1 million spent in housing with flow-on multiplier effects creates 13 extra jobs in Western Australia. It is good to be out there. The message for the government is positive from this sector. It is a sector that faces challenges. It appreciates our payroll tax initiatives. It appreciates the fact that we are investing a massive amount of money in capital—\$8.3 billion this year—but, more importantly, it appreciates the partnership with the commonwealth to build in the next couple of years 3 000 extra homes in Western Australia. It will involve \$900 million of expenditure and will provide 10 000 to 12 000 jobs. That is what the sector likes to see and that is what the people of Western Australia like to see. That is why we will keep borrowing money, because \$1 million in borrowing invested in property keeps 13 Western Australians in jobs. When I go out to areas such as Ocean Reef I tell the people there that they have two choices in Western Australia: they can have a government that is prepared to borrow money to support jobs or they can have an opposition that does not know what it wants to do. The opposition gets up and opposes every single measure that we propose and says that we borrow too much money, yet it wants to spend, spend, spend. I will provide a quick analysis. Yesterday, two other Australian states handed down their budgets—New South Wales and Victoria.

Mr B.S. Wyatt: Queensland.

Mr T.R. BUSWELL: New South Wales and Queensland. In Western Australia this year, we have a budget surplus of \$410 million, debt in four years projected to be \$19 billion, and a Standard and Poor's net-financial-to-revenue-liability ratio of 85 per cent. New South Wales has a deficit in the next year of \$1 billion, debt in four years projected to be \$55 billion and a Standard and Poor's ratio of 113 per cent. Queensland has a deficit of \$1.2 billion, debt in four years of \$50 billion and a Standard and Poor's ratio of 155 per cent. It is difficult to manage state finances in Western Australia. It is difficult to manage state finances across Australia. But we are committed to protecting jobs.

Members opposite will have another jobs test soon when they come into this place to vote on extended trading hours, because extended trading hours equals jobs. I have a suspicion —

Several members interjected.

The SPEAKER: Order, members!

Mr T.R. BUSWELL: Hang on, member for Cannington; I know how the member is going to vote.

Several members interjected.

The SPEAKER: Order, members! Thank you. I realise that the Treasurer has a point to make and I hope that he will make it rapidly because I would like to stop people on the other side of this place pointing at people on this side. Treasurer, please draw your answer to a conclusion.

Mr T.R. BUSWELL: In closing, I will —

Mr D.A. Templeman interjected.

The SPEAKER: Treasurer, please take a seat. I was trying to hasten this answer to a close, but the member for Mandurah has extended it somewhat and I formally call the member for the first time.

Mr T.R. BUSWELL: As I was about to say, Mr Speaker, at least we know how one member opposite will vote—the member for Cannington.

Point of Order

Mr M. McGOWAN: The question asked, as long ago as it was, was about a housing strategy and the Treasurer has now morphed it into three different and separate issues. I ask him to stick to the question that he was asked.

The SPEAKER: I share the member for Rockingham's opinion and I have asked the Treasurer to bring his remarks to a very hasty close.

Questions without Notice Resumed

Mr T.R. BUSWELL: Thank you, Mr Speaker; I was just attempting to do that. I was merely reflecting on the support from Mr Joe Bullock for our retail trading hours reform legislation.

Mr W.J. Johnston: Sit down!

Mr T.R. BUSWELL: I know the member for Cannington is close to Mr Bullock and I know that he will puppet Mr Bullock's position. But the reason we are happy to support the Housing Industry Association —

Withdrawal of Remark

Mr W.J. JOHNSTON: The Treasurer made a very clear reference to me and said that I would puppet a person's opinion. Particularly given the nature of the contribution by the Minister for Local Government when he said that he only introduced a bill at the direction of the Western Australian Local Government Association, I do not believe the Treasurer should reflect on me in that way.

The SPEAKER: What is the point of order, member for Cannington?

Mr W.J. JOHNSTON: My point of order is that I do not consider that a parliamentary approach.

Several members interjected.

The SPEAKER: Order, members!

Mr W.J. JOHNSTON: I believe it unparliamentary to say that I would be a puppet of a person outside this place.

The SPEAKER: Thank you, member. The Treasurer will please conclude his remarks.

Questions without Notice Resumed

Mr T.R. BUSWELL: He may not be a puppet, Mr Speaker, but I would like to see where the hand goes!

Several members interjected.

Mr T.R. BUSWELL: To conclude, we support the HIA, we support the MBA and we support jobs—unlike the opposition.

ROYALTIES FOR REGIONS — RAIL RESCUE PACKAGE

555. Ms A.J.G. MacTIERNAN to the Minister for Regional Development:

During the last election, the minister pledged to his wheatbelt constituency to fund the rail rescue package from royalties for regions money. I refer the minister to an article from the *Countryman* titled "Nats pledge rail rescue", which states —

WA Nationals leader Brendon Grylls said the party believed the State component of the Rail Rescue package should be funded through its Royalties for Regions policy.

"It's important infrastructure that needs to be supported," Mr Grylls said.

Why is the minister now refusing to allow royalties for regions funding to be used to ensure that millions of tonnes of grain are not carted on country roads and, given the \$281 million in unallocated royalties for regions money, what possible justification can the minister give for this breach of election commitment?

Mr B.J. GRYLLS replied:

I thank the member for Armadale for the question.

I have been very clear since the formation of the Liberal-National government that I believe that the rail investment package funding that industry is seeking for the grain rail network in regional Western Australia should come from normal government operating revenue. I have made it clear and industry has made it clear that we do not believe that royalties for regions money should be used for that task, and it will not be used for that

task. But can I say that regional people are very much surprised at the member's latest incarnation as a member interested in regional issues. What happened in the last two years with the Grain Infrastructure Group proposal? When the member for Armadale was the Minister for Planning and Infrastructure building a railway from the metropolitan area to Mandurah, when we saw budget overrun after overrun, where was the member's commitment to regional Western Australia? The member for Armadale had no commitment to regional Western Australia.

Several members interjected.

The SPEAKER: Order, members! I would like the member for Armadale to be able to hear the minister's answer. I am sure some members in this place would also like the member for Armadale to be able to hear the answer. Members will keep a little quieter or I will formally start to call them. While I am on my feet, I formally call the members for Albany and Midland.

Mr B.J. GRYLLS: Thank you, Mr Speaker. It is not envisaged that royalties for regions funds will be spent on a rail rescue package in the wheatbelt area of Western Australia because we believe that funding should be made available from normal government operations.

ROYALTIES FOR REGIONS — RAIL RESCUE PACKAGE

556. Ms A.J.G. MacTIERNAN to the Minister for Regional Development:

Will the minister explain when exactly he had this change of vision? That is, will the minister explain what caused him to change his position on what it was he was preaching between the time he made this pledge to the people of the wheatbelt and the time at which he formed government?

Mr B.J. GRYLLS replied:

On forming the new Liberal-National government, we defined the terms of that arrangement and what royalties for regions would mean. I have made it very clear what that outcome is. I am very happy to defend that. I am happy to take the criticism —

Ms A.J.G. MacTiernan: You are very happy to buy mattresses but you can't do this—you can't do strategic infrastructure.

Mr B.J. GRYLLS: The mattresses in question for the Pilbara health system were rejected by the former government over three budget cycles.

Several members interjected.

Mr B.J. GRYLLS: Three budget cycles! That is what funding for health in the Pilbara came to—the former government refused to fund it again and again. The former Labor government built public art all the way down the Mandurah railway line—public art! There was no support for health in the Pilbara and no support for regional Western Australia, and that is why Labor Party members are now seated over there!

WESTERN AUSTRALIAN MUSEUM — FUNDING

557. Mr M.W. SUTHERLAND to the Minister for Culture and the Arts

My question—

The SPEAKER: Please take a seat, member for Mount Lawley. The member for Mount Lawley has the call. Some people in here may not want to hear the question. I formally call the member for Pilbara. When another member has the call and is on his feet asking a question, I ask members to listen to the question before commenting.

Mr M.W. SUTHERLAND: Thank you, Mr Speaker. I refer to the government's plans for the Western Australian Museum. I believe that comments have been made by the opposition that the government is taking \$500 million from the budget for a new museum and in return spending \$5 million to tear down the old museum. Will the minister please explain whether this is true or yet more fiction from the opposition?

Point of Order

Mr M. McGOWAN: The question had an imputation. Under standing order 77(1)(b), imputations are not permitted in questions and I ask that the member not ask such questions.

The SPEAKER: I am sorry, minister; I did not hear any imputation in the question.

Mr M. McGOWAN: The member alleged a fiction on the part of the opposition, which is an imputation, and imputations are not allowed in questions without notice, under section 77(1)(b). Therefore, I request that the member redraft the question and ask it at a later point in question time today.

Mr R.F. JOHNSON: Further to the point of order, there was no imputation that the member was referring to.

Several members interjected.

The SPEAKER: Order, members!

Mr R.F. JOHNSON: We get a similar sort of question every sitting day from members of the opposition. I do not know why they are so sensitive, and I do not believe that what the member has said falls within that particular standing order.

The SPEAKER: There is no imputation.

Questions without Notice Resumed

Mr J.H.D. DAY replied:

The debate on the Loan Bill last week was very fertile ground for some very fanciful and spurious claims by members of the opposition. I dealt with one yesterday in relation to planning issues in the Moore River area and today we move on to some very fanciful claims made by the member for Perth in relation to the Museum development. It is quite clear that he has been captured by the previous government's spin and is simply perpetuating it, because he claimed that half a billion dollars was being ripped out of the culture and the arts budget in relation to the construction of a new museum. He also made the comment that he thought the new museum should be built at the site of the East Perth power station, and I will come to that in just a moment. To claim there was half a billion dollars in the financial allocations of the former government is simply fanciful. It is the case that there was \$52 million allocated in the forward estimates period in the budget last year. The budget presented in May 2008 contained \$52 million over the following four years for construction of the new museum. That \$52 million is a long way from \$506 million. It is also the case that there was apparently \$122 million pencilled in for one of the out years, 2012-13, for a contribution towards construction of a new museum. However, if we add \$122 million and \$52 million together, it is still a very long way from \$506 million.

Mr J.N. Hyde: It is a lot more than \$5 million for a demolition!

Mr J.H.D. DAY: The reality is that there was never anything like \$506 million allocated by the previous government; it was simply spin and media statements driven by the spin machine of the previous government.

The approach being taken by this government is far more responsible and in the end it will achieve far more. There is not \$5 million allocated for the demolition of the old asbestos-filled proposed new museum; it is actually \$8 million, for the information of the member for Perth, and there is —

Mr J.N. Hyde interjected.

The SPEAKER: Order, member for Perth!

Mr J.H.D. DAY: There is \$5 million allocated for planning of a new building. Once that is underway and we have a clear idea of the cost, then we will make the case in the preparation of next year's budget or future budgets so that we can actually complete the much-needed new facility.

In relation to the location of the museum, I do not believe that the previous government had any idea of the real cost of establishing a facility on that site. The reality is it was a very high-risk decision to build it at the East Perth power station site and I do not believe the previous government had any idea of the real cost. It is worth considering some of the comments made in one or two of the reports that were prepared.

Mr M. McGowan: Come on, wind it up!

Mr J.H.D. DAY: Mr Speaker, the opposition does not want the facts on these issues. Members opposite come into this place and perpetuate absolute nonsense that is not based on fact, so let us just get a few facts on the record.

Mr M. McGowan: Talk about dentistry!

Mr J.H.D. DAY: I will come to that. What would members like to know?

Several members interjected.

Mr J.H.D. DAY: It is time that we had a dental bill back in this Parliament!

In July 2005, the previous government was presented with a report —

Several members interjected.

The SPEAKER: Order, members!

Mr J.H.D. DAY: — by Pracsys entitled "Economic Impact Analysis of New Museum Siting Options", which stated in part —

The economic analysis does not support the choice of the East Perth Power Station as a preferred site. This site has significant limitations relative to the other sites, particularly in the areas of proximity to

entertainment and leisure precincts and general accessibility. Its potential to drive economic activation of the surrounding areas is also considered to be limited in the short to medium term.

Therefore, it was a flawed decision; the money simply was not there. We now have a government that is taking a responsible approach to providing a much-needed new museum facility.

WESTERN AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION AND LOCAL GOVERNMENT
MANAGERS AUSTRALIA — MEETINGS WITH MINISTER

558. Mr P. PAPALIA to the Minister for Local Government:

I refer to yesterday's gratuitous personal attack in question time by the Treasurer on the head of the Western Australian Local Government Association.

- (1) Will the minister call on the Treasurer to apologise in Parliament for his false accusations against Mr Mitchell?
- (2) Can the minister confirm that WALGA and Local Government Managers Australia executives have been unsuccessfully seeking formal meetings with the minister since he made his threat in February to force amalgamations unless voluntary amalgamations of councils were undertaken?
- (3) Can the minister confirm that the last time he formally met with WALGA and LGMA executives in accordance with the state-local government partnership agreement was in November last year?

Several members interjected.

The SPEAKER: Order, Treasurer!

Mr G.M. CASTRILLI replied:

I thank the member for Warnbro for his question.

- (1)-(3) I reject the assertion that the Treasurer attacked the president of WALGA, Mr Bill Mitchell; rather, I think that the Treasurer was stating a few home truths on the matter and that the —

Several members interjected.

Mr G.M. CASTRILLI: The Treasurer highlighted some differences, but I can tell members —

Mrs M.H. Roberts interjected.

Mr G.M. CASTRILLI: No, I did not say that.

There are a lot of similarities between WALGA's position and the government's position in terms of its systemic sustainability study report and what is contained in its report—we agree with WALGA's position. Since becoming minister, I have met extensively with the local government industry, the members and their officers. I met WALGA in, I think, November and the next meeting is scheduled for July. Maybe I have not had as many meetings with WALGA as the member for Warnbro appears to have had; however, I have met with about three WALGA zones already. Last Friday I met with a group of Blackwood councillors and on Monday I met with the mayor and the chief executive officer from the City of Stirling. I will continue to have meetings with WALGA zones. I like going out and meeting people. I do not really need to meet with WALGA every day of the week to obtain feedback from local government. I appreciate the opportunity of meeting with as many WALGA zones and as many people from local government as possible because I gauge from them that some of them may have different views from WALGA.

WESTERN AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION AND LOCAL GOVERNMENT
MANAGERS AUSTRALIA — MEETINGS WITH MINISTER

559. Mr P. PAPALIA to the Minister for Local Government:

I have a supplementary question. Is the minister aware that under the terms of the state-local government partnership agreement, former local government ministers used to meet with WALGA executives quarterly?

Mr G.M. CASTRILLI replied:

Yes, I am aware of that. I have met with the industry many times and can I also say that WALGA is represented on the steering committee, which meets regularly, and it is also represented on the working group.

QUESTION WITHOUT NOTICE 545

Supplementary Information

DR K.D. HAMES (Dawesville — Minister for Health) [2.58 pm]: The Deputy Leader of the Opposition tabled some papers that he alleged showed that I had misled the house. Quite the contrary; the member himself is misleading the house by suggesting —

Point of Order

Mr M. McGOWAN: I am interested in what capacity the Minister for Health is speaking at the moment. Is he making a personal explanation? In what capacity is he advising the house about the matters on which he is speaking?

The SPEAKER: The Minister for Health under standing order 82A.

Dr K.D. HAMES: Do I need to seek leave to provide additional information to a question that was asked?

The SPEAKER: No, the minister does not have to seek leave.

Dr K.D. HAMES: Thank you, Mr Speaker. So what is the problem?

Debate Resumed

Dr K.D. HAMES: The member impugned in the papers tabled that I had misled the house. I have had the opportunity obviously since then to look at those papers on the table. Far from suggesting any misleading of this house on my part, this is exactly the stuff that I said during my speech. I would be more than happy to sit with the member afterwards and go through *Hansard* —

Mr E.S. Ripper: That's not true; that is misleading again!

Dr K.D. HAMES: I will do it with the Leader of the Opposition, too, if he wants. I will go through my contribution to the debate in *Hansard* and show the member exactly what I said and exactly how this confirms —

Mr E.S. Ripper: You went outside the law and —

The SPEAKER: Order, Leader of the Opposition!

Dr K.D. HAMES: No, I did not go outside the law. If the Leader of the Opposition wants to listen to the explanation, I will give it to him again; it is the same explanation that I gave him last time.

This letter—I had a copy of it yesterday—from the registrar was as a result of the advertisements that had gone out to the public.

Mr E.S. Ripper: With recommendations!

Dr K.D. HAMES: Why does the member not listen? It was not even the member's question in the first place.

The letter contained a list of nine expressions of interest in the position, and it also confirmed a couple of things. Firstly, it confirmed the urgent need to reconstitute the committee; and, secondly, it confirmed that I had been provided with a list of names, including that of Haydn Lowe, despite the accusation that he had not submitted a valid expression of interest.

Mr E.S. Ripper: It's the same problem the Minister for Local Government had and you're giving the same answer and it's wrong again!

The SPEAKER: Order, Leader of the Opposition!

Dr K.D. HAMES: The letter had in it the list of names, including that of Haydn Lowe, and it made recommendations about five people.

I took the view that, although that list was recommended, the total group consisted of the panel of names. We sought advice on whether that was the case before making the appointments. I sent a letter to the Department of Indigenous Affairs stating my suggestion for the post, and the department responded that it thought that we could choose from only the bottom section.

Mr E.S. Ripper: That's right!

Dr K.D. HAMES: I talked to the lawyers and they said that was right, so I did not then appoint the people. This letter is not what led to the appointment of Haydn Lowe; that was a subsequent event that happened after all those things that the member said had happened.

Mr E.S. Ripper: It shows that you took a decision outside the act!

Dr K.D. HAMES: No, the recommendation was made. We went and obtained verbal legal advice, which was initially that I was correct; subsequently the legal advice was that, although the registrar should have provided more names, it was not within her role to choose the number of names submitted.

Mr E.S. Ripper: I've read a document; up there they can read the document—you're wrong!

Dr K.D. HAMES: It was not within her role to choose the numbers, so I had to go back and do it. I will again show the member the reference in *Hansard*, but that was when we sent information to the chief executive officer

stating that I would have liked to have appointed Haydn Lowe. We certainly had not appointed him at that stage; in fact, I cannot appoint him until it goes to cabinet. This was before the recommendation had gone to cabinet.

Mr R.H. Cook: It's an instruction to take a list of names to cabinet that are not on that list.

Dr K.D. HAMES: Yes, but subsequently it went back to the registrar, who was asked for the reason why Haydn Lowe's name was not on it. I got a subsequent letter to this from the registrar that included Haydn Lowe's name. It is from that choice that I made the recommendation that went to cabinet. The cabinet recommendation came not as a result of this letter; it was as a result of a subsequent letter.

Point of Order

Mr M. McGOWAN: Standing order 82A states as follows —

... Ministers may give further brief, factual information in relation to a question already answered ... but will not debate the matter.

The minister is infringing that standing order on both counts. His answer was not brief and he is debating the matter. He should have provided a short statement or perhaps a personal explanation, in which he does not engage in this repartee across the chamber.

The SPEAKER: Before the minister continues —

Dr K.D. HAMES: I just want to add to the point of order, not continue my answer. Further to that point of order, apart from the fact that I have actually concluded what I wanted to say, I believe that that was a brief but detailed account of what occurred.

MEMBER FOR PERTH

Museum Budget — Personal Explanation

MR J.N. HYDE (Perth) [3.03 pm]: I seek to make a personal explanation under the standing orders. I seek to lay a document on the table for today's sitting that provides factual information. It is a document from the Treasurer that was released yesterday under freedom of information. It indicates that there was in fact not \$500 000, but \$505 770 000 in the existing budget for a new museum, and that the decision taken in the economic statement —

Point of Order

Mr R.F. JOHNSON: This is not a personal explanation whatsoever. This is information that the member for Perth wants to simply highlight.

Mr J.R. Quigley interjected.

The SPEAKER: Order, member for Mindarie!

Mr R.F. JOHNSON: It is not a personal explanation, and he knows it is not.

Mr J.N. HYDE: Further to that point of order, it has been suggested that I misled the house on two occasions regarding the statement of \$500 million. This is an official document that explains how I have not misled the house.

The SPEAKER: If the member for Perth wants to lay that on the table, I will give him the opportunity to lay it on the table, but we do not need to have any explanation from him at this point. If he wants to provide that information to the house, he should simply put it on the table for the balance of the day's sitting.

Debate Resumed

Mr J.N. HYDE: The document proves the figure I stated of \$505 million.

TRANSFER OF INCORPORATION (HBF AND HIF) BILL 2009

Second Reading

Resumed from an earlier stage of the sitting.

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [3.05 pm]: I make some brief comments about the Transfer of Incorporation (HBF and HIF) Bill 2009. The opposition has indicated that it supports the bill, and from that perspective I wish to make some comments during the second reading debate.

The legislation has come about through requirements of federal legislation under the Private Health Insurance Act. The act requires that all private health insurance providers be captured under the Corporations Act, and my understanding is that four providers within Australia do not come under that category. Two of those are in Western Australia, being HBF and HIF. The changes to the federal Private Health Insurance Act were brought about by the Rudd Labor government as part of the ongoing reform in that area.

The opposition has been briefed on this particular bill. It has received a briefing from HBF itself, which obviously has a very strong interest in this bill, although we have not received a formal briefing from the government or its advisers. The opposition raised a number of concerns with HBF about this bill. Of primary concern to the opposition were the interests of the Western Australian public, particularly HBF policyholders and HIF policyholders. We have been assured, however, that there are no negative implications as a result of this legislation. We have been assured by the companies and their representatives that premiums will not be impacted by this legislation and that the rights and obligations of policyholders will not be negatively impacted by it, and that the products offered, or what is available to policyholders by way of claimable items, have also not been negatively impacted. On face value, it appears to the opposition that the implications of this legislation do not in any way negatively impact upon the Western Australian public. My understanding is that the changes to the act impact upon the governance of the organisation of both HBF and HIF and, during his second reading speech, the Minister for Commerce gave some detail about how the interests of policyholders or members of these funds will be protected and how they will be engaged under the new limited-by-guarantee arrangements associated with the legislative change.

Another issue about which the opposition had some concerns was that the legislative changes would not impact on the not-for-profit status of these two funds. I think it is a very important aspect of these funds that they are not for profit. They are both iconic funds, having operated in Western Australia for many years, and from that perspective we were very concerned to ensure that these iconic institutions worked in the same manner as they have in the past, and that they would not change as a result of this legislation.

We also asked about the revenue implications of these changes, such as whether stamp duty would be payable, as it is when organisations change their status of the incorporation in ways other than what we are doing today by way of legislation. We have been assured by HBF that it has been assured by the Office of State Revenue that in any event the changes in incorporation would not have an impact on stamp duty and that under this arrangement the organisations are not liable for stamp duty.

We are happy to support this bill on the basis of the briefings that we have received. The *WA Business News* undertakes once a year a survey of trusted brand names in Western Australia; that is, those which are most readily recognised by the Western Australian public and in whom they place great value. It is true to say that one of these companies' brand names occurs year after year. I should say I am not a client of it, but it operates well. I believe it has an important role to play in the Western Australian private health insurance market. In particular, HBF is a very large player in that market and an iconic brand name in Western Australia. From that perspective, we are happy to take on good faith the briefings that we have been given on this matter.

When we pass legislation in this place we take on a great responsibility to ensure that the legislation is good government and does not have a negative impact on the people whom we have been elected to represent. I would like to place on record the fact that we are in large part operating on the basis of the briefings we have received. We had a copy of this legislation presented to us only today, but on an initial view and analysis there is no matter to give us any concern. I would also like to place on record my observation that, curiously, we have received no formal briefing from the government on this matter. The first time that I heard this legislation would be coming forward was from HBF and not the government, even though we are being asked to support the bill and consider it as having some urgency. We had no previous exposure to the content of the bill, but we will do our best under the circumstances to make sure that this bill achieves what it sets out to achieve, as the Minister for Commerce outlined in his second reading speech.

The Independent and minor party members of this chamber, to the best of my knowledge, also did not receive a briefing. That may not be of concern to all Independents, but I do know that the member for Alfred Cove was particularly disappointed to learn of this bill for the first time yesterday and to not have the opportunity to sit down with advisers from the government or with representatives from HBF to discuss the bill's implications. As best I could I provided as much information as I had, to assure the member for Alfred Cove that our support for the bill and for it to be considered urgent was not in any way compromising the health insurance industry in Western Australia and, indeed, was not an indication that the opposition was being complicit in an effort to pass this legislation with undue haste.

We know there is a need for this legislation to move forward swiftly. The changes that were brought in by the federal legislation have meant that HBF and HIF were in a very difficult position when having to implement the changes by the deadline of 1 January 2010. We understand that there is a problem in ensuring that these changes take place quickly. I am sure the Treasurer will correct me if I am wrong, but I understand they must go through in this particular session of Parliament because if they were to hang on until after the winter recess, it would mean that both associations would not be able to make the necessary legal changes in order to make sure that they are captured under the Private Health Insurance Act and, therefore, not have their registration as private health insurance funds nullified.

The Labor opposition has indicated its preparedness to support this legislation. We will cooperate as best we can, given the level of notice that we have had on this bill. I stress that very little notice was given. However, given the notice that we have had, we will do our best to ensure that the legislation goes through in a speedy, efficient and, however, considered manner.

MR T.R. BUSWELL (Vasse — Minister for Commerce) [3.16 pm] — in reply: In the absence of any other speakers, I will just respond. I thank the shadow Minister for Health, the member for Kwinana, for his comments and support. I endorse his comments on the good esteem in which these organisations are held in Western Australia. I think it is on the basis of their good standing that both sides of the Parliament support the passage of this legislation. The member is right about some of the timing; it is a tight time line to meet the requirements of the federal legislation. I think I covered that in my second reading speech.

I want to make one point: I am handling this bill because both HBF and HIF are currently incorporated under Western Australia's Incorporations Association Act, and so I have carriage of the bill. My advice is that the shadow Minister for Commerce, the member for Cockburn, was offered a briefing a couple of weeks ago. He was also sent a briefing note covering the legislation. With the greatest respect, and understanding the cooperation surrounding the bill, we did offer to the person whom we thought was the relevant opposition spokesperson the chance of a briefing. I have apologised to the member for Alfred Cove. As I pointed out to her, the courtesy of a briefing for her was overlooked in the short time we had, although we made our officers available earlier today. In part this has been a difficult process for the insurers to work through. We have been bending over backwards to accommodate them at officer level within government, and certainly in trying to get this bill through the house in an appropriate time. I can assure the member for Kwinana that we made available the offer of a briefing. We understood that through other means, such as a direct approach, the opposition has also been briefed. Notwithstanding that, I view quite seriously our responsibility for ownership of the legislation and indeed for making sure that the opposition is fully briefed on it.

I should also point out that it took us some time to get the final pieces of information we needed to finalise the bill. The bill was not actually finalised until the start of this month. We have therefore been running on tight time schedules. I think that everybody in the house would support HBF and HIF. It is important that they are given every opportunity to participate in the new federal regime, and this bill will enable that to happen.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Mr T.R. Buswell (Minister for Commerce)**, and transmitted to the Council.

REVENUE LAWS AMENDMENT (TAXATION) BILL 2009

Second Reading

Resumed from an earlier stage of the sitting.

MR T.R. BUSWELL (Vasse — Treasurer) [3.19 pm] — in reply: It is all very active over this side today. I will make a couple of comments to close the debate. Before I do that, I thank my advisers, as they depart the chamber, who were on standby to assist with the passage of the Transfer of Incorporation (HBF and HIF) Bill. I am pleased that we had opposition support. When I talk to school groups in particular, I often say that a large percentage of legislation that passes through this place is non-contentious. Parliament is about getting good public policy decisions determined. That was a good example.

I thank the opposition, and in particular the members for Victoria Park and Cannington, for their comments on and support for the Revenue Laws Amendment (Taxation) Bill 2009. I will make a couple of quick comments about the bill. The member for Victoria Park is right when he makes comments about land tax being contentious. It is extremely contentious. I have only been in this house for four and a half years. In that time, I have seen different groups of people aggrieved by land tax. It highlights the point the member for Victoria Park raised that increases in land tax move as property valuations move, suburb by suburb, and also by land use. This year there were pockets of Perth where landowners suffered quite dramatic, and I hope never to be repeated, increases in land tax.

The member for Victoria Park is right: in the current environment when the property market has peaked, this piece of legislation will not impact in the short to medium term on large numbers of people who pay land tax. I think we agreed that the estimate was something like 2 600 for this year. My view is, though, when those land tax bills come out, 2 600 people will be reasonably pleased with the fact that the value of their land, for the

purposes of stamp duty calculation, has been capped at 50 per cent. I also have a suspicion that when we move into an environment in which property prices increase again, more people will be impacted upon by this cap.

Mr B.S. Wyatt: Has the Treasurer seen any modelling of a more positive economic environment?

Mr T.R. BUSWELL: I have not seen any. That is not to say others have not, but I have not seen any at this stage. I make a couple of points on land tax. Over the period of the sustained economic boom in Western Australia, from 2002-03 through to 2007-08, the value of land tax receipts increased significantly. In fact, the land tax receipts from 2001-02 through to this financial year would have at least doubled—up to \$563 million. There has been a significant increase in the size of the land tax take.

It is important to note, as we move into the out years, that the size of the land tax take declines quite significantly from an estimated take of \$563 million in the current financial year down to \$547 million estimated next year; \$470 million in the following year; and down to \$466 million in the final year. I am not saying that is due in any large part to this particular capping mechanism; however —

Mr B.S. Wyatt: It is a larger impact on the \$11 million than the Treasurer is expecting.

Mr T.R. BUSWELL: I am not saying that, but what I am saying is that it reflects the cyclical downturn in the property market and the lagged impact of that on land tax receipts. I suppose it also gives us more time to look at ways to further reform the land tax system in Western Australia. It is my view that it still needs reform.

When I spoke at the Chamber of Commerce and Industry general council meeting, land tax came through as a very important issue for business. It is a very important issue for people who invest in properties. It is a very important issue for people who are tenants in properties, especially commercial tenants, by the nature of the manner in which land tax is passed on. I think the member for Cannington alluded to this point: it is also a significant issue for people who rent properties because land tax inevitably feeds through into rents, although it takes a long time; or it will discourage people from investing in residential property and potentially reduce the pool of lettable properties. If that happens, it will accentuate supply and demand and balances at certain times. I think that has happened over the past few years.

Mr B.S. Wyatt: In respect to the comments in the Henry submission, if the Treasurer adopts a position in which every property in WA is liable to a land tax to broaden the base and therefore reduce whatever it is—that is, one rate for all—would that eliminate those market distortions?

Mr T.R. BUSWELL: I would have to look at more models. One would think it would.

Mr B.S. Wyatt: The theories suggest it would.

Mr T.R. BUSWELL: The general argument is: the broader the base, the lower the rate and the less distorted is the outcome. It is worth pointing out that Treasury has kindly attached significant caveats to that suggestion; these are mainly around investigating the redistribution consequences and associated capacity to pay issues. Treasury also goes on to say that it does not see this as being net revenue positive. In fact, it argues that if that was to be a potential model, local governments may ultimately keep the entirety of that revenue. I will read the chapter, as it is quite interesting.

Mr B.S. Wyatt: That is certainly not how I read it. I assumed local government would be a tax collector.

Mr T.R. BUSWELL: It reads —

A variation of this option would be for land tax to effectively be handed over to the local government sector for absorption into the rates base as local authorities see fit, with the sector forgoing a corresponding amount of Commonwealth grants. The States would be compensated for the loss of land tax by a share of a Commonwealth tax base ...

That was an issue discussed earlier

Mr B.S. Wyatt: There is the flip side: where is the alternative revenue source?

Mr T.R. BUSWELL: Treasury is trying to minimise the streams of taxation that come into the state. A lot of the arguments raised in the Henry submission are very good. Our Treasury does some challenging work. It challenges me as the Treasurer. I am always up for a good bit of public policy debate. I am happy to support Treasury in its efforts. The member might be interested to note that that report, as I recall, was signed off without any request for any change. It is important to maintain that policy independence of Treasury. It has a very important role to play in terms of public policy.

Mr B.S. Wyatt: It did a very good job on the recent briefing note I was sent by the Treasurer's chief of staff regarding the commonwealth grants submission. I might send it off to Mr Rozenaal in New South Wales. He might be interested in that.

Mr T.R. BUSWELL: Again, I made sure that every member of Parliament got that. When we have a topical issue, I intend to forward the relevant information to all MPs because those things are essentially non-political, but they are good public policy points of argument.

In relation to land tax and state revenue, it is also important to understand that taxation at the moment is around 28 per cent of total state revenues for 2009-10—an amount of \$5.7 billion out of \$20.7 billion in the general government sector—and that land tax contributes 9.5 per cent of that total. Interestingly, stamp duty is 18.5 per cent and payroll tax at the moment is about 38 per cent. It has actually been distorted by the significant drop in —

Mr B.S. Wyatt: Everything else. Payroll tax is held up.

Mr T.R. BUSWELL: —conveyance duty, which effectively halved. I was very distressed to watch that graph trim down over the course of the past year. Land tax is less than 10 per cent of state taxation revenue. It is a very, very sensitive issue.

I take the point made by the member for Victoria Park. I hope he agrees that I always, where I can or where I think it is appropriate, try to engage him in the provision of information to assist in public policy debate. I think that is good. I do not mind if the opposition uses that to have a go at the government—that is the political side of it. Members opposite, particularly the member for Victoria Park, like me, have an interest in public policy that sits around financial matters. I will certainly make sure, as we move forward with discussions in and around reform of commonwealth-state financial relations, that members are kept fully apprised of any developments.

Next week I am going to Queensland to talk to the Queensland Treasurer about some of the issues raised in that discussion paper around goods and services tax distributions. We might have a collegiate view in relation to Mr Roozendaal's comments about our GST. However, Mr Roozendaal is right in the sense that until recent years, Western Australia was a net beneficiary of GST flow.

I do not intend to speak any longer. The bill is a relatively simple bill and achieves a modest outcome for land tax reform, but it achieves an important outcome with regard to capping and the reintroduction of the in globo concession for the property sector, which I believe will play a major role in preventing taxation-based distortion of the supply of land. The member for Cannington made the point, as the Liberal Party has often argued from opposition, that land supply collapsed in 2004-05, which led to an effective 80 per cent increase in the median house price in Perth from \$260 000 in the December quarter of 2004 to \$460 000 in the December quarter of 2006. It is something that we have to fix; affordability of housing is one of the most significant issues confronting Western Australia, and the government has to fix it. The reintroduction of the in globo concession for stamp duty is part of that. Clear evidence was presented to me to show that the property sector ran its stocks down in May and especially June, and that was legitimate; it ran its stocks down to minimise its land tax exposure, and then stocks recovered. The issue is that that sort of distortion has many flow-on impacts on civil works in and around building developments, and a range of other things. I do not think we need those sorts of distortions for the amount of revenue that is raised from taxing the land supply system. That is why we reintroduced the in globo concession.

The main features of this bill are, as I said, capping and the in globo concession, and that will ultimately have an impact on land supply in Western Australia and will avoid distorting land supply through taxation. I am happy and pleased that the opposition supports the bill, and I look forward to consideration in detail.

Question put and passed.

Bill read a second time.

Consideration in Detail

Clauses 1 and 2 put and passed.

Clause 3: Act amended —

Mr M. McGOWAN: Clause 3 indicates that the Land Tax Assessment Act 2002 is to be amended. I am interested to know at what point in time this amendment will kick in, and from when the laws will become effective. I suppose the date is given in the previous clause—1 July, 2009. Just testing! There is a point to this! I wonder whether the Treasurer has considered backdating any of these rules to take into account anything that might have happened in the past, or any transactions that might have occurred historically; or is the Treasurer looking only at things that will take place in the future?

Mr T.R. BUSWELL: No, the government has not considered backdating or reassessing; this bill is merely for transactions that will occur for land tax valuations that will be conducted as part of the 2009-10 land tax collections. I have been to a number of meetings, including some in the Osborne Park area, and after making that statement I did not leave those meetings as the most popular person in the room. Notwithstanding that, this is the government's position.

Mr M. McGOWAN: I assume that that decision was made for a good reason and that it would be difficult from an administrative point of view to make the laws retrospective. Naturally it would cost the government money, but I assume that it is also a point of principle for the Liberal Party to not apply tax laws retrospectively. I seek the Treasurer's advice about whether he has a philosophical objection to the retrospective application of tax laws to transactions that might have been contemplated or entered into at a certain point in time, or if he thinks it is appropriate to change tax laws to impact such transactions.

Mr T.R. BUSWELL: I could barge right in. The Revenue Laws Amendment (Taxation) Bill 2009 will apply from 1 July for the application of land tax in 2009-10. Given that we are dealing with this bill, I think it appropriate that I confine my comments to matters detailed in the bill. That is certainly the approach that will apply to this bill.

Mr M. McGOWAN: I take it from the Treasurer's response—having regard to clause 3, which is obviously impacted on by clause 2; I missed that earlier—that he is to apply these laws only prospectively and that he therefore has a difficulty with the retrospective application of tax laws, because such applications would, of course, be inappropriate. Indeed, one of the fundamental precepts of the Liberal Party is that there should be no retrospective application of tax laws. I would like an affirmation from the Treasurer that that is his view; otherwise, one could conclude from his silence on the matter that it is not his view.

Mr T.R. BUSWELL: Again, I will answer very succinctly in respect of clause 3 of this bill. Without making any other comment about my views on broader taxation matters—I know the member would appreciate it if I confined my comments to clause 3 of the bill in front of us—I tell the member that this bill will apply to the land tax cycle that will be part of the 2009-10 government taxation collections.

Mr M. McGOWAN: I will conclude my remarks on this important piece of legislation by making the point that the Treasurer has not ruled out retrospective tax laws, and that, therefore, one can only draw the obvious conclusion from his failure to do so.

Mr B.S. WYATT: As I think the member for Rockingham said, the Liberal Party has a constitutional opposition to the application of retrospective tax, and I think that is a very sensible platform. I am happy to note that.

For the benefit of the Treasurer and the Deputy Speaker, the opposition does not have a lot of questions, and for purposes of ease, if we can ask questions on clauses 3 and 4, we can probably whip through this very quickly. I have a question under clause 3 regarding the instalment options. I know it is part of the budget, but I quote from page 56 of the *Economic and Fiscal Outlook* as follows —

Notwithstanding the introduction of the capping system, it is recognised that some taxpayers may still experience difficulty in budgeting for the payment of their land tax in 2009-10 ...

They are effectively receiving an extension of time to pay. It continues further on —

The time for paying land tax in two instalments will be extended to 175 days (from 110 days) ...

Is the government going to apply that to the current 2008-09 land tax assessments, which are the cause of the concerns we discussed previously in this place, to allow a more generous time within which to pay those assessments?

Mr T.R. BUSWELL: I thank the member for the question. The advice I have is that the change to instalment options, which have been made through changes to the regulation, will not apply until the regulation has been gazetted. At the time the regulation is gazetted, if land tax assessments have not been paid for a variety of reasons, they will be subject to the new regulation.

Mr B.S. Wyatt: Is that for the 2008-09 assessments?

Mr T.R. BUSWELL: Yes. I have looked at the collections and I assume a large percentage of them are in. Some might still be subject to dispute or to a range of other peripheral issues.

Mr B.S. WYATT: I note the comments that some are still subject to dispute. The Treasurer wrote a letter dated 25 May 2009 to Hon Ken Travers providing information to him flowing on from the debate on the Revenue Laws Amendment Bill (No. 3) 2008. He set out the number of objections that the Valuer-General has received to the assessments for unimproved value for the 2008-09 year. The Valuer-General has advised that for 2005-06, 197 objections were made; 2006-07, 139; 2007-08, 501; and 2008-09, year to date, 1 550. That is obviously a 300-plus per cent increase on the 2007-08 number of objections. I appreciate that there is nobody here from the Valuer-General's office, but can the Treasurer provide the house with any information about the breakdown of those valuations? I note that he indicates in the letter that the figures relate to objections to unimproved valuations, not all of which are done for land tax purposes.

Mr T.R. Buswell: I assume some will be done for local government rates.

Mr B.S. WYATT: I would have thought that the vast majority are for land tax. Do they reflect the comments that the vast majority are for commercial properties?

Mr T.R. Buswell: I do not have that information. I suspect that there will be a number of disputes in those areas. Indeed, the feedback I have from people in those areas is that they have disputed them vigorously.

Mr B.S. WYATT: Does the Treasurer know the success rate of the disputes?

Mr T.R. Buswell: No. I am happy to try to get that information.

Mr B.S. WYATT: If he can, that would be good. I will not die in the ditch for it; it is more a matter of curiosity.

Ms R. SAFFIOTI: Are we talking about clauses 3 and 4 simultaneously?

Mr B.S. Wyatt: Only clause 3.

Ms R. SAFFIOTI: Can the Treasurer answer a question about capping?

Mr T.R. Buswell: Fine.

Ms R. SAFFIOTI: Can I have more detail on how the capping of the 50 per cent increase in valuation per annum is to be applied? Last time we discussed a revenue amendment bill in this place we talked about valuations and how typically they are done annually. But, in many instances, there is insufficient market information to do the annual evaluation. It is quite important in this sense. Perhaps the adviser has a different point of view than the last adviser who was in this place. Are valuations of properties done annually for all properties assessed under the Land Tax Act?

Mr T.R. BUSWELL: My advice is that the Valuer-General reviews valuations on an annual basis for each area. Where there is an absence of sales data to support a revaluation, there is no revaluation, although it is still technically reviewed. I am assuming that the outcome of the review would be that there is not enough data to determine that there has been a change in valuation. That is the information I have. I understand that that was the issue in some of the areas in Middle Swan and Caversham, where there are some significant increases. I think it is near the member for West Swan's electorate.

Ms R. Saffioti: It is in my electorate, but I didn't raise it.

Mr T.R. BUSWELL: There were some large footprint commercial activities in that area that caused significant concerns. I share those concerns. Similarly, there were some concerns in some of the areas in and around Osborne Park. That is the advice we have. However, I stress that we are not from the valuation area of government. I do apologise for that. Everyone at the table is nodding profusely to make that point.

The DEPUTY SPEAKER: Strictly speaking, we should be talking directly to the clauses. I ask members to limit their questions to areas that are germane to the clause under discussion. We are dealing with clause 3 —

Act amended

This Part amends the *Land Tax Assessment Act 2002*.

If members want to ask questions on whether it amends the Land Tax Assessment Act 2002 they can do so, otherwise they must ask other questions when we discuss the appropriate clauses.

Clause put and passed.

Clause 4: Section 10 replaced —

Ms R. SAFFIOTI: I am a bit obsessed with the valuation aspect of this, albeit I know that the advisers are from the revenue collection area, not the valuation area. To make this bill effective—it provides for capping at 50 per cent per annum—would it not be worth investigating whether proper valuations should be undertaken each year? Some issues have been raised, such as massive increases in land tax as a result of increased valuations, which usually occur as a result of poor valuations undertaken in the intervening period. The objective of trying to limit those annual increases is highly desirable. But without proper annual valuations, this bill in itself will not achieve the policy aim.

Mr T.R. BUSWELL: I cannot comment on behalf of the Valuer-General on what constitutes a proper valuation. I would like to ask the question: in the absence of sales history, is there a justification for changing a valuation? I do not have an answer to that. I am as interested in how the valuations are done as the member is because I deal with a lot of issues around valuations.

Mr P. Papalia interjected.

Mr T.R. BUSWELL: I have a very intimate interest—if that is a word I can use; intense interest is probably better, as intimate is not a word I like to bandy around too often—in this issue. Unfortunately, we do not have the people here to provide that detail. I am happy to undertake to seek more guidance from the Valuer-General on the other options available to government when there is an absence of sales history to support a revaluation.

Ms R. Saffioti: I think that would help in smoothing out some of them.

Mr T.R. BUSWELL: I understand exactly the argument the member for West Swan is making.

Mr B.S. Wyatt: While the Treasurer is on his feet, the letter from the Valuer-General makes the point that obviously and necessarily there is a lag. I do not know how you resolve that. However, a gentleman who came to me—I assume this is a common problem—said that for years his property had been assessed at below market value. I acknowledge that is the assessment process, but then suddenly it got up to market value. He did not object to the valuation itself, as it was actually accurate, but at the impact it had on his land tax bill.

Mr T.R. BUSWELL: I understand the issue, and in a way that lumpy transition of values is exacerbated by the progressiveness of the land tax scales, in particular in the environment of aggregating property. I therefore understand the issue. I am happy to look into it further. I intend in due course to continue examining the land tax system to see what else we can do to take out these dramatic and difficult-to-plan-for increases in land tax. It is a serious issue.

Ms R. SAFFIOTI: Again, just referring to the cap, I want to see whether I understand exactly how it will work. Let us say a property is valued at \$300 000 in any given year and the new valuation comes in at \$500 000, above the 50 per cent benchmark. Will that mean that the valuation is based on \$450 000? I am assuming \$450 000.

Mr T.R. Buswell: The tax would be based on it.

Ms R. SAFFIOTI: Yes, the tax would be based on \$450 000 in the following year.

Mr T.R. Buswell: Yes.

Ms R. SAFFIOTI: Is there then a \$50 000 carryover or is another valuation made the following year?

Mr T.R. BUSWELL: To help with that, I will read from page 55 of budget paper No 3, *Economic and Fiscal Outlook* —

Where a property value has had a cap applied in an assessment year, this will be the ‘base’ for determining whether a cap should apply in the following year.

This is what the member for West Swan was talking about: \$300 000 to \$450 000, instead of \$500 000.

Ms R. Saffioti: Yes.

Mr B.S. Wyatt: In that case, because it refers to “Example 1”, which states that for 2008-09 it is \$5 million and for 2009-10 it is \$7.5 million, that is the 50 per cent cap.

Mr T.R. BUSWELL: Yes.

Mr B.S. Wyatt: Instead of going up to \$8.75 million, it then goes up to \$7.5 million. Therefore, for 2010-11, does that mean the base of the assessment would be \$7.5 million? Does that mean that the most it can increase, assuming it goes beyond a 50 per cent increase —

Mr T.R. BUSWELL: It is 50 per cent at \$7.5 million.

Mr B.S. Wyatt: So it would be \$3.75 million. Does that make sense to the member for West Swan?

Ms R. SAFFIOTI: My question was not about the cap in the second year, because I want to pursue the increase by 100 per cent over two years. For example, the notional value is \$500 000 and the cap value is \$450 000. I am asking whether in the following year the \$50 000 is in a sense automatically carried over, acknowledging that the 50 per cent cap applied only for that year?

Mr T.R. BUSWELL: Let us say the valuation in the following year went from \$300 000 to \$500 000 and then, let us say, to \$700 000. That is the valuation. The cap for the purposes of land tax—I am sure I will be corrected if I am wrong—in the first year will go from \$300 000 to \$450 000, which is the 50 per cent cap, and in the second year could go only to a maximum of \$675 000 from \$450 000, which is 50 per cent of \$450 000. There is basically, therefore, a rolling cap.

Mr B.S. Wyatt: So will the rolling cap continue for land tax?

Mr T.R. BUSWELL: If the valuation went from \$500 000 to \$675 000, which is the cap for \$450 000, there would be parity, if that makes sense. I can give a different example. If the valuation went from \$500 000 to \$670 000, for the purposes of land tax the value would be \$650 000 because it is within the 50 per cent application of the cap of \$450 000 that was determined previously by the application of the cap. It is moderately complicated, but that is my advice on how it will work. I suspect it will balance out in due course, but that is my advice.

Ms R. SAFFIOTI: Not to labour the point too much, but just to get back to the point, I can understand the rolling cap proposal. I am asking more specifically about the increase from \$300 000 to \$450 000 in one year, but the actual valuation being \$500 000.

Mr T.R. Buswell: Yes.

Ms R. SAFFIOTI: In the following year will the valuation of that property automatically be \$500 000 and will the extra \$50 000 be assessed?

Mr T.R. Buswell: I did not make this clear. There is the valuation from the point of view of the valuation and then there is the valuation from the point of view of the application of land tax. There is the real valuation and then there is the land tax valuation. In the case the member for West Swan outlined, my understanding is that the \$300 000 would become \$500 000; then in the second year hypothetically the \$500 000 would become \$700 000.

Ms R. SAFFIOTI: Let us assume it stays at \$500 000.

Mr T.R. Buswell: We can assume it stays at \$500 000, in which case it would be taxed at \$500 000.

Ms R. SAFFIOTI: What I am saying is that the cap is in place to hold any annual increase.

Mr T.R. Buswell: Yes.

Ms R. SAFFIOTI: Then as soon as it goes over that year, the actual valuation comes into play.

Mr T.R. BUSWELL: Yes, the member for West Swan is right. There is some modelling we could do that would show that. The extent to which the valuation comes into play would move relative to the differential between the cap value and the real value. At some point they will coincide. It is almost an incomplete balancing mechanism, for want of a better term, because we cannot imagine that the valuation of the property would keep going up ad infinitum at greater than 50 per cent. I hope not, or we are all in strife. However, it is an interesting point and I hope that gives some clarity to the member.

Clause put and passed.

Clauses 5 to 17 put and passed.

Title put and passed.

Third Reading

MR T.R. BUSWELL (Vasse — Treasurer) [3.57 pm]: I move —

That the bill be now read a third time.

MR B.S. WYATT (Victoria Park) [3.57 pm]: I will be very brief, as I am aware of the time. The opposition obviously supports this bill. I thank the member for Balcatta for his advice and support on land tax. He had met with a number of constituents in his electorate who have been considerably adversely affected by significant rises in land tax in the past 12 months. I also thank the members for Cannington and West Swan, who provided me with some assistance in this matter. The role of a shadow minister does not come replete with resources and I therefore appreciate the effort they have gone to in assisting me in this matter.

Question put and passed.

Bill read a third time and transmitted to the Council.

SMOKING BAN — PARLIAMENTARY BUILDINGS

Statement by Speaker

THE SPEAKER (Mr G.A. Woodhams): Members, I had an opportunity today to meet with the President of the Legislative Council. We discussed the issue of smoking in Parliament House, and we have agreed to implement a total ban with immediate effect. This prohibition applies to members, staff and visitors while in Parliament House and within 10 metres of any entrance.

GRAIN RAIL NETWORK — RESCUE PACKAGE

Motion

MS A.J.G. MacTIERNAN (Armadale) [4.01 pm]: I move —

This house condemns the Barnett government's inaction, which has led to the closure this week of four lines of the grain rail network, and calls upon the government to take immediate action to reopen these lines and to match the federal government's \$135 million budget allocation for the rail rescue package from the \$281 million unallocated royalties for regions money.

I note for the chamber that the Minister for Regional Development is not present. Obviously, the parliamentary secretary will answer in his stead.

Mr W.R. Marmion: Only partially!

Ms A.J.G. MacTIERNAN: Only partially!

Mr R.F. Johnson: He is very capable and I suggest that other members will be present.

The ACTING SPEAKER (Mrs L.M. Harvey): Order, members!

Ms A.J.G. MacTIERNAN: This is a very, very important issue for the people of regional Western Australia. It is a very important issue for many of the wheatbelt communities. It is a very important issue for many of the port towns that will suffer as a result of the failure of this Liberal-National government. Indeed, I think it demonstrates that we have not one government or an alliance, but a government within a government, and that matters cannot be resolved because certain traditional battlelines have been drawn. I will talk firstly about the National Party leader, the Minister for Regional Development, who made a commitment before the last election. He stated that the rail rescue package was a very important package and that the state's share of that \$400 million package should indeed come from the royalties for regions fund. When he was in opposition, vying for community support, the Leader of the National Party stated —

“It's important infrastructure that needs to be supported, ...

“If you let valuable infrastructure like that run into the ground you can never get it back and this is a plan where industry, and the State and Federal governments have been bought to the table,”...

He acknowledged that, when in government, Labor had brought all those parties together. This is the statement he made while in opposition. Apparently, the now Minister for Regional Development had had discussions with the federal government when in opposition. He further said —

“My discussions with the Federal Government are (that) they understand the importance of it and they would like to fund it but they are going to need a commitment from the State Government. If we have an influence over that we would obviously be prioritising the grain rail network above the Perth railway extension to Butler.”

The minister also stated that —

... the party believed the State component of the Rail Rescue package should be funded through its Royalties for Regions policy.

That was reported in August 2008. Some months later, the minister stated that, although the work needs to be done, his main issue was whether the state government's contribution should be funded from the royalties for regions program or the government transport budget. Obviously, at that stage, royalties for regions funding had not been totally ruled out.

We know that the Minister for Regional Development has a very, very clear and categorical position; that is, this piece of vital infrastructure is not to be funded by royalties for regions. We asked the minister in question time to explain what has happened and how he has moved away from his pre-election position that the rail rescue package should be funded out of the royalties for regions fund to a position some six months later that such funding should be categorically ruled out. In his answer, the minister explained that that position was developed under the agreement he entered into with the Premier on forming government. However, that is absolutely not true. There is absolutely nothing in the royalties for regions agreement that says that projects of this type cannot be funded by royalties for regions money. We know that royalties for regions can be used to fund a wide variety of projects. It has been used in some places to fund road projects. It is funding housing and saleyards; it is funding any manner and matter of projects. There is absolutely zero in this agreement that directly or indirectly rules out or clarifies that this particular project is to be funded from the transport portfolio budget or that it is inappropriate and therefore funding from royalties for regions is barred. Indeed, I think we really have to go back to the old brawls. Many of the new members may not recall the circumstances of the sale of the Westrail Freight network. I can tell members what happened in cabinet when that decision was made because a well-informed source from inside that cabinet has told us what happened. The Court budget was of course under a great deal of pressure over many years, with five out of eight deficit budgets. Hon Eric Charlton's Transform WA project was a big concern because its budget was blowing out. The Transform WA project involved massive amounts of expenditure on roads, first under Minister Charlton and then his successor, Minister Criddle, and was undermining the budget. There was a great push to cut back the project. We know this because people from inside that cabinet have told us what happened. Eric Charlton apparently told the cabinet not to worry because he could fix the problem.

[Quorum formed.]

Ms A.J.G. MacTIERNAN: I am glad we have been rejoined by the Minister for Regional Development and I thank my friend the opposition Whip for getting him in here.

As I said, it is important to understand the history. We had a situation in which there was a massive hole in the budget. A great threat had been placed on Eric Charlton and Murray Criddle's transforming Western Australia road building bonanza. There were threats to cut it, so Minister Eric Charlton came in and said, “I know I can solve this. We will sell off Westrail and then we can deal with the debt and address the deficit situation.” It was a

very ill-conceived plan. There was one person in particular on the government side who opposed the sale. He particularly opposed the way in which the sale was constructed, which was to sell all the rail infrastructure, the rolling stock and the above rail business as a single entity. This particular member understood that was anti-competitive and that it would bring with it a practical monopoly that was simply unacceptable. Of course, we know this because we were told by the minister that this was the now Premier. The now Premier in 2000 repeatedly made public addresses in places where there is supposedly, I guess, Chatham House rules. He went to the place of the now member for Riverton, the Institute of Public Administration Australia WA, and he voiced doubts about the controversial sale. According to sources at the meeting, the energy and resources minister appeared to distance himself from the sale, telling audience members that he was not part of the privatisation process. Therefore, again we are getting back to this National Party versus Liberal Party situation. He would not let the National Party members have their Geraldton port and he was not going to let them have their privatisation. I must say that obviously that sort of conflict continues. It is really interesting because this became a matter of quite some controversy and there was a public rebuke from the then Premier, Richard Court, about the statements made by Minister Barnett, the then Minister for Resources Development. In fact, we had Hendy Cowan come out at the time and say that Mr Barnett was seeking to undermine the government as part of his leadership challenge. Therefore, we really need to understand the broad context; that the then Minister for Resources Development was absolutely opposed to this sale at the time, and he sought to undermine it once the decision had been made. He was probably quite wise in his opposition to the sale, because precisely what we said would happen has indeed happened. I can point to numerous media statements and comments within this Parliament in the year 2000 in which I made it clear that if we proceeded with the sale, line closures would be inevitable.

I point out that before the sale, Westrail was in fact an operation that covered its costs. It was able to fully service its debt and, indeed, totally cover its operational and maintenance expenses without being a drain on the budget. So what did we do? We had government members going out, first Mr Charlton, then Mr Criddle, saying that they would get \$1 billion for Westrail. That is what they were going to get and that money would pay off the freight debt of \$729 million and in fact there would be some money spare to feed into the coffers. Of course, that did not happen. At the end of the day, even including the stamp duty, the price this valuable asset, valued by the Auditor General at \$1 billion, sold for was \$555 million. It did not even cover the debt; we were left with a debt burden of nearly \$200 million. Therefore, we went from having an income generating enterprise that could cover all its costs and operate successfully as a network and ensure that all aspects—all those lines, all that 3 500 kilometres of track—were kept operational and functioning, to a situation in which —

Mr W.R. Marmion: The member just mentioned there was a freight debt and she also said that the operation actually paid for itself. Was that debt depreciating?

Ms A.J.G. MacTIERNAN: It was paying for the cost of that debt, so part of its operating budget was the cost of servicing the debt. This sale went through in December 2000; therefore, when we came into government we found that we were left having to service the debt. The cost of servicing the debt started at about \$11.4 million and went up to about \$30 million, so in the end we wrote that debt off by injecting money from the surplus to pay that debt out.

It was a very ill-conceived privatisation. In particular, we were prepared to support the sale of the Westrail freight business; we recognise it is the sort of business that is probably not best run by a bureaucracy. But we totally opposed the sale of the rail lines or the eventual compromise position that was developed, which was handing over the management and control of those lines to the private operator for a period of 49 years. There was a five-year prescription in this arrangement that prevented the private operator from closing down or abandoning the lines for the first five years. We pointed out that what would logically happen with a company that was now a private operator involved is that it would not cross-subsidise and it would not view it as a network; each line would be looked at separately, and those that were not paying their way would be closed down. Of course, the impact that has on country communities is enormous. Suddenly, there is an evaporation of competition in those areas where lines have closed down. The longer-term problem is that we lock ourselves into a high fuel cost environment because there is no doubt that the fuel cost of rail, whatever its other costs, is three to four times cheaper than that of road transport. The increased cost for the operator without the competition, and the long-term dependence on the road with no refuge for rail, will mean increased costs, job losses in country communities and it will have a massive impact on road infrastructure and on the need to expand, develop and maintain road infrastructure. It will have an enormous impact on the communities these trucks travel through. With the closure of the four small branch lines yesterday, we will already see some 300 000 tonnes of grain going from rail onto road. We believe that it looks as though by the end of the year the operator will walk away from 1 000 kilometres of rail, and then, of course, we will see literally millions of tonnes moved from rail and onto roads.

The Minister for Regional Development has never been able to cogently explain why the government should not cover this. As I say, with the royalties for regions program, he made the undertaking before the election that it

would; it is a piece of strategic infrastructure, and it is well outside of normal expenditure because this is something that was subject to a National Party privatisation—the government would not normally spend money on it. The Leader of the National Party says that it is all the Labor Party's fault because it was in government for eight years, but he needs to understand that the contract handover was in December 2000, just before Labor came into government. It was a contract that it was responsible for; a contract so badly drawn that the original operator was able to on-sell it for around half a billion dollars in profit without the state government having any capacity to intervene. The contract was so badly drawn that we had no right to have a say in that transaction. That transaction, of course, fundamentally changed the nature and dynamics of the deal by splitting the ownership of the rail from the above-line operation, and, interestingly, it turned on its head all the rationale that the National Party had stated for needing to have the two sold together. This company, when it saw the possibility of a massive profit from doing that, divided it up and sold the two components and then walked away. I do not know whether or not the member is a Wesfarmers shareholder, but we know that many members of the cabinet were, and it was sold to Wesfarmers, which walked away with about half a billion dollars worth of profit, and the taxpayer is now required to pick up the tab.

Of course we had some difficulty with that notion. It stuck in our craw that we had to ask taxpayers, who had already bailed this deal out by paying off nearly \$200 million worth of debt, to put taxpayers' funds in, but we did the work. We set up the Grain Infrastructure Group, which, before the election, the now Minister for Regional Development said was a good group; it brought industry and state government together to work out a solution.

That clearly signified to us that for any line that was closed down, the taxpayer would have to provide the funding for the road infrastructure and upgrades necessary to the road infrastructure to cater for the massive expansion in traffic that would be experienced on those roads. We also ascertained that the cost of doing that would be at least equal to the cost of investing in rail infrastructure. We had to make a decision, and the package that was put forward included the proposition that the taxpayer would need to invest in this \$400 million. It was not money that needed to be spent all at once; it could be spent over a five-year or 10-year period, but there needed to be a commitment, otherwise the private-sector operator would not continue to operate those lines.

The then Labor government put together the GIG process and came up with the proposition that eventually the \$400 million package would be needed. We went to the federal government to ask for funding. At the time it was the Howard government and it was not interested in participating. In 2007, with the federal election coming up, we approached Martin Ferguson, who was then the shadow Minister for Transport. He was extremely interested in assisting us, and part of the election commitment was that they would actively review the Howard government's decision. After they were first elected, I had my first meeting with Anthony Albanese in Canberra, and two months later one of the key items on the agenda was the grain infrastructure proposal.

Mr B.J. Grylls: Why didn't it appear in your election budget then?

Ms A.J.G. MacTIERNAN: Because we were waiting for federal government commitment to the project.

Mr B.J. Grylls: You met with him right after the federal election in 2007?

Ms A.J.G. MacTIERNAN: We now have a federal government commitment, because the federal government allocated funding of \$135 million for this project in its budget. It would be prepared to invest if we had a commitment from the state government to also invest. It is an issue that would have had to have been resolved by the Labor Party—I accept that. We would have had to have made an allocation in those nine months, but we were committed to that principle. We understood the argument. We were not pretending that we had a government in a government. The Leader of the National Party has said repeatedly that the issue is not that we should not do it; he has argued many times that it should be done, but that it should come out of the transport budget. The Liberal Party and the National Party have combined to make a government; they are not two separate governments, they are a government. We know that Mr Barnett is hostile about the sale; we understand that because we were hostile to it ourselves. But this issue must transcend being a blue between the National Party and the Liberal Party. They have to govern together and they have to make decisions together.

For the first six months, after backing the former government up and saying, "Yes, we've got to invest in this infrastructure", now, suddenly, the Liberal-National government is saying, "Oh no, this is actually not a good idea", and it would appear that it is quite happy to have these grain lines closing down.

I do not know how many members the Pastoralists and Graziers Association has in country areas, but it is claiming that it does not think any money should be put into the grain freight network, and that we should just build standard-gauge railway lines. Of course, that is a really incredibly silly idea if one considers that the cost of building a new standard-gauge line is about \$2 million a kilometre, as opposed to the upgrade of the narrow-gauge line, which will cost around \$120 000 a kilometre. Economically, the standard-gauge proposal does not make sense.

This is a matter that the National Party, in particular, must take responsibility for. It was its privatisation; it pushed it through the cabinet to fund its road program. It has turned out to be a debacle and it needs to be fixed. It needs that injection of funds, and we would seek to have the minister accept that special responsibility. Given that it is his constituency, he has a responsibility at the best of times, but let us go beyond this blue about what part of the government should fund it—the fact is, it should be funded! The fact is that \$281 million is unallocated in the royalties for regions budget, and the National Party will not even have to use all of it. The Leader of the National Party will still have his lolly bag to race around with! There will still be plenty of capacity for the Leader of the National Party to race out there and dispense his largesse on the burghers.

It is great that people are getting toilets and roofs on houses repaired and all of these little things that are happening. The Shire of Bruce Rock has this money and is saying, “Oh my God, what shall we spend it on?” It is going out to check its reticulation because it might not work and it might have to spend the money on that—it is fabulous, and I am sure they are all really happy with the money! But what is really needed for the long-term economic future of this region is the investment in rail infrastructure. I would really urge the government to move beyond the sort of Morgan Tsvangirai-Robert Mugabe sort of relationship that we currently see —

Mr D.A. Templeman interjected.

Ms A.J.G. MacTIERNAN: That is right; that is the only problem! Morgan Mugabe and Robert Tsvangirai!

We have a government within a government, and it is not the way to do business. We know that the Minister for Regional Development, from his prognostications time and time again, believes—because he told the public before the election—that we need to spend the money on this and we need to get this rail rescue package up; it is a good package. He should get on and do it and put aside this historic dispute that has existed between the National Party and the Liberal Party.

Mr M.J. Cowper: Member, what was your plan?

Ms A.J.G. MacTIERNAN: Our plan was to fund the rail rescue package by getting the federal government on board. We always said that the rail rescue package was the solution.

Every sort of excuse has been used, “Oh, we don’t like Grain Express; CBH, we don’t like them now”. I do not know how much of this stuff is coming out of the PGA, but I know that we have an immediate problem for many of those communities, particularly the communities around Quairading and Trayning—those areas which are now seeing more and more trucks on their roads. It is a problem now, and it will be a much bigger problem if we do not resolve this issue very shortly. We will see up to 1 000 kilometres of rail line closed, which would be a very negative result. The royalties for regions money is there. It can be spent on this, and I urge the minister to do it.

MR M.P. MURRAY (Collie-Preston) [4.30 pm]: I must start by referring to what has happened today with the Auditor General criticising the Court government for privatising Main Roads’ maintenance program and by saying that things are still similar. The Auditor General has said that the Court government’s privatisation of Main Roads’ maintenance program has caused a problem today. It is much the same as the problem we have now with the grain rail network. The privatisation that occurred in the state under the Court government is certainly coming home to roost. Members will have seen what has happened with the privatisation of rail in London. In my area the Greenbushes-Bunbury rail line is just lying there waiting for the money that has been allocated in the budget. I have certainly not seen any action and I have my doubts about whether that money will be expended in that area.

The National Party members in their grassroots areas have been thumbing their noses at their own constituents. They have said that they can go to hell and that the National Party will not be seen to be pork barrelling with a rail line. However, with \$240 million of unallocated money and the pork barrelling that has gone on through the systems for councils and shires, the National Party is making a huge mistake with its constituents. The Minister for Regional Development has unallocated money available and is refusing to allocate the money to this rail system. The rail network is really needed in our state. The lack of action is stifling investment. Entities such as Co-operative Bulk Handling Ltd do not know whether to put in road bins or rail bins, or whether to put in rail lines or spur lines; they are not quite sure which way to go.

Shires are up against shires saying that they must not put trucks through their area or that there must be a ring road around a town because of extra trucks, but building roads will also cost money. If all rail freight grain goes on to road freight, those shires will deserve ring roads around their towns. I believe the number of truck movements all up will be around 300 000 a year if grain comes off the rail freight line. Some of those trucks will go through the city. Members can imagine the backlash against country people when trucks start to snarl up the city because country people are carting their grain to the port. If that happens, it will make it very difficult for the National Party to stand back and not support country rail lines.

The shadow minister, who spoke before me, has made a great case for why we should move forward as she outlined. The options are there. No-one is saying that the whole lot should be done at once. The proposition is for

it to be done over a four-year period, which I think is reasonable. Also, the money involved in keeping freight on rail is not outstanding at \$26 million a year, if we compare it with the money required for road upgrades. Some roads will not be licensed to take road trains, which means that truck drivers will have to make a double trip because they will have to leave a trailer at a certain drop-off point. Shires will have a say about that. I would not blame them if they blocked every road train application and said that they would not have road trains through their communities, that truck drivers could drop one trailer off, deliver the other trailer and then return. That would probably add another third to the number of truck movements a year, which means we will be looking at another 150 000-odd truck movements. It also means there would be nearly half a million truck movements on the roads. Members can imagine the safety problems that would cause. There are enough troubles now when one truck gets behind another. I am damned if I know why drivers do that and do not give enough room for cars to pass. A second truck always seems to be trying to pass a first truck, even though the truck drivers will have a cup of coffee when they arrive at their destination. I am sure members opposite have often seen trucks travelling at one or two kilometres difference in speed. Some trucks will block a road, a car driver will take a risk and pull out, and another driver will be coming the other way. I am sure that we have all seen this happen. We saw the consequences of this not so long ago when two drivers who had been waiting for a long time both pulled out at the same time and people were killed in the resulting accident. If we do not invest in rail freight, we will bring those problems back. I implore the minister to go to his slush fund and find at least the basic \$26 million that is needed in this instance to get things up and running.

I also have some problems with the question of who was the watchdog for determining the maintenance that was supposed to be done on these country rail lines, including the Greenbushes line, where companies that allowed the lines to run down on-sold them and left the state.

Ms A.J.G. MacTiernan: Unfortunately, we were told that they would invest \$400 million, but when we got in we found that there was no provision in the contract that actually required them to do it.

Mr M.P. MURRAY: That was probably not an oversight. A person buying in would certainly have been looking at that before signing on the dotted line. People would have known that they did not have a contract that required them to carry out that maintenance. It is quite obvious that \$400 million has not gone into maintenance.

Ms A.J.G. MacTiernan: The minimum maintenance that was required under the terms of the contract was done.

Mr M.P. MURRAY: What about maintenance for the future, which is where we are now? Anyone can use minimum maintenance as a throwaway line and say that he has done the minimum maintenance. What does it mean? Does it mean that the tracks are still on the sleepers, even if they are only just on the sleepers? I have read of cases in the press in which train speeds had to be reduced to 15 kilometres an hour. It is unviable for operators to do that. It also causes problems further down the line where people on spur lines are waiting for trains to come through. We all know the issues that occur when maintenance is not carried out on rail lines.

What is really criminal is that when a line is on-sold, the owners reap a profit and leave a skeleton that is worth absolutely nothing because maintenance has not been carried out. The line may become a rail reserve, which might be used for horse and pony tracks or something like that. That is what may happen with the Greenbushes line. I do not have a problem with some of the issues that pastoralists and graziers have raised about having a look at which lines might be abandoned or which lines could be made more efficient. However, to say that most of the lines will be wound down and there will be only a few major through lines is not the answer. The shires have well and truly put forward many issues to the minister. The result of that has been absolutely nothing. In fact, it has got to the stage where they now have a support website at www.grainonrail.com.au, which can be accessed by the affected people, so this issue will come back and have political ramifications. The National Party might have huge majorities in country areas and its members might think they can thumb their noses at lots of people, but if they do it too often, people will come back and bite them. That is exactly what happened to the National Party in the seat of Collie. Collie voters caused a 10 per cent swing because the National Party ignored the electorate. The last person who expected to be elected in 2001 was me. Why was I elected? It was because the voters were taken for granted. That is what is happening now in the wheatbelt. They are experiencing the genetically modified crops that the National Party is promoting. Nannup shire is voting against GM crops. They are the same crops that have been planted and should probably be carted by road in a sealed container, in the same way as uranium. National Party members have become too cocky. They are thumbing their noses at their own constituents. As I said the other night, if they get too bigheaded they will fall off their stool and come down with a helluva thud, because that is the way politics works. I am not saying anything about the Labor Party, but if the Premier is quite cunning, he will put up some very good candidates against the Narrogin National Party. If he does, we will see some changes in this house.

I have another point about investment into the actual load-out facilities—Co-operative Bulk Handling Ltd comes to mind. People in the country are very concerned about investment in their own infrastructure. They are not asking for any money at all but they want to know where to put it. People want to know whether they are going to have a rail load-out or a road load-out. It is ludicrous that people are being hampered by a lack of decision

making. Technically, the rail is still alive. Even though it is not being used, technically it is still alive. If we are not going to use it, come out and shut it down. Make the hard decisions and say, "It is finished." Then we will all know where the National Party stands. At the moment people do not know what to do with their investments.

It is very difficult for people in country towns—whom the minister is supposed to be supporting—having trucks down there. For people with a mortgage, they may be hoping to pick some of that load up and onto their trucks. It requires decision making right down to the grassroots—not just in putting money into rail, but it is a decision that has to be made. I hope that after today the minister will say, "We can take \$26 million, as I promised, out of the royalties for regions fund." It was demonstrated today that the minister cannot just swap and change and say, "I didn't mean that. I had my fingers crossed." The minister cannot do that anymore. He has to be honest with his own constituents. I implore the minister to take \$26 million out of the National Party slush fund. He might have to throw away a swimming pool or something else in his electorate like that.

Mr B.J. Grylls: A bridge in Collie?

Mr M.P. MURRAY: Basic infrastructure—that is what it is. We need basic infrastructure. We do not want those trucks on the road. I am sure that next time the minister's windscreen is broken when he is trying to overtake a truck, he will say, "Bloody trucks! I wonder who put them there?" We will all tell the minister very quickly why they are there—because he has not invested in his own people. That is really what it comes down to.

It was very interesting to read what the shire president of Gnowangerup had to say in the *Countryman*—he said, "Get on and do something." He is getting a double lot—the trucks are coming in one way, dropping their grain off and then reloading to go through to Albany. He is getting a double dose of trucks when probably he should only have one. That is another issue. He says, "If you're going to make that decision, at least fund us for the ring road around our town." If anyone has travelled on east coast roads—the roads are not any better—but the ring roads around country towns certainly make them far better places to live as there is no rattling and banging of trucks day and night, 24 hours a day, seven days a week, taking grain to the port. It causes frustration on the road. We heard about that today when we were talking about road safety. Some of these problems come from trucks that are on the roads. In many of the country areas, the roads have not been made for road trains. A B-double is probably as far as we would want to go. Now we have road trains on skinny, narrow roads pushing people over. We all know, even with due care and attention by drivers, about the whip that sometimes happens when they move a little bit; the last trailer sways across the road and sometimes inexperienced drivers get a scare from that.

I really think in this case that the minister has made a very bad mistake in not being forthcoming about some of the money for the royalties for regions program. Towns such as York, Quairading, Trayning, Kellerberrin, Merredin and Wyalkatchem are going to suffer. By gee, if ever I had reason to believe that that was the heartland of the National and Liberal Parties, that was it. To see it happen to these people is just criminal. It is criminal that the minister is going to put them at risk on the roads. When there are traffic jams because of the trucks taking grain to the port, we are going to have a backlash against country people again. That is something I do not want to see. I think the divide is big enough now and we should be working towards working together.

MR B.J. GRYLLES (Central Wheatbelt — Minister for Regional Development) [4.44 pm]: The mock concern shown by the opposition for regional rail is hypocrisy of the highest order. For the former Minister for Planning and Infrastructure to stand in Parliament, after spending \$2 billion on a rail line to Mandurah —

Ms A.J.G. MacTiernan: That is not something the minister would ever do! He would never spend a cent on rail.

Mr B.J. GRYLLES: To build public art all the way to Mandurah and now stand in Parliament talking about investment in regional rail infrastructure is hypocrisy at its highest. Anyone would understand that a rail network —

Ms A.J.G. MacTiernan: It is not hypocrisy. When did the National Party last build some rail?

Mr B.J. GRYLLES: I know that it was our party that made the last investment in regional grain rail. How much money did the former Minister for Planning and Infrastructure spend, at a time of \$2 billion budget surpluses —

Ms A.J.G. MacTiernan: Does the minister know how much we put in?

Mr B.J. GRYLLES: How much money did the former government put in?

Ms A.J.G. MacTiernan: We put in \$200 million to pay off the debt left by your privatisation! We put in \$200 million to pay off the debt, which we could have put into rail had you not privatised it.

Mr B.J. GRYLLES: I put the question to the former Minister for Planning and Infrastructure again, after the mock indignation and the mock horror at the investment in the grain rail network: how much money did the former government invest in the grain rail network in regional Western Australia?

Ms A.J.G. MacTiernan: We put \$200 million in.

Mr B.J. GRYLLS: How much money was put into rail maintenance?

Ms A.J.G. MacTiernan: Two hundred million dollars!

Mr B.J. GRYLLS: None—no money was put into the maintenance of rail —

The ACTING SPEAKER (Mrs L.M. Harvey): Order, members!

Ms A.J.G. MacTiernan: We put in \$200 million to pay off the debt. You just privatised it!

Mr B.J. GRYLLS: I didn't privatise it.

Ms A.J.G. MacTiernan: You did privatise it. The National Party privatised it!

Mr B.J. GRYLLS: I was not here, the member for Wagin was not here —

Ms A.J.G. MacTiernan: Hendy Cowan.

The ACTING SPEAKER: Order, members! A number of members have been called to order previously today. I have given the call to the Minister for Regional Development. I would appreciate it if we could perhaps give him a moment to finish what he has to say.

Mr B.J. GRYLLS: It is the track record of the opposition that whenever I speak it spends the whole time yelling at me. I have been speaking for two minutes now —

Several members interjected.

Mr B.J. GRYLLS: I do not mind—members opposite can keep on doing it, but, like I said, if the opposition was so concerned about regional rail, maybe it should have made an investment in it. As the former Minister for Planning and Infrastructure quite clearly pointed out, the Grain Infrastructure Group was put together by the former government, the planning work was done and recommendations were made. The recommendations referred to by the former Minister for Planning and Infrastructure were ignored.

Ms A.J.G. MacTiernan: They were not ignored!

Mr B.J. GRYLLS: They were absolutely ignored! Even further than that, not only were they ignored in 2007, and not only were they ignored in 2008, but in 2009 we now find that members opposite are all very concerned about regional rail. It is absolutely remarkable. Yes, people are angry in my electorate. They are very concerned about grain moving from rail onto road. They are the ones who share the roads with trucks. They are the ones whose school buses are sharing the road with trucks. I am absolutely aware of that. But any notion that those people are lining up behind the former Minister for Planning and Infrastructure and supporting her in this is just complete nonsense.

They are chuckling away at the mock indignation shown by members opposite because they know that the Labor Party constantly ignored it. Why did it constantly ignore it? It has been put on the record today by the former Minister for Planning and Infrastructure. The former Minister for Planning and Infrastructure has put on record why the Labor Party ignored it. It opposed the privatisation decision by the Court-Cowan government. Because it opposed it, it said, "That's it for the rail. We're not going to invest in it at all. We're going to let it go. We don't care about it. We don't care if all the grain comes off the rail and onto road because that will prove our point."

Ms A.J.G. MacTiernan: Why did we set up the Grain Infrastructure Group?

Mr B.J. GRYLLS: Why did the former government set it up when it did not plan to fund it?

Ms A.J.G. MacTiernan: To bring the federal government on board—and we succeeded.

Mr B.J. GRYLLS: Did you ever take a submission to cabinet to have the GIG process funded?

Ms A.J.G. MacTiernan: I did.

Mr B.J. GRYLLS: So what happened?

Ms A.J.G. MacTiernan: We were working with the federal government. We always said we needed three parties. Our view was that once we got the federal government on board —

Mr B.J. GRYLLS: Here we go! The former Minister for Planning and Infrastructure took a submission to cabinet to fund the rail. Obviously, after all the planning work was done, she recognised that it needed to be done and what happened? Nothing. It was probably the same day that the previous government was planning the sapphire clock tower at the Mandurah railway station. Could it have been the same day that the sapphire clock tower was on the agenda?

Ms A.J.G. MacTiernan: You're in government now! What are you going to do about it?

Mr B.J. GRYLLS: The minister is the one who said that this should have happened; she had every opportunity and she has just told the house that she was rolled by cabinet.

Mr P.B. Watson: So were you!

Ms A.J.G. MacTiernan: You pledged it, and we didn't get rolled by cabinet.

Mr B.J. GRYLLS: I have not been rolled by cabinet. The previous government was so concerned about rail infrastructure —

Several members interjected.

Point of Order

Mr D.T. REDMAN: The member for Mandurah is making comments that are not related to the discussion. I can fully appreciate —

Mr P.B. Watson: Under which standing order?

Mr D.T. REDMAN: Total interference. I am still making my point of order. The points being raised do not relate to —

Several members interjected.

The ACTING SPEAKER (Mrs L.M. Harvey): Members, there is a member on his feet, speaking to a point of order. I request silence, please.

Mr D.T. REDMAN: My point refers to the relevance of interjections. The interjections are not relevant. I can understand there being interjections in some debates, but not this one, surely.

The ACTING SPEAKER: There is no point of order, but I have already warned members on my left about incessant interjections.

Debate Resumed

Mr B.J. GRYLLS: More has been revealed today. The previous government was so concerned about rail infrastructure for the grain routes in regional Western Australia that, during a time of multi-billion dollar budget surpluses, the issue came before cabinet and the members who today talked about their concern for safety on country roads and broken windscreens said no. It is now on the record; they said no and they did not fund it. It is absolutely unbelievable, given —

Ms A.J.G. MacTiernan: That's not true; you're verballing. We know that the minister's pledge was true.

Mr B.J. GRYLLS: The former minister took it to cabinet; what happened then?

Ms A.J.G. MacTiernan: We told you.

Mr B.J. GRYLLS: The member said I was verballing her, so I am giving her the opportunity to respond.

Ms A.J.G. MacTiernan: I will respond when I get my right of reply.

Mr B.J. GRYLLS: The previous government was so concerned about the rail network that it featured in a cabinet submission that was actually supported at some stage during the economic nirvana of Western Australia's immediate past. Perhaps it would have been a priority for the election campaign; commitments were made for the Ellenbrook rail and the Butler-Brighton extension to Alkimos. Perhaps the calling of an early election ruled out an opportunity for the previous Minister for Planning and Infrastructure to make an announcement about her investment in the grain rail routes. The previous government never had any intention to do so, because it invested nothing during its eight years in government. Strangely enough, members opposite now claim that there has been a rapid deterioration in the standard of maintenance on the grain rail network during the first nine months of the current Liberal-National government. It is amazing that climate change has affected it so much. The huge task of transporting the last harvest has obviously damaged the rail network. It is not true. As everybody knows, whether one is running a family car or any other piece of machinery or infrastructure, constant maintenance is needed, which requires constant funding, year after year.

Ms A.J.G. MacTiernan: Let me get this right: you're saying that after you privatised the rail, the previous government should have been carrying out maintenance? Is that what you're saying? You're saying that we should have done the maintenance! Unbelievable!

Mr B.J. GRYLLS: I am saying that the member's proposal recognised the need to invest in rail, which is why she took it to cabinet.

Ms A.J.G. MacTiernan: You're arguing that we should have done the annual maintenance!

Mr B.J. GRYLLS: She told me that she took to the cabinet a submission for investment in regional rail and that it failed.

Ms A.J.G. MacTiernan: I didn't say that at all.

Mr B.J. GRYLLS: I know why it failed. It suited the member's purpose for the rail network to fail so that she could run her ideological argument about the privatisation of the rail network by Eric Charlton and Murray Criddle. We know that because now that the member is in opposition, she is back onto the terms of the lease agreement, which suggest that a government injection of funds into the rail network might be important for keeping sub-economic lines operational so that grain will not be transferred from rail onto the road network, thus avoiding associated problems. The argument is too convenient; the member ran one argument for eight years when in government, she failed to get funding for it, and she completely changed her tune the moment she moved onto the opposition benches. The notion that regional Western Australians do not recognise that and are mystified by the fact that she would do that for them is something that she will have to explain to them.

I will go over some of the background for members who are interested in the lease agreement. The lease agreement set out the minimum axle load and speed standards for the entire grain network. These were to be reviewed every five years with reference to the fit for purpose test. The first five-yearly audit was conducted in 2005 by an independent expert approved by the minister. The lessee was required to submit five-yearly maintenance plans to the minister. The first plan was submitted in 2005, following the audit process. The next audit will be undertaken in June 2010. The current Minister for Transport tells me that WestNet Rail today confirmed to him that the entire network is fit for purpose. The lines that were mooted for closure include the Quairading-York line, the Trayning-Merredin line, the Katanning-Nyabing line —

Mr E.S. Ripper: A very important line!

Mr B.J. GRYLLS: — and the Gnowangerup-Tammin line. They are the lines that WestNet has identified for discontinuation unless there is investment into the network.

Mr E.S. Ripper: You must save the Nyabing line!

Mr B.J. GRYLLS: I understand the Leader of the Opposition's personal interest and great support for the fantastic little community of Nyabing!

WestNet has confirmed that those lines are still fit for purpose. Grain is not being transported on those tracks, but that is not because the tracks are incapable of handling trains. All members recognise that, given speed modifications, all the rail lines will be useable. Of course, we would like the network to be at maximum capacity so that the trains can run at maximum speed, because the economics of rail freight versus road freight is an important consideration for government in ensuring that as much grain as possible continues to be transported on the grain rail network. Let us be very clear: WestNet Rail has confirmed to the Minister for Transport that all the rail lines are fit for purpose, as required under the terms of the privatisation agreement that has been so criticised by the former Minister for Planning and Infrastructure. That is where we stand today.

The reason for WestNet Rail's request for funding is the rate that ARG, the company that runs the engines and wagons, is charging for the transport of grain from point A to point B. If WestNet puts its available cash resources into funding the line, it will need to recoup the funding. That is what provides the modelling for its charges. If it receives government assistance to do that, obviously it can offer a lower price. If it can offer a lower price, it is easier to compete with road freight. That is what this is about. It is not about the lines, it is about the fundamental economics of grain rail freight versus road rail freight. Does the former Minister for Planning and Infrastructure agree?

Ms A.J.G. MacTiernan: Yes; I do agree that it is about the economics of rail. We have to make rail competitive. Can I just make this comment, because it is important you understand this? With rail, all of the externalities are brought to bear in the cost of rail because rail maintenance is included.

Mr B.J. GRYLLS: That is correct, but that does not happen on the road.

Ms A.J.G. MacTiernan: It is not on the road. The work we did under the Grain Infrastructure Group explains that there is a greater subsidy going into the road than into rail.

Mr B.J. GRYLLS: I agree with that. The former minister is correct. Under the rail contract, in charging Australian Rail Group a price to access that line, WestNet Rail must incorporate the full cost for the road user. The truck or the car pays a licence fee, but that licence fee certainly does not cover the full cost of road maintenance. That comes outside. The way the government has sought to recognise that over many, many years is with an injection of capital into the network. This is very similar to public transport in the metropolitan area. If there were full cost recovery for every person who got on the metropolitan train network, no-one would get on.

Ms A.J.G. MacTiernan: You need to understand that if those people were going by road, the cost of actually providing that road would be more than the cost of providing the public transport.

Mr B.J. GRYLLS: Correct; I understand that. Let us be very clear. From memory, I think \$650 million a year is budgeted, which is the cross-subsidisation of the rail routes. It includes Merredin, Kalgoorlie and the *Australind*.

Ms A.J.G. MacTiernan: Every time anyone gets on the *AvonLink*, the taxpayer pays 100 bucks.

Mr B.J. GRYLLS: It is predominantly the metropolitan line. The major taxpayer contribution to the cost of using —

Ms A.J.G. MacTiernan: That is where the major taxpayers are. They live in the city.

Mr B.J. GRYLLS: That is the member for Armadale's view.

Ms A.J.G. MacTiernan: They do.

Mr B.J. GRYLLS: Her view is that all the money should go the metropolitan area, and maybe that is why royalties for regions was established.

Ms A.J.G. MacTiernan: You're pretending the one and a half million people who live in the city don't pay tax.

Mr B.J. GRYLLS: That is the member for Armadale's view, but according to that view, in the electorate of the Acting Speaker (Mr V.A. Catania), the upper Gascoyne, Standstone and other fantastic areas where there is not much population do not deserve a bridge.

Ms A.J.G. MacTiernan: Your view is that the people in the city are a mob of freeloaders. You say that over and over again. You imply that 72 per cent of people in this state who live in the city are a mob of freeloaders who don't pay their way.

Mr B.J. GRYLLS: No; I just pointed out what I think.

Ms A.J.G. MacTiernan: You do. That is what you say all the time.

Mr B.J. GRYLLS: I am very happy that all my Liberal and National Party colleagues recognise that the four per cent of estimated government revenue under the royalties for regions plan is a fair four per cent to be invested into regional communities. We stand by that. We know that the member for Armadale does not like that and that her party plans on scrapping it as soon as it can. I look forward to the legislation that I introduced into the Parliament today being debated by members opposite, during which they can put on the record their plans to scrap the royalties for regions fund at the first opportunity after a subsequent election.

We have now ascertained that all the rail lines are fit for purpose as agreed by WestNet, and I think it has been acknowledged by the opposition that this government injection into the rail network is about subsidising the cost of ARG accessing the rail line so that it can compete with road transport.

Ms A.J.G. MacTiernan: It makes it economically viable to keep the rail open.

Mr B.J. GRYLLS: That is right. That is what we are arguing about. I am glad we have defined that. The elephant in the room here, which no-one has been prepared to recognise—why the Grain Infrastructure Group process, although important, was maybe somewhat outdated—is the deregulation of predominantly the wheat industry. With the end of the Australian Wheat Board holding the single desk, the whole freight task in the grain market fundamentally changed overnight. Under the single-desk model, grain was planned to be transported from the receival point in the grain-growing belt to the port over 12 months, basically. In many cases, sometimes the previous year's harvest remains in bulk storage in the wheatbelt when the next year's harvest starts. That was based around world markets, the logistics of shipping and the rail freight task. Because of the single desk, AWB and Co-operative Bulk Handling used to work together to assess how much grain they had to move, where the markets were and how they would move it.

The premium to be gained by the supporters of deregulation was the fast movement of grain. It was all about the quicker they could ship the grain from storage in the grain belt, to port, onto the ship and to the customer. That is where the premium can be extracted. Rather than a grain logistic task over 12 months, now everyone wants to shift the grain in three months. They are accessing private markets, but that is an argument for another day. Some people agree with that and others do not. That is what has happened, so we move forward.

Ms A.J.G. MacTiernan: It doesn't really make sense, does it?

Mr B.J. GRYLLS: Now we have the problem of the desire after harvest to move the full harvest as quickly as possible, in January, February and March. That is why this year we saw backlogs. During those backlogs everyone said, "Look, the rail line network is not up to scratch; we have a major problem; this won't work; it was never going to work." This investment suggested by the opposition will not solve that problem. All we are doing is resleepering existing lines and providing an economic boost for WestNet so that it can pass on a cheaper cost to ARG for rail. It will not address the fundamental concerns of moving 10 million tonnes of grain to the port in the three months of January, February and March. That is why the Minister for Transport, I think quite rightly, is saying that we should be very clear that the investment of taxpayers' dollars in this system must be made with the best possible outcome in mind.

It is sad to say—my electorate does not like this—that some lines will close because even if we invest in them and get the maintenance right and it is all operating perfectly, individual farmers will still decide to truck their grain to Perth. That is the problem we are facing in the grain industry. There has been major upheaval, which was somewhat expected, but I do not think anyone expected that we would be in this position. We need to make sure that we are not investing taxpayers' money into a rail line that suits the ideology of carting all the grain on rail if there is no train to run on that line because the individual farmer does not deliver to the CBH receipt point that that line is linked to. That is the great concern.

I will explain further the situation in my electorate concerning the Trayning-Merredin line. Trayning, which is around 130 or so kays north west of Merredin, has a narrow-gauge rail line that runs from Trayning to Merredin and from Merredin through to the port, where there is the standard-gauge line. Due to the way the rail network was put together in the first half of the last century, the rail line runs from Trayning back to Merredin. People who deliver to the CBH facility in Trayning have their grain actually shipped from Trayning away from the port 130 or 140 kilometres. It is then dropped into the Merredin bin, handled a second time back onto the standard-gauge train and brought down to the port. Obviously in the days of cost reflectivity, CBH started to reflect on the fact that the grain was transported 140 kays backwards before coming to Perth and was double-handled before it headed to port. In light of that reflection, individual farmers have gone from driving 10-tonne trucks and carting their grain to the Trayning wheat bins to buying a road train and carting it straight to Forrestfield, which is a major terminal. Two sets of economics are involved: firstly, the grain network is based on an old radial model on which everything was cross-subsidised, and that is happening less now. Secondly, as the former Minister for Planning and Infrastructure outlined, the full cost of maintenance must be incorporated into the cost of rail. That is how it works. That does not happen with road travel. Even though the cost of truck licensing is very high, it does not involve full cost recovery from the trucking and transport sector on the road. If individual farmers can get a truck to take their grain from Trayning to Forrestfield for something like \$14 a tonne, and the rail charge is \$17 a tonne, although they have kids on the school bus and do not like sharing the road with trucks, they make the decision every time to save the \$3 a tonne. If they are farmers who produce 10 000 tonnes a year, that is a substantial bottom line. That is the story of the Trayning rail line. Given that we have ascertained that the Trayning to Merredin line is fit for the purpose and the train can still run on it, why is WestNet Rail saying that it will close it down? WestNet has said it will close it down because it does not think it has any hope of competing with truck freight from Trayning direct to the port without a taxpayer subsidy.

Ms A.J.G. MacTiernan: Yes, but it's not really a subsidy. You would argue—and this is our point—that it is actually equalisation, because you don't put the money on there.

Mr B.J. GRYLLS: That is right. I agree with the member for Armadale. If we do not put the money there, we are going to end up paying it on roads in the future. However, the investment decision by farmers to take the grain by truck rather than by rail is governed ruthlessly by the dollar.

Dr M.D. Nahan interjected.

The DEPUTY SPEAKER: If the member for Riverton wants to make a comment, I advise him that he should make comments from his own seat.

Mr B.J. GRYLLS: That is a problem that we have. Even with an investment in the rail network, we still may not win the outcome that everybody seeks, which is to put all the grain back on rail. That is understood, because even today with all of the support from the previous government for putting grain on rail, around 50 per cent of the state's grain task is taking place on roads in trucks. That is what happens today. If the previous Minister for Planning and Infrastructure wanted to be more honest, she would recognise that this is the actual debate that we are having. That may be why cabinet knocked back the submission based on the Grain Infrastructure Group proposal that was made to the previous government. I assume that the cabinet submission was made before deregulation, because this issue existed before deregulation, but it has manifestly grown since privatisation. I do not think anyone would support investment in the Trayning-Merredin line—even if we do make that investment—if we do not get the outcome that we want. If no matter what we do it will still be more economically viable for individual farmers to decide to truck their grain to Perth, taxpayers' dollars will be better spent on roads rather than on the rail link from Trayning back to Merredin. That is really the nub of where we are at today. This is an incredibly complex situation. It was complex before. It has got more complex with the change in the industry that has happened post-deregulation of the Australian wheat industry.

Mr M.J. Cowper: It gets more complicated because a lot of trucks that come to Perth are actually loaded, for instance, with lime for their farms. So how does rail compete with that?

Mr B.J. GRYLLS: That is exactly right.

Ms A.J.G. MacTiernan: I am sorry, a train comes in and it goes back as well.

Mr M.J. Cowper: What, to the lime pit?

Mr B.J. GRYLLS: That could happen now. Currently no fertiliser or lime comes to the wheatbelt on rail. None of that happens; it is all done by truck, which is why 50 per cent of the current task is on road. I think there is an ideological argument around this issue and I think everyone would agree with that.

Mr M.J. Cowper: Yes.

Mr B.J. GRYLLS: I think that everyone would support as much of the freight task as possible being on rail. There has been a massive increase in east-west rail freight, which is a good thing, and that will continue to grow. People are already starting to talk about a duplicated line east-west to allow for that to grow even more.

Mr M.J. Cowper: Even Armadale to Bunbury would be nice.

Mr B.J. GRYLLS: We are also hearing now from industry that we should recognise the need to get as much grain as possible out to port between January and March. That is where the argument is coming from for more standard-gauge lines to be built in the wheat-growing regions linking to ports. I would like to think that there would be that sort of investment in Albany in future, it being the second-largest export port.

One again the trouble with grain is that it is very different from iron ore. Grain is harvested over one and a half to two months and does not have a train running back and forth every day carrying it to port. The movement of huge volumes of iron ore makes it affordable for BHP Billiton and Rio Tinto to maintain their lines and to make the massive private investment needed to build a standard-gauge rail. Under any one scenario, even if we doubled the grain harvest—the Minister for Agriculture and Food is hoping we can in future—that would get to an average 20 million tonnes a year. If we keep looking at a 50-50 split, that would be a 10 million tonne task. I do not know the volume of iron ore that Rio or BHP shift in a week on one of those train lines, but it is probably the volume the whole grain industry shifts in a year. That is the problem that we face.

I also put on the record another initiative that I believe has huge potential to grow the usage of the current narrow-gauge network; that is, facilities located in the regions for the containerisation of grain and hay. In relation to a topic raised by the member for Murray-Wellington earlier, I believe there is much greater scope for fertiliser to come back to the regions containerised than for it to come back on bulk wagons and dumped where it needs to be accessed. We have actually started to work on some intermodal hubs. That work was put to the former Minister for Planning and Infrastructure under the previous government. We are looking at doing that somewhere around Pingelly, Brookton and Narrogin, which are huge hay-producing areas. All of the hay from there currently goes to Perth in road-freighted containers. There are individual businesses and now farmers who are looking at containerising their grain because a lot of niche markets that offer premiums prefer to take a container than a bulk shipment. Therefore, the containerisation of the freight task is something that does offer some potential to get more grain onto rail. For that to happen we will need intermodal hubs where a container can be taken off a truck and put onto the rail line.

Mr M.J. Cowper: A Bunbury container terminal would be nice.

Mr B.J. GRYLLS: That is right, including the logistics to enable that to happen.

I well and truly understand the concerns of regional Western Australians with regard to the freight task for the state's grain harvest. There are a lot of concerns, agitation and anger in my electorate in the wheatbelt about this issue. It would probably be quite easy for me to say to the member for Collie-Preston that the best we can do is knock this little issue on the head, put the money in and the problem would be gone. Perhaps the member for Collie-Preston will one day be in a position to make that decision, but every decision a minister makes is subject to enormous scrutiny.

Several members interjected.

Mr B.J. GRYLLS: If we were to make an investment in a rail line based on the logistics of the harvest that was then subsequently not used, members opposite would quite rightly criticise it very strongly, because the money would have been better spent elsewhere. That is what the Minister for Transport is trying to get to the bottom of. He has set up the Freight and Logistics Council of Western Australia. The Freight and Logistics Council—probably a follow-on from the Grain Infrastructure Group—is trying to take the information from the GIG process, which I think was a good process and which recognised that if we do not have an investment, grain will move to road and that will have a cost to government. The Minister for Transport is trying to look at that in the context of what is happening in the industry; at what Co-operative Bulk Handling, as the major bulk handler, foresees in the future; and at what individual decisions farmers, of which my family is one, are making. In our time in farming my family had massive sheds on our farm where we stored all our grain ourselves, which did not even go into the CBH network. Every bit of grain that got out of that shed ended up on road transport. We did that because we extracted a premium from the system for the private selling of legumes, being lupins, and other grain. We had a flour mill. I suppose our flour mill took the grain off the rail because we turned the grain into flour, put it in a bag and trucked it to Perth. However, we were trying to extract a premium for that product. Every single farmer is making that decision.

My conversations with the Minister for Transport have been along the lines of recognising the need for investment in the network and that we must get that investment right. At the moment the attitude of “just fix every line” is not an outcome that will get the right decision. There needs to be an understanding from everybody.

Ms A.J.G. MacTiernan: How much of the line are you prepared to allow to be closed? We are facing up to a \$1 000 —

Mr B.J. GRYLLS: I thought we had some agreement on this issue, yet I am getting near the end of my speech and we obviously now do not agree.

Ms A.J.G. MacTiernan: No; I am just trying to get an idea about how much —

Mr B.J. GRYLLS: It is not about closing the rail; the rail is not closing.

Ms A.J.G. MacTiernan: Don't play semantics.

Mr B.J. GRYLLS: The rail is fit for purpose now. Based on the decisions of grain growers, the ARG and WestNet have decided that it is not viable to run trains on those lines; that is, the freight task is impossible on those lines. If the government injects enough capital that allows WestNet to put forward a price to ARG that will allow it to compete with road transport, the grain will stay on the road.

There is a lot of argument around WestNet the company and the size of the capital injection needed. It needs to be understood that not all those rail lines will stay open; indeed, rail lines have already been closed. Although the previous government had not decided to close the lines, those lines were not used; instead, trucks were used to cart grain by road from CBH facilities to the most appropriate place to load it onto the rail system. Those decisions were made under the previous government.

Ms A.J.G. MacTiernan: Which lines were they?

Mr B.J. GRYLLS: I know of plenty of movements between wheat bins as CBH managed its logistics, and I know it has happened when there has been a perfectly useable rail line. I have talked about the Trayning-Merredin line and the distance from Trayning to the major storage facility at Tammin, which is on the standard gauge. CBH encourages growers to deliver straight to the standard-gauge line. The major facility at Tammin operates 24 hours a day, which attracts a lot of the grain; therefore, that grain will be transported by road.

As the new government, we want to ensure that any rail investment will deliver a dividend to the people of Western Australia, and that dividend is that the grain stays on rail. If that does not occur, it will have been a flawed investment. That is what has happened. The Liberal-National government and I have decided not to fund the grain rail network investment from royalties for regions. The former Minister for Planning and Infrastructure has admitted that the previous cabinet had decided to invest in the rail network. We believe that royalties for regions should be about funding new projects. We have decided that the rail network capital injection should not come from the royalties for regions fund and we stand by that decision. I look forward to continuing to work with the Minister for Transport and the Liberal-National government to ensure not only that as much grain as possible is transported on the rail network, but also that the decisions of private enterprise growers and transporters of grain to not use rail are recognised and supported by the provision of a safe and reliable road network. I know that some members opposite do not like that decision, but I am comfortable with that decision. I am well aware of the great desire of all Western Australians to see as much of that freight task undertaken on rail as is possible, and the new government will work very diligently to ensure that that happens.

MR P.B. WATSON (Albany) [5.23 pm]: It was interesting that the Minister for Regional Development said that the Minister for Transport has made good decisions. He has had to make only two big decisions since he has been the minister. Firstly, he has had to decide on the deregulation of Skywest Airline, yet, with only a week or two to go before the end of the financial year and despite being pretty sure that the airline wants a decision one way or another about where it is going, we have no decision. Secondly, he has had to decide about the grain rail network, and again we have no decision.

In the first 15 minutes of his speech, the minister spoke only about what the previous government had or had not done. The Liberal and National Parties are now in government. I remember when we were on the other side. I remember when we first came to office. We probably did the same thing, but the Liberal and National opposition told us that we were in government. It is great that the Minister for Regional Development is upsetting so many National Party supporters, many of whom gave me their preferences in the last election. It is good to get a bit of hayseed and a bit of cow dung in my office, because I am getting a lot more National Party supporters coming to my office. Those supporters in our region are very upset about this promise the minister made. Funnily enough, the shadow minister spoke in Parliament today about the Minister for Regional Development's election promises. The minister's supporters have pointed out that money has been given to local government in Albany and that the local government has provided toilets and a footpath, but we are yet to see anything other than those things that local government should have provided in the first place. When Labor was in government, we built a

justice complex, we built the first stage of the ring-road and we had the waterfront development and the entertainment centre.

Mr M.J. Cowper: We clearly spent too much money down there!

Mr P.B. WATSON: Yes, and members opposite said then that we spent too much money. Royalties for regions means extra money for the regions. I am a great supporter of royalties for regions.

Several members interjected.

Mr P.B. WATSON: I have said that I am a great supporter of the royalties for regions concept but I am a bit concerned about the grain rail network.

Mr M.J. Cowper interjected.

Mr P.B. WATSON: I know that the member for Murray-Wellington is only a parliamentary secretary in an otherwise weak group, but if he has the guts, he should get up and say something.

Several members interjected.

The ACTING SPEAKER: Order, members!

Mr P.B. WATSON: We talk about royalties for regions. The Minister for Regional Development said today that the government does not want to invest money in the grain rail network because it is an item of core government expenditure. However, the government has invested \$60 million in Albany Regional Hospital—a core government promise of the Liberal Party. I also refer members to the gas pipeline. Royalties for regions money will be spent on the gas pipeline; in fact, I think \$10 million a year for three years will be spent on that pipeline. In the Pilbara area, there is money for hospitals and for bandages and for things like that. I want to know, and my electorate wants to know, where royalties for regions starts and where royalties for regions finishes.

Mr B.J. Grylls: In the budget. The budget is where you will find it, and rail is not there and the Albany hospital is.

Mr P.B. WATSON: I have seen members like the minister in very, very safe seats who have become very cocky. When I ran against the previous member for Albany, there was a 15.8 per cent voting swing. The minister should not think that he is safe in his seat, because there will always be someone to knock him off.

Mr B.J. Grylls: Correct; I agree with the member for Albany. And isn't it a good thing, given what we have recently witnessed in Iran!

Mr P.B. WATSON: I have not been to a local election in Iran but I am sure that we can use some royalties for regions money to send the Minister for Regional Development to Iran!

However, let us get back to the grain rail network. It is going to cost jobs in the region. We are going to have more trucks on the road, which, as the member for Collie-Preston reminded me, will be competing with school buses. I know this is a huge issue for my constituents because there are enough trucks on the road now. School buses travel the roads everyday and now we will have these grain trucks travelling on some rather average country roads. I know that some timber companies have made special dispensation and will not drive their trucks when the school buses are on the road, but I have not seen anything like that from grain transporters. We will now have more trucks on the road. Fair enough! If there are to be more trucks on the road, give us the money for the second and third stage of our ring-road because then the trucks will come through town as they do now. Trucks come down Chester Pass Road and Albany Highway, round the roundabout and into the port. School buses, people in cars and kids going to school on their bikes use that road. We have had to put a special crosswalk on Chester Pass Road for the pensioners who cross the road and to allow our kids to cross the road; these all flow on from not having the grain transported by rail.

When members make an election promise, it gives false hope to people in the community—people make plans in advance. Members said, “Okay, when we get into government we're going to fund the grain rail network.” Therefore, people say, “Okay, I'm not going to get a truck this year because the grain rail network is going to be there; I'm going to do this.” It is false hope and false economy and it makes things very, very hard for farmers in those outlying areas. I have a couple of comments from the *Countryman*, which the member for Collie-Preston tells me is a very good paper.

Mr B.J. Grylls: You'll have to start subscribing!

Mr P.B. WATSON: He even gets his photo in it occasionally, which is a real worry!

Mr B.J. Grylls: He does; he gets his photo in there a lot now.

Mr P.B. WATSON: In the *Countryman*, the WestNet Rail general manager said that the government commitment —

Mr M.P. Murray: Fancy an old lefty getting his photo in the *Countryman*!

Mr P.B. WATSON: Can I have some protection from the member for Collie-Preston, please?

Several members interjected.

The ACTING SPEAKER (Mr V.A. Catania): Order, members!

Mr P.B. WATSON: The WestNet Rail general manager stated —

“A Government commitment to keep grain on rail would be a long-term, visionary demonstration of Government will to invest in our regions ...

Royalties for regions—does that not ring a bell? He also stated —

“Further, it would unlock \$133 million private investment waiting to be poured into regional WA—

Money for the regions! He continues —

creating jobs, securing the future of the network, and providing significant environmental and road safety benefits.”

To me, that is where royalties for regions funding should go.

Ken Pech from Gnowangerup said —

“We are very concerned that there is no decision being made ... Gnowangerup has a spur rail line that we would like to see used, or alternatively, if they are not going to use it, to close it.

“At the moment the grain gets carted into the bin at Gnowangerup and we get charged rail freight and then it gets road trained out through the streets of our town—

And Mt Barker —

and onto Albany, instead of using the train.

Mr B.J. Grylls: That was the point I was making earlier, member for Albany.

Mr P.B. WATSON: Okay, but it is my turn now.

Mr B.J. Grylls: Even though there is a rail network —

Mr P.B. WATSON: It is my turn now.

The ACTING SPEAKER: Order, members!

Mr P.B. WATSON: Another comment from the *Countryman* stated —

York, Quairading, and Trayning shire presidents Pat Hooper, Darryl Richards and Trevor Lamond, respectively, only heard about the specific line closures last week. If negotiations fail, Cr Richards warned the closure of the York to Quairading track would see at least an extra 5000 road trains hit the State’s roads to transport grain to ports. “It’s a safety issue ... The roads aren’t built for it —

Whoever’s fault that is —

and having extra trucks on the road is going to be a huge safety concern.”

Therefore, what do we have? We have jobs being lost. We have danger on the roads for road users and people who are sending their kids to school—these are all issues that build up.

I want to say one more thing. We have that \$281 million in limbo. I do not know the minister’s plans, but I hope about \$270 million of it will go to Albany to pork-barrel us and to get the National Party candidate up at the next election! I think it is very, very hard for country party members in regional areas—I know it is very hard for me as the member for Albany—to explain to these farmers that there is \$281 million in the slush fund for regional infrastructure, or whatever we want to call it, that is not being used. We have this very, very important thing. It is amazing because I did not know too much about it until I went into my new electorate. I have been out doorknocking in my new electorate and the first thing that people in the Manypeaks area, the Kalgan —

Mr M.J. Cowper: Bornholm.

Mr P.B. WATSON: Not so much in Bornholm.

Mr B.J. Grylls: Little Grove.

Mr P.B. WATSON: No, in Little Grove they grow things only in their backyard, member.

Several members interjected.

Mr P.B. WATSON: I wish to rephrase that—they grow vegetables in their backyard!

However, I am concerned. As I said, I fully support royalties for regions. I congratulate the National Party members on the stand they took on royalties for regions, and they must admit that in our local media I have

always supported them. I have supported the Minister for Sport and Recreation, but not so much the Minister for Agriculture and Food for what he is doing about genetically modified crops in our area, which is still an issue. However, I fully support royalties for regions and I just hope the National Party can get it right. I know it is probably a bit more difficult than members thought when they started, but I think, as the member for Collie-Preston explained before, if they do not look after country people—I do not want the National Party members to disappear because they are doing good things for the regions—and if they keep letting down their core heartland, there will be some problems. I know it is very, very hard for the Nationals. It is interesting that when we talked about all the rail lines, the main one the minister talked about was in his own electorate. He kept saying, “In my electorate this is going to happen and that is going to happen”, but he did not talk about the other places, which to me, as a country member, is a major concern.

Mr B.J. Grylls: I was giving members an example.

Mr P.B. WATSON: But what the minister said was “I can understand in my electorate” and he gave all the reasons. Therefore, it might be okay in his electorate, but the member for Wagin, the member for Blackwood-Stirling and the member for Moore could have problems with this and do not underestimate it.

I am speaking on behalf of my constituents who will be affected and not only by the fact that they will not be able to bring in grain by rail. My constituents and the member for Wagin always used to talk to me about congestion on the roads from Albany to Perth. The road from Albany to Perth is very dangerous now. I know we have put in a few passing lanes and I think all these things add up. We must get the passing lanes right, so I implore the minister to use his influence in the cabinet, and for other country members to use theirs, to see whether we cannot fix this very, very important problem.

MR E.S. RIPPER (Belmont — Leader of the Opposition) [5.36 pm]: We have discussed in part in this debate the disastrous privatisation of the Westrail Freight division by the previous Court coalition government. I am reliably informed by a very senior source that this was very much a National Party initiative within that government; certainly, that is what a senior Liberal Party member told me at the time. He asserted that the National Party would have to carry the responsibility for this privatisation.

The gross sale proceeds from the sale of Westrail Freight totalled \$585 million. Selling costs, provisions and stamp duties associated with the sale amounted to \$96 million, so the net proceeds were worth \$489 million. Unfortunately for the Court coalition government, the debt of Westrail at the time totalled \$1 094.7 million. The government privatised Westrail Freight and paid off only \$462 million of that \$1 094.7 million debt. After privatisation, the remainder of that billion-dollar debt stayed on the books and, of course, it had to be serviced from taxpayers' funds. Therefore, it had an impact on the operating balance, and there was an impact on the budget balance in 2000-01 of \$22.2 million; in 2001-02 of \$64.5 million; in 2002-03 of \$58.5 million; and in 2003-04 of \$72.9 million. That impact arose from there being no dividends from Westrail Freight, no tax equivalent revenue being paid by Westrail Freight and from the fact that the taxpayer had to continue to subsidise the remaining debt left over after privatisation. I would be very interested in information from Treasury as to whether we are still paying equivalent amounts out of the operating balance to meet the interest payments on the remaining Westrail Freight debt, because we are no longer in the position that we were in during the boom years. On the basis of what we know already, next year's budget is going into deficit. Even in the official plan of the government, which is unrealistic, in the following two years the budget is going into deficit. I expect that it is highly possible that we will be borrowing money to pay the interest on the remaining debt left over from the Westrail Freight privatisation. I am not entirely certain of that because I no longer have access to the books, but I am very interested in Treasury advice on whether that is the case. Quite clearly, this was not a very good privatisation from the point of view of the public purse because we sent the freight operation out into the private sector and we kept a significant proportion of the debt, having paid off only \$462 million of a \$1.1 billion debt. We then relied on the private sector to maintain the railway line and to invest in it to meet the needs of the community. It is always a very dangerous aspect of a privatisation to rely on the private sector to expand its monopoly asset to meet community demands. In some cases the new operator will not have a commercial interest in doing that because it may not judge it as providing a commercial return; in other cases it simply lacks the financial capacity to make the required investment. Two privatisations occurred during the Court government period—the privatisation of the Dampier to Bunbury natural gas pipeline and the privatisation of Westrail Freight Pty Ltd.

Ms A.J.G. MacTiernan: And the road network.

Mr E.S. RIPPER: I will turn to that in a minute.

Both of those privatisations have run into trouble because of the refusal, or incapacity, of the new owners to invest in the asset. In the case of the Dampier to Bunbury gas pipeline the new owner said that unless it got the tariff it wanted out of the regulator, it would not invest to expand the pipeline; it also had financial difficulties in its operations outside the state which made it difficult for it to invest even if it were willing to do so. The failure

to invest in the Dampier to Bunbury natural gas pipeline was the fundamental cause of the electricity difficulties experienced in February 2004, and a similar situation is emerging with regard to Westrail Freight. One of the dangers of transferring monopoly infrastructure into private hands is that we cannot control their willingness, or unwillingness, to invest in what the rest of the community needs from that monopoly infrastructure.

What will happen as a result of the closure of these railway lines and the forecast further closures is that there will be a transfer of the grain freight task to the road network. That will involve additional expenditure by the state government, that will inevitably involve additional expenditure by local governments, and that will involve more trucks on the roads and more danger for country people who use those roads.

This news is combined with the report we have had from the Auditor General today that referred to the backlog of road maintenance arising from the failed term-network contracts entered into by that very same Court government. Country freight tasks are still carrying the burden of failed policies of the Court government, member for Nedlands. The failed policy of the Westrail Freight privatisation has resulted in lines being closed and a lack of investment in that network, and we then see the transfer of the freight task to the roads, where there is a huge backlog of maintenance arising from the very contracts entered into by the Court government that the incoming Labor government was required to honour. When one considers the long-term legacy of the Court government's transport policies—for which the National Party has to take responsibility because it had the transport portfolio—it is a very poor legacy indeed from the point of view of country people and the task of shifting grain in particular.

I do not normally enter these debates because the shadow Minister for Regional Development, the member for Armadale, handles these arguments extremely well, but I was motivated to enter the argument because I listened to the Leader of the National Party, the Minister for Regional Development, and I thought his defence of his broken promise was absolutely pathetic. He made a promise as detailed in the extract from *Countryman* dated Thursday, 28 August 2008 that the member for Armadale quoted to the house. It is worth not just looking at the Leader of the National Party's quotes, but the whole context of the article. It is headed "Nats pledge rail rescue". The first two paragraphs state —

A cash injection to stave off closure of up to 2300km of WA's dilapidated narrow-gauge lines has been pledged by the WA National Party should it hold sway after the poll on September 6.

The article further states —

The WA Labor Party has failed to give any firm election commitments arguing it cannot make a unilateral decision without the Federal Government and industry also putting up their hands.

Then further on in the same article —

WA Nationals leader Brendon Grylls said the party believed the State component of the Rail Rescue package should be funded through its Royalties for Regions policy.

"It's important infrastructure that needs to be supported," Mr Grylls said.

I do not take these matters lightly. This article was written in the middle of an election campaign, right at the end of August with the election due on 6 September. This was a point of difference that the National Party was seeking to establish between itself as a contender for power, and the then Labor government. It contrasted its position with the position of the then Labor government, so it contrasted its accusation that the Labor government had failed to make an election commitment with its firm commitment that its royalties for regions policy would result in the funding of this infrastructure. It is not good enough for the Leader of the National Party to come into this place and defend his broken promise by saying that Labor did not do anything. He said that during the election campaign and he made a promise during the election campaign to establish a point of difference between his party's policies and what he said were the policies of the Labor government. It was completely dishonest, it was completely lacking in integrity, and he has broken his contract with the electorate—a contract he should take very seriously—as he made that promise and then failed to deliver whilst in government.

As the member for Armadale has pointed out, there are unallocated funds in the royalties for regions money which could be used to meet the National Party's election commitment. It is not a question of the Nationals not being able to extract the money from the rest of the government; it is the National Party's unwillingness to spend the money on its election promise that it so solemnly gave. The tragedy of it all is this: as a result of the very good work done by the previous Labor government and by the member for Armadale, federal money is available for this rail rescue package, and industry would be prepared to contribute in light of a federal contribution. The whole thing will fall in a heap because the National Party will not meet its election promise. It is forgoing the federal money and it is forgoing the industry commitment because it will not honour its own election promise. We have a very serious situation. We have a failed privatisation courtesy of the National Party, term-network contracts for the road maintenance courtesy of the National Party, a huge backlog in road privatisation and a lack

of investment in the network, and now we have the National Party at it again—once again destroying country freight transport by refusing to honour its election promise. It is throwing away the industry contribution and throwing away the federal contribution, even though it has the money in its royalties for regions pocket. The money is in the pocket; it just does not want to spend it. By refusing to spend it, it will see a shift of grain freight to road, further deterioration in road infrastructure, and an increase in the backlog of road maintenance required, ultimately resulting in a requirement for big expenditure by the state government and local governments. There will be a less efficient means of grain transport and a less safe situation for country people on the roads.

I think the National Party should hang its head in shame. This is not what the National Party said it would be doing when it campaigned during the election; it is quite contrary. It is irresponsible and it is bad policy, and it is a breach of faith between the National Party and the people whose votes it sought in the last election.

MR W.R. MARMION (Nedlands — Parliamentary Secretary) [5.50 pm]: I rise to contribute to this very important issue, following on from the very good points made by the member for Central Wheatbelt, the Minister for Regional Development, who I thought summed up very well the complexity of the problem of working out whether the state government does or does not choose to fund some of the subsidiary rail lines because of their profitability. I am a new member in this house, so I do not have the experience or the background of the member for Armadale or the former Treasurer. However, the Minister for Transport has provided me with some background notes, which I think it is important I share with the house.

One of the very important matters the member for Armadale raised was the Grain Infrastructure Group study. I will inform the house of the findings of the GIG study. The first finding was that the grain rail freight business is a marginally viable operation. It is important to know that. The second was that the operation of the grain supply chain in its current form and with its 2005 pricing structure does not meet commercially reasonable hurdle rates of return on capital, which I think the member pointed out. The third point is that competitive forces and rationalisation processes within the grain industry have increased the diversion of export freight to the road sector, further weakening the economics of maintaining a sustainable system. The study also pointed out that to create a sustainable system would require one or more of the following four points: some rail network rationalisation and branch line re-sleepering; road network investment; upgrading of rail and grain receipt and rail-loading infrastructure; and subsidisation of some current rail services. The study also agreed with the member for Armadale's comments that the level of transport infrastructure—that is, rail, road and rail loading, excluding local government roads—funding required is about \$400 million over a 10-year period.

The Minister for Transport has pointed out to me that there have been no grain rail line closures. Whether there are some phantom closures because no grain is available to be carried on those lines at the moment —

Ms A.J.G. MacTiernan: Just a flesh wound.

Mr W.R. MARMION: They are phantom closures. The Minister for Transport said that he would like to point out—the member for Armadale should know this—that only the state government has the power to open or close these lines, which is specifically defined in the lease agreement with WestNet Rail. The lease agreement has five points, of which I think the member for Armadale would be well aware. Under the agreement, the government makes the decision to either provide support in keeping the line open or close the line. This is not a decision for WestNet.

Ms A.J.G. MacTiernan: If you are just engaging in technicalities, this is how we are going to go.

Mr W.R. MARMION: It is very important that the house should know what is in the lease agreement, because it backs up what the minister was saying about the complexities of the issue. The lease agreement requires WestNet to maintain the network fit for purpose.

Ms A.J.G. MacTiernan: As long as we have a rail line, it does not matter if it is not necessary.

Mr W.R. MARMION: The member for Armadale might be interested to know what is in the lease agreement. I have three more points to make on it. The lease agreement requires WestNet to maintain the network fit for purpose, including meeting certain axle loads and speed standards. Under the agreement, this is to be audited next year. I understand that it was audited about four years ago. I will get to that in a minute. The second point is that WestNet Rail is entitled to build the maintenance and capital cost requirements into the rail access charges. These costs will include projected expenditure required for the next five years. The current situation with services ceasing on certain lines has been brought about by WestNet renegotiating access charges with Australian Railroad Group, which is the point made by the Minister for Regional Development. WestNet is building into its access charges the projected maintenance and capital spend required for these lines, causing access charges to be increased to a point at which it is more economical for Co-operative Bulk Handling Ltd to move the grain by road rather than paying the access rates from ARG. That is the issue.

WestNet has a 49-year lease to maintain the state's rail network to specific operational standards. Network is subject to an open access regime, with access fees subject to control by the Economic Regulation Authority. The

WestNet lease agreement provides WestNet with the right to approach government to surrender certain lines or receive a subsidy to cover loss after there has been a significant drop off in rail traffic. If there is a drop off in rail traffic, WestNet can approach the government for a subsidy and the government can choose to give it that subsidy or it can choose to drop the line off. This generally relates to grain freight lines. WestNet has indicated before that it may offer some lines for surrender to the government as the lines are not being used by CBH. However, no formal approach has ever been made by WestNet Rail under the lease agreement. That is the advice that I have received from the Minister for Transport. I am also advised by the Minister for Transport that the period for line surrender starts on 1 July, and if WestNet does not offer lines for surrender, the government expects those lines to be maintained to the required standards and to be available for use. As I mentioned before, regardless, it is the state government that makes the decision to either provide support in keeping the line open or close the line under the agreement. This is not a decision WestNet can or is able to make.

The lease agreement specifically requires WestNet to maintain the network fit for purpose, including meeting certain axle loads and speed standards. This requirement is subject to audit every five years. As I mentioned before, it will be subject to audit in about 12 months. The last audit was carried out in 2005. The independent auditor's report stated that, with few exceptions, WestNet complies with the performance standards. Those exceptions relate to sectional running times and maximum track speeds on certain lines. There were no occasions when WestNet was not able to comply with the maximum axle-load requirements—the maximum axle-load requirement is the most important standard, which would prevent a train going onto a line if it were unable to take the load. That was the result of the audit in 2005.

As I mentioned before, there is a provision in the lease agreement for WestNet to apply to the minister to surrender certain rail lines. No lines are able to be surrendered in the first six years of the lease. After that time, which was from June 2007, the lease agreement acknowledged the need for government support for uneconomic lines, in particular grain lines. Under clause 16 of the agreement the lessee of the narrow-gauge network may apply to surrender uneconomic lines back to the state or receive a subsidy to ensure that the lines remain economic. The minister may then choose to enter into an agreement with the lessee to support the continued operation of the specific line or may accept the surrender of the line and seek another operator, mothball the line for future use or initiate closure proceedings. I might point out that no standard-gauge line may be closed, nor the narrow-gauge lines between Perth and Bunbury and Perth and Geraldton. However, no formal request has been made under the lease agreement for any of the lines to be closed. No government support has been provided over the past two years since the last audit.

The minister advises me that he is acutely aware of community concerns and has asked the Freight and Logistics Council to form a grain group to bring together parties involved in the grain logistics industry, to give him independent advice on the capacity and deficiencies of the grain rail network. The minister advises me that he believes it would be irresponsible for the government to commit significant taxpayer funds without testing proposals to ensure that the funding delivers benefits. Subsequent to a recent meeting, industry endorsed the proposal to utilise the expertise of the Freight and Logistics Council to assess the grain industry's transportation needs. The meeting was attended by key industry representatives, including WestNet, CBH, WA Farmers Federation, the Pastoralists and Graziers Association, grain exporters and government agencies. It was agreed that industry would participate in the process in which the Freight and Logistics Council would assess various options for improving the capacity of the transport system to move more grain. The grain group is expected to provide this advice by October or November of this year.

The minister asked me to point out that if the member wants to question the Liberal government's commitment to the grain rail network, one must look at our record. For example, the previous Liberal-National government allocated more than \$120 million to the grain line strengthening program. This investment was targeted to improve rail networks so that they could cope with higher volumes of grain on rail.

There is a bit more work to be done. I do not think the government should rush in and agree to WestNet Rail's demands at the moment. We have to look after taxpayers' funds. The member for Merredin made a very good point about farmers choosing to use rail or road trucks. I agree with the member for Armadale that we must try to get as much of the grain transportation onto the rail network as we can. However, there is no point subsidising a rail line if the farmers are going to use trucks along that section of line anyway.

Mr P.B. Watson: Can the member tell me where that area will be, where they will use trucks instead of rail?

Mr W.R. MARMION: I do not know that, member for Albany. I am representing the Minister for Transport in this house; I do not know the specific details of which particular line.

Mr P.B. Watson: The next time the member sees the Minister for Transport, can he ask him about Skywest while he is there?

Mr W.R. MARMION: No.

MS A.J.G. MacTIERNAN (Armadale) [6.01 pm] — in reply: I thank those members who have participated in this debate. I think in some ways it was very informative. What we have learned is that the National Party is unable to explain why it made a commitment before the election that it has now completely backtracked on. It takes me back to the old glory days of Eric Charlton. The road transport industry would say to Eric “Jump!” and Eric would say “How high?” I thought we had new, groovy young National types who were better rounded, a bit better educated, who were not so completely —

Mr T.K. Waldron: Is the member talking about me being rounded?

Ms A.J.G. MacTIERNAN: Very rounded! But the National Party is the same. We have this same group of economic primitives who cannot understand the real economic cost of what it is proposing. Today we have had an acknowledgement that there is no great concern that we are going to see the significant closure of grain lines in Western Australia. That is very, very short-sighted. It is spruiked on the basis that this is economic good sense—“we are rational economic guys.” But it is not. The National Party would have access to analyses that compared subsidies. To give members some equivalent of the under-recovery, the subsidy to rail is about \$6 a tonne whereas the subsidy to road is about \$15 a tonne. When we actually look at the total cost of road compared with the total cost of rail, the real cost—that is, getting rid of the hidden subsidies and bringing them to account—to the taxpayer is a lot more to take freight by road than by rail. It is false economics that the minister talks about.

There are many more consequences to this. We know that the money that we would be putting into rail would be equal to what we need to put into the road network if those rail lines close down. We also know that the impacts of not proceeding with the grain infrastructure package is that about 1 000 kilometres of grain line will close down—the viability of the rail network for grain will be damaged. As the network diminishes, the viability of the whole becomes less and less because it is a network. The ability to move trains and the ability to have a critical mass diminish, and the whole viability of the network diminishes. The ability to have sufficient maintenance crews, to be able to amortise both capital and maintenance costs, reduces. Each time we let some lines go, we diminish the network and we start this spiral downwards of the network.

It will make it very, very difficult in bumper seasons to have a system that can efficiently move freight. We are really jeopardising our capacity to move grain by moving inexorably to a single road-based system. We will reduce our flexibility; our capacity to respond to bumper seasons. There will be a significant increase in B-doubles and road trains in the wheatbelt areas and port towns. It will create massive issues of amenity for many communities on those roads and in those towns. There will be a massive increase in road trauma. The wheatbelt has one of the highest rates of road trauma in the state. Putting thousands more B-doubles onto those roads is going to exacerbate the problem.

This is not good economic sense. It is not good sense when we look at the cost of all of those externalities that have been outlined in the Grain Infrastructure Group report. It was set out in the report very clearly. The total cost—the real economic cost of moving grain by road—is more than the cost of moving it by rail, but the subsidies are hidden; the subsidies are imbedded in the road costing.

We cannot allow this to happen. I am absolutely amazed that we are seeing a modern-day National Party proposing to close down the lines. It is a great tragedy for the wheatbelt community. It goes well beyond what we have seen today. It is not just an issue of four grain lines—maybe we could live with these four lines that have been closed—but the indication that we have here today is that there is not a fundamental commitment to the whole philosophy behind the rail rescue package. We have argued economics when the economics clearly shows that it is better for the taxpayer to have that freight on road than rail.

We have heard this nonsense about “fit for purpose”. The minister has never said, “We’re closing these lines down because unless you put money into these lines and upgrade them we’re not going to operate them.” It is about what needs to be done to make the network as a whole viable. It is not about “the” particular line! The minister says that we cannot say that the line is “closed”; it is “not used”. It is not going to be terribly useful being an open line that is not used by anyone. These lines are effectively closed. These lines have been abandoned. The argument has never been that these four lines have been closed down because the government is not contributing any money to upgrade those lines. It is about providing a cost structure, a better framework and a better economic base to enable re-sleepering on lines, which will reduce the costs generally across the network. By reducing those costs generally across the network, the companies will, in turn, be prepared to keep open those lines that are sub-economic in a direct sense for them, but not sub-economic for the state. I keep making this point: it is more expensive for the state for grain to go on road than it is for grain to go on rail.

Let us clarify what the economics argument is. It is not about what costs more and what is cheaper; it is about the hidden subsidies for road transportation that need to be addressed. All of this nonsense the minister is going on with about fit for purpose is completely irrelevant. It is all fit for purpose, and it could all be going on rail, but people will not do it if it is not economic once it is sold to the private sector. It worked when it was in Westrail’s

hands because Westrail was prepared to cross-subsidise. No private operator will cross-subsidise unless it gets something in return or has had built into that network some protection. The protection that was given lasted only five or six years. It has now ceased and the government must grapple with the economic issues.

I am extremely surprised that what we have here today, effectively, is an admission that the lines are going to close. It is not only these four lines that will be closed, but we will also see a significant number of other closures. Who knows how many? We could see 500, 750, 1 000 kilometres of line closing! Eventually we will see the system spiral down as the network becomes less and less sustainable. I feel very deeply and genuinely disappointed for the community of the wheatbelt and all of those towns—Albany in particular—that will see a concentration of road vehicles coming through their towns. It is false economics, and it is very, very bad for those communities.

Question put and a division taken with the following result —

Ayes (27)

Ms L.L. Baker	Mr W.J. Johnston	Mr P. Papalia	Mr C.J. Tallentire
Ms A.S. Carles	Mr J.C. Kobelke	Mr J.R. Quigley	Mr A.J. Waddell
Mr A.J. Carpenter	Mr F.M. Logan	Ms M.M. Quirk	Mr P.B. Watson
Mr V.A. Catania	Ms A.J.G. MacTiernan	Mr E.S. Ripper	Mr M.P. Whitely
Mr R.H. Cook	Mr M. McGowan	Mrs M.H. Roberts	Mr B.S. Wyatt
Ms J.M. Freeman	Mr M.P. Murray	Ms R. Saffioti	Mr D.A. Templeman (<i>Teller</i>)
Mr J.N. Hyde	Mr A.P. O’Gorman	Mr T.G. Stephens	

Noes (30)

Mr P. Abetz	Dr E. Constable	Dr G.G. Jacobs	Mr D.T. Redman
Mr F.A. Alban	Mr M.J. Cowper	Mr R.F. Johnson	Mr A.J. Simpson
Mr C.J. Barnett	Mr J.H.D. Day	Mr A. Krsticevic	Mr M.W. Sutherland
Mr I.C. Blayney	Mr J.M. Francis	Mr W.R. Marmion	Mr T.K. Waldron
Mr J.J.M. Bowler	Mr B.J. Grylls	Mr P.T. Miles	Dr J.M. Woollard
Mr I.M. Britza	Dr K.D. Hames	Ms A.R. Mitchell	Mr J.E. McGrath (<i>Teller</i>)
Mr T.R. Buswell	Mrs L.M. Harvey	Dr M.D. Nahan	
Mr G.M. Castrilli	Mr A.P. Jacob	Mr C.C. Porter	

Question thus negatived.

MINISTER FOR ROAD SAFETY — CONDEMNATION

Motion

MS M.M. QUIRK (Girrawheen) [6.15 pm]: I move —

That this house condemns the Minister for Road Safety for his failure to take any measures to stem the tide of fatalities and serious critical injuries on Western Australian roads and to implement and fund the Towards Zero road safety strategy targeted specifically at reducing the levels of road trauma suffered by Western Australians.

The Minister for Road Safety should not bear all the responsibility, as other government members —

The SPEAKER: Members, I would like to hear this motion from the member for Girrawheen.

Ms M.M. QUIRK: In fact, it should be a whole-of-government responsibility. However, the Minister for Road Safety does have carriage of the road safety portfolio. I do not want to be seen as picking on the minister; therefore, I make the point that road safety is a government responsibility, and the opposition will contend this evening that the government’s ministers are letting the side down very badly in a range of areas connected with road safety.

In debate on the address-in-reply motion in November 2008, I gave government members a challenge. I suggested that they be mindful every time they used the word “commitment”. I said that “commitment” was one of those weasel words. In fact, Don Watson in his book *Death Sentence: The Decay of Public Language* defined “commitment” as —

Commitment is the worst kind of politician’s word. To say they are *committed* to something does not mean they believe it (If they did, why not say so?); or that they will do it (If they will, why not do so?).

Mr Watson goes on to say —

It is a standard weasel word, a weed which spread with the fashion for mission statements, new management theories and sports psychology. There is deceit, including self-deceit, at its heart;

The Minister for Road Safety is a person who uses the word “commitment” very frequently. It seems that such usage falls into Don Watson’s definition of “commitment” because there is nothing behind either the minister or the government’s commitment on road safety. In fact, their record is appalling. They have had a number of

missed opportunities in recent months. If anything, the government's approach to road safety is fragmented and far from clear. Without wanting to get into arguments about cause and effect, 2009 is shaping up to be a very bad year for fatalities and critical injuries.

As I know the minister is prone to hyperbole, I should put some preliminary facts on the table so that members are aware that it is not poetic licence when I say that I have a very real concern that this year will be one of Western Australia's worst years for road fatalities and critical injuries. The statistics released by WA Police on 16 June 2009 as at 11.59 pm showed 32 fatalities in the metropolitan area and 61 fatalities in the country, which is a total of 93 fatalities in the year to date. That compares with this time last year when there were 32 fatalities in the metropolitan area and 47 fatalities in the country, which is a total of 86. Even during the horror year of 2007, by June there were 35 fatalities in the metropolitan area and 73 fatalities in the country, for a total of 108. More significantly are the critical injuries, which are escalating. In the metropolitan area, they account for 88 and in the country, 94, making a total of 182 in the year to date. That is some 30 more than the previous year. In 2008 it was 152, in 2007 it was 146 and 2006 it was 135. The total number of fatalities and critical injuries to date in 2009 is now at 275, compared with 237 in 2008 and 254 in the horror year of 2007. We have every reason to be concerned.

The Towards Zero road safety strategy has been tabled and endorsed by not only the minister, but also cabinet and the Ministerial Council on Road Safety. The full implementation of that strategy is way overdue. As I have said in this place and elsewhere on many occasions, it is very disappointing that the "zero" in the Towards Zero road safety strategy appears to stand for zero commitment and zero funding.

I will talk briefly about the Towards Zero road safety strategy. There are four major planks to the strategy. The first relates to safe road use. This cornerstone rests on the principle that, while a safe system builds an injury tolerant system, those within it must use it responsibly. That relates to programs that address alcohol and drug use among drivers, driver fatigue and issues facing novice drivers. It also includes behavioural programs that reduce drink-driving, complemented by health counselling and use of devices such as alcohol interlocks for repeat drink-drivers. Campaigns addressing the safe system and concept of shared responsibility among government system designers and road users will also help to build support for implementing road safety improvements under the Towards Zero strategy. The second cornerstone of the Towards Zero strategy is safe roads and roadsides. About 30 per cent of accidents on roads are caused by road design and the lack of maintenance of roads. Improving roads and roadside standards is certainly a very important plank of the Towards Zero platform. The third cornerstone is speed and speed enforcement. I will talk more about that shortly. That is pretty self-evident. The Towards Zero strategy promotes enhanced speed enforcement. The fourth cornerstone is safe vehicles. To some extent, that is somewhat out of the control of the state government, although I commend the minister for his recent announcement concerning the Australian New Car Assessment Program safety levels and the star ratings on motor vehicles so that people who buy a motor vehicle are aware of the safety levels of particular models. They are the four planks, or cornerstones, of the Towards Zero safety strategy.

As I have said on previous occasions, the difficulty is that the only funding that exists for the implementation of strategy goes to speed enforcement and the digitisation of speed cameras. In this year's budget, about \$30 million was provided for the digitisation platform for new speed computer systems, which will be introduced in a couple of years. Our argument is that the equally vital other planks of the platform have been ignored, and it is not possible to get the kinds of outcomes that are predicted by the Towards Zero strategy unless all planks of the platform operate concurrently. This is not just the rantings of an opposition zealot; respected independent stakeholders such as the Royal Automobile Club of Western Australia are most concerned that the Towards Zero strategy has not been backed with funding. It said in a recent document relating to the regional roads rescue plan, which I will talk about later —

In response to the continuing scourge and appalling human cost of road trauma in Western Australia, the Road Safety Council worked with the community to develop a new long term road safety strategy. The ambitious "Towards Zero" road strategy has now been endorsed by the new government and has bi-partisan political support. What it presently lacks is a commitment to provide funds for the essential work required to tackle our road trauma crisis.

The RAC has presented its annual submission to the State Budget calling for a range of modest initial investments in the Towards Zero programs. The cost of these additional measures would be more than offset by the additional fines revenue to be collected by the government through the implementation of the enhanced speed enforcement measures called for in Towards Zero.

The RAC has recognised that the current economic downturn may place some restrictions on the government's ability to fully fund Towards Zero. This should not, —

I emphasise this —

however, prevent the government from making a start on the strategy.

The document goes on to say —

The RAC believes that regional Western Australia should not have to wait for road safety improvements. By harnessing the capacity of the Royalties for the Regions program, the State government could begin work on improving specific country roads with poor road safety records now.

I will go to that in some detail later. As I said, the Towards Zero road safety strategy was really the jewel in the crown of the government's road safety strategy. We were very patient with the government. We waited and waited for it to be endorsed, which it finally was in March. We were then told that we would have to wait a little longer until the budget came out in May. The minister said things such as, "Well, it might not all be within my portfolio budget, but there might be more money in Main Roads." When we asked that question in estimates, we were told that there was money in Main Roads, but when we inquired further and looked into it, it turned out that there was less money in the Main Roads budget than there was previously. I think the public has right to be somewhat cynical. The only commitment made by the government, which I referred to earlier, is the provision of \$30 million for the speed camera digitisation. That, of course, will lead to revenue raising through red light and speed cameras. The government's only commitment seems to be in the area where there is some prospect that it will raise revenue.

We asked a range of questions of the minister during estimates. In particular, we asked about controlled grants and subsidies in the state budget papers under the Office of Road Safety. We asked whether it was correct that funding committed across the out years is \$41.6 million. We further asked whether it was correct that the funding committed to controlled grants to the Office of Road Safety in the 2008-09 state budget was \$59 million and asked where the missing \$17.4 million was and whether it had been reallocated. We basically confirmed that the government had reduced the funding.

Mr R.F. Johnson: No we didn't. You know we didn't.

Ms M.M. QUIRK: I will read out the answer given, which is somewhat incomprehensible —

The forward estimates in relation to the mix of expenditure, including controlled grants, campaigns and other initiatives, are projections only and can change each year as the Road Trauma Trust Fund is approved on an annual basis. These projections will change further as Government makes further commitments to road safety and additional inflows from speed camera expansion is allocated to the priorities under the *Towards Zero* strategy.

Talk about weasel words! About 15 of them sprang to mind.

Mr R.F. Johnson: Hey, Sir Humphrey wrote that!

Ms M.M. QUIRK: Exactly; Sir Humphrey wrote it, and the minister is proud of it, which is even more disgraceful.

The bottom line is that we were told to wait and see what was in the budget papers for road safety, and it turns out that the figures set out in the budget are just a tentative indication, and according to this answer we are apparently not to rely on them. Actions speak louder than words and the lack of money speaks volumes about the government's commitment.

The Enhanced Speed Enforcement Steering Committee is a story in itself. As part of the Towards Zero road strategy, a committee known as the Enhanced Speed Enforcement Steering Committee was set up comprising representatives from the Office of Road Safety, Main Roads, the WA Police, the Western Australian Local Government Association, the Department of Treasury and Finance, the Department for Planning and Infrastructure and the Department of the Attorney General. It was a fairly broad-based committee and its rationale was to look at the options available for future speed enforcement, bearing in mind that the Multanova fleet is ageing and that replacement parts are hard to get. The rationale was consistent with the Towards Zero recommendation to enhance speed enforcement. We were waiting for a business case to be prepared, and that was supposed to be available around May this year so that the next stage could proceed to government and we could get some idea about the government's preferred future speed enforcement options. However, prior to finalising the business case, the committee was effectively shut down and deliberations were transferred to WA Police. Only now are the police going to tender to look at some of the business cases for these options. That is of concern.

Of equal concern is a communiqué of May 2009 from the Enhanced Speed Enforcement Steering Committee relating to a meeting held on 6 May. I have read many minutes and communiqués in my time, and they have usually been pretty bland documents, but I found this one pretty intriguing. It states —

There has been a lack of movement with the Business Case work as the Minister's office has urgently requested for a recommendation paper around the work done by this committee. Unlike the previous Minister, Minister Johnson is not interested in the full details of the Business Cases or a raft of options but just the recommendation from the committee.

That is a pretty strange way to run a government.

Mr R.F. Johnson: The difference between you and me is that I actually make decisions.

Ms M.M. QUIRK: Can the minister confirm that that is a correct assessment of what happened?

Mr R.F. Johnson: I am not aware of the particular paper that the member is talking about, but at the end of the day, the decision was made —

Ms M.M. QUIRK: I will repeat that. It states —

... Minister Johnson is not interested in the full details of the Business Cases ...

Mr R.F. Johnson: They hadn't started the business case. They wanted to go outside and contract it out, and I said, "That is not appropriate; I think it's more appropriate that it be done through the police, who will be enforcing it."

Ms M.M. QUIRK: What are the police doing? The police are going outside to contract it out. It is exactly the same thing; I have seen the tender document, minister. I find it extraordinary that in spite of the government's alleged commitment to road safety, things are being slowed down, sidelined, watered down and diluted. It is quite extraordinary.

As I said, it is not just the opposition making these criticisms—part of our job is to nag; it is also independent stakeholders. Quite recently the RAC released an excellent paper called "Regional Roads Rescue Program". I say that it was released recently, but it was prepared some months ago. As I understand it, the National Party and in particular the Leader of the National Party, Brendon Grylls, was given a copy of this paper, and it was hoped that it would form the basis of regional roads policy and regional road safety initiatives. A fair bit of work went into this paper, but its message unfortunately fell on deaf ears because on the evidence of what is contained in the budget, its recommendations were apparently not accepted by the government. The RAC recommended a number of things that need to happen on regional roads. It believes that money allocated to royalties for regions could be very effectively spent on regional roads, which would have the effect of meeting some of the Towards Zero objectives and would hopefully have some impact on the disproportionate number of deaths and critical injuries on country roads, which are in inverse proportion to the country population. The report states —

Using the Towards Zero template, the Regional Roads Rescue Program should identify a number of demonstration projects in high crash density priority areas. These should be implemented and then form the basis for an expansion of the effort throughout regional Western Australia.

It is an excellent document; it identifies a number of key areas in which the RAC believes marked improvements to road safety could be made through roadside design. That includes recommendations such as the installation of road safety barriers, the removal of roadside hazards, the sealing and widening of road shoulders, the erection of advisory speed warning signs, the installation of line marking guideposts, the construction of overtaking lanes, the improvement of alignments and so on. There are a range of recommendations, some small, some large. It is very disappointing that the recommendations were not accepted by the government and that some of the royalties for regions money could not be properly targeted.

There is a cabinet subcommittee on road safety. The minister might correct the title, but I think it is the Ministerial Council on Road Safety.

Mr R.F. Johnson: Yes.

Ms M.M. QUIRK: This is the very sort of issue that the council ought to consider, and it is very unfortunate that the government apparently rejected the recommendations.

The second independent stakeholder to have recently made comments about road safety is the Auditor General, in the report he released today. His report relates to maintaining the state road network and particularly to the operation and examination of the outcomes of contracts entered into by Main Roads for the construction and maintenance of roads. It is disturbing that the Auditor General found that there was a dearth of information. It is a mystery to me, and I am sure to others, how the government can form decent policies on road safety, improving road infrastructure and identifying where road infrastructure needs particular attention without the range of information that the Auditor General speaks of.

For example, the Auditor General observes that there needs to be a register of roads on the network that includes information on their condition. He concludes that Main Roads —

Has a register but condition information is incomplete.

He also recommends an information system to record and manage maintenance, but observes that Main Roads —

Does not have access to all contractors' maintenance management systems.

There are no decent records on road maintenance. The Auditor General notes that there needs to be information on how much is spent on the road network, and what it is spent on. However, according to the report, Main Roads —

Knows what is spent overall on the network but not what has been spent on specific parts or how much is spent on each type of maintenance ...

Further along in the document, the Auditor General notes that Main Roads —

Knows some resurfacing and rebuilding work done on the road, but not the extent of reactive maintenance such as cracking or pothole work.

The final thing he notes is that Main Roads needs information on the status of work planned on the network. The report states —

Knows what work was planned but not if the work has been done.

He particularly makes the point on road safety that there are two areas in which Main Roads WA is falling short of what is optimal. Firstly, there is no good information provided after fatal road crashes, and he states —

There is currently no close out process for the completion of urgent road maintenance identified following a fatal crash. When the road is found to be a factor in the cause of a fatality, a crash investigation report is prepared by qualified Main Roads staff or contractors. Crash investigation reports contain recommendations to address identified road environment issues that may prevent future road crashes. However, in 2007, a Main Roads internal audit found that there was no requirement to report back on the implementation of these recommendations.

In other words, it is not known whether the improvements and maintenance recommended to minimise the prospects of future accidents have been made.

The other comment was about roads that require improvement. The Auditor General states that Main Roads does not know which roads have what is called low-skid resistance, which has been identified as a cause of accidents. That is another place where there is a gap in information. I accept that that report related to conduct that happened under both the previous government and this government. However, it is another red flag—a call to action that government needs clear vision and clear strategy and a clear funding commitment to road safety. This is one of the things that government needs to look at. I will let some of my other colleagues have a word because, as members will appreciate, this is an area in which members have very firm views.

In relation to this motion in particular, the minister has committed a number of sins of omission. I will start with some of the minor things, but they are symptomatic of a broader problem. I know the minister's personal views on this subject are very strong and sincerely held, and I do not want to criticise them. However, I want to say that there is objective evidence that indicates that these strong personal views have not translated into effective action. The first thing that I think is interesting is that, in November last year, the Road Safety Council advertised for a new chairman to replace Grant Dorrington. Here we are in June and no chairman has yet been appointed by government. As I understand it, Mr Dorrington has agreed to stay in the position until a new chair is appointed. However, we desperately need someone to exercise some leadership to articulate vision and to advocate both for the government and other interested parties on issues of road safety. It is not just government that has a role in road safety; it is a range of stakeholders. I think that when people know a chair is winding up, that chair may be less effective. I am a bit curious about why that appointment has not been made. That person could provide good strategic vision, fearless and frank advice to the government and leadership to the community.

The second sin of omission—I have talked about this earlier today—is the full implementation of the Towards Zero plan. As I have said on numerous occasions, the “zero” in Towards Zero currently stands for zero commitment and zero funding. The third objective fact that I think indicates lack of commitment is the reduction in the number of motorcycle policemen from 94 to 30. They are a great visual deterrent on our roads, and the topic is certainly very hotly debated on talkback radio. Human nature dictates that the presence of a policeman on a motorcycle on the road has the right deterrent effect. That is another black mark against the minister.

Also, we read in the paper this week about the replacement of speed cameras. I must admit that the minister has been a fierce advocate for doubling the number of speed and red light cameras. But that is another two years away. It will be another two years before there is enhanced speed enforcement. It is quite extraordinary.

The next sin of omission is that the minister has failed to convince his colleagues in cabinet that some of the royalties for regions money should go to maintenance and black spots on regional and remote roads. As I said, the strength of that argument is very much supported by the comprehensive paper that the RAC has prepared.

I congratulate the minister for finally introducing amendments to the Road Traffic Act today to deal with hoons or, as they are called in New Zealand, “boy racers”. I commend him for that but, again, knowing the sitting times

of this place and our colleagues in the Council, one could not anticipate that that legislation will commence operation much before the middle of next year at the earliest. In the meantime, the state's road toll is going up. In particular, I think those who have an interest in regional and country roads should be very concerned about those statistics I mentioned earlier. They are alarming. I very much hope I am wrong, but the way we are going, there is a very good prospect that 2009 will be a very black year for the number of total fatalities and critical injuries.

In concluding, we have given the minister a go; we have given him nine months; we have given him much latitude; and we have given him a chance to make the necessary submissions to his colleagues in the expenditure review committee and cabinet to get funding for his Towards Zero plan. We supported and endorsed his bringing that strategy into the house, but the clock is ticking and the statistics are getting increasingly worse. I think the minister should be condemned by this house for his ineffectual response to road safety issues and road trauma.

MR A.J. SIMPSON (Darling Range — Parliamentary Secretary) [6.47 pm]: Road safety is a very important issue. The member for Girrawheen raised a number of issues in her speech. I consider road safety to be very important, particularly given that I am a passionate motorbike rider. I am told that we have a 29 per cent greater chance of dying in a motorbike accident than in a motor vehicle accident. The Office of Road Safety does a fantastic job. I wish we could expand it. In opposition the member for South Perth was a shadow Minister for Road Safety, and he sought in a grievance to get someone from the Motor Cycle Association into the Office of Road Safety. It was suggested that the RAC takes care of all road users. I guess that is a great statement to make but I will take it up with our minister and ask him to look at that process. Although a Liberal government established the Office of Road Safety back in 1997, the time has come for a review of that process. It has done a lot of fantastic work and looked at other campaigns around the world and it has created some great advertising about how we can do road safety better. That is important.

Motorcycle riders are still dying at a very fast rate. If we look at more statistics, we can see that a person who dies in a motorcycle accident is most likely to be a man of around 40 years of age. We can put it down perhaps to the mid-life crisis, when men are earning a bit more money and are trying to retrace their youth.

Mr R.F. Johnson: I am looking forward to getting there for that!

Mr A.J. SIMPSON: Excellent. I can imagine the Minister for Police riding a motorbike. That is probably true because men who used to ride in their younger days, as I did, get another lease of life when they are older and hop onto more powerful bikes.

Mr D.A. Templeman: Evel Knievel.

Mr A.J. SIMPSON: Yes. All members will have noticed that motorbike riders wear some sort of dark leather jacket and a dark helmet. Their bike is often black or silver and not very easy to see. Police on motorbikes always wear reflective jackets so that they can be easily seen. We can probably do a lot more in that regard.

Members will be interested to read a webpage called Perth Street Bikes. They represent a very hostile group that is very frustrated with the government's policy. They feel that the government always focuses on "people in the cage", as they refer to four wheel vehicle drivers, but they are the ones who cause most of the accidents. We are all witnessing on a daily basis, when we drive on our freeways and roads, how quickly motorbikes come speeding past us, and we have to wonder if the driver is not a temporary Australian. We need to do more advertising and give people more training on all types of road safety. We have come a long way. I remember that when we were in opposition, we went to a presentation at Kings Park that had been put on by the Office of Road Safety for all members of Parliament. I was very surprised at the graph that they put up at that presentation. The graph went back as far as the 1960s, 1970s, 1980s and early 1990s, and it showed how certain things, such as seatbelts in the rear of cars and the introduction of 0.08 and 0.05 blood alcohol levels and speed cameras have helped to reduce the number of deaths on our roads. The number of deaths on our roads was as high as 200 people a year. That number has come down considerably, even though there are now a lot more vehicles on our roads. The introduction of air bags and disk brakes has also helped to make vehicles a lot safer now than they were 20 years ago.

The Towards Zero campaign is fantastic, and we need to keep it going forward. The member for Girrawheen raised a few issues about that strategy. We need to keep road safety at the front of people's minds. We need to tell people about it constantly. Even though people complain about the use of Multanovas, there is no excuse for speeding. Speed kills. We know that.

Another issue is the increasing use of off-road vehicles. The Minister for Sport and Recreation has put me in charge of a joint agency committee to tackle the off-road motorbike problem in the hills area, which is in my electorate as well as the electorate of the member for Swan Hills. That committee is costing up the "Back on Track" report. One of the problems is that a lot of young kids are riding unlicensed motorbikes on licensed roads.

Mr P. Papalia: Is that committee just for the hills?

Mr A.J. SIMPSON: No. I am just using an analogy from my area, but it will be looking at the situation everywhere. The use of off-road motorbikes in the Perth metropolitan area is a massive problem,

Mr P. Papalia: It is a big issue in my electorate.

Mr A.J. SIMPSON: Yes. There are not enough areas in which people can ride off-road bikes. We are going through the process of identifying some areas that can be used for that. A lot of people in the hills have contacted me to say that it will be only a matter of time before a kid is killed because he has to ride his unlicensed bike on the roads to get to the areas in which he can ride. The local paper in the hills is running a story about that process. People have set up a hoon busters organisation, where they are paying people to do in where these riders are coming from. It is very concerning to go out with the rangers and catch these kids on their motorbikes. The rangers take the keys out of the bikes and make the kids push their bikes home, and when they talk to the parents, the first thing they say is, "Well, where is my kid supposed to ride?", and I think, "Why are you letting your son ride out at the back of the hills, where no-one knows where he is, and then, if he comes off his bike and does not come home, you are going to call up the emergency services to find him." The parents need to take a bit of responsibility. I will not say much more, because I believe the member for Mandurah wants to say a few words. Education about road safety is very important. The Towards Zero campaign is also very good, as I have said. I am convinced the government is taking the right steps with our hoon legislation and with trying to get rid of this problem on our roads. I thank members for their time.

MR D.A. TEMPLEMAN (Mandurah) [6.55 pm]: I am very pleased to take this debate through to 7.00 pm. I am sure we will visit this issue again, because it is an issue that all of us are very concerned about, no matter where we live in Western Australia. The member for Darling Range made some very valid comments. One of the frustrations for the opposition and for many people in our community of Western Australia is that we were promised so much by the current government, but we have yet to see the real runs on the board. There are no more important runs to be made than on road safety. I think the member for Girrawheen in her comments earlier this evening put a very strong case for why there is so much frustration about this important issue, and about the lack of action by the now Minister for Road Safety when he was in opposition. We heard about a lot of things that we were promised were going to be delivered, and about a lot of things that were going to be focussed on as priorities —

Mr R.F. Johnson: What were those things, member, in relation to road safety? Tell me!

Mr D.A. TEMPLEMAN: Well, we are talking about a strategy that really has been wallowing for over nine months under the minister's stewardship. That is the frustration.

Mr R.F. Johnson: I did it, but you did not want to publish it!

Mr D.A. TEMPLEMAN: We are very keen to support the minister.

Mr R.F. Johnson: The member has just said that I made all these commitments. Tell me what I said!

Mr D.A. TEMPLEMAN: We are keen to support the minister to get these things done, but he has not delivered, and that is the sad thing. I want to highlight to members the issue with the new Perth-Bunbury highway, which will be opened in August. That is a great project, and it will have benefits for not only the Peel region but also the south west, because it will provide a safer passage for vehicles so that they will no longer need to go through the built-up areas of the city of Mandurah. However, a very important issue for me in the Peel region is the resourcing that will need to be delivered to ensure that that highway is policed adequately and is safe. I have spoken to a number of police men and women, including past and current superintendents of police, and they have articulated to me their concern that that highway might be used inappropriately. I have mentioned this concern to the Minister for Police. We need to ensure that from day one, when that highway is opened, there is strong resourcing by the police service, particularly the traffic units, to address the challenges of that road.

Mr R.F. Johnson: What have I said to you about that?

Mr D.A. TEMPLEMAN: The minister has assured me of that, and I will certainly be watching closely to make sure that happens. One of the things that members in this place need to understand is that other roads feed off the Perth-Bunbury highway. When that highway is operational, that will place further pressure on the distributor roads that distribute traffic into Mandurah. Those roads include Pinjarra Road, Lakes Road and the Gordon Road east-west links. They will be the two main connecting points for the people who live in the Mandurah area.

Mr R.F. Johnson: And for those who stay there very often.

Mr D.A. TEMPLEMAN: Indeed, and for visitors to our city and the Shire of Murray. With the population growth in the Shire of Murray, which is continuing to expand, particularly in the eastern corridor between Mandurah and Pinjarra, these roads will become even more important. One thing that will need to be looked at very closely by Main Roads, the police service and the local authorities is the safety of those distributor roads. Gordon Road is the road that I want to focus on. A number of schools are situated along Gordon Road. Gordon

Road also goes through a major commercial area of the city of Mandurah. That road will be the main arterial road for Mandurah people to access the Perth-Bunbury highway. That will mean that increased volumes of traffic will be going east and west along Gordon Road and Lakes Road, passing schools, and of course passing already very busy parts of a community that is continuing to grow. I am, therefore, pleading with the minister that in addressing road safety we look at not only the big picture for the state, but also areas where there will be a need for increased focus and attention. I am particularly concerned about the northern area of Mandurah, because I think there will be some major challenges for planners, local government, the police service and Main Roads to ensure that those roads that will connect people to that important Perth-Bunbury highway infrastructure are safe. That must involve a very clear and effective road safety strategy. That strategy must be resourced and delivered. We cannot have any more words. We need to have action. That is what the focus of this motion before us this evening is about. It is saying to the minister that all the talk has got to stop now. We have got to see some action. We have got to see some delivery of policy. We have got to see some delivery of resources so that we can genuinely address an issue that I know he and other members of this place are concerned about.

Debate adjourned, pursuant to standing orders.

WASTE AVOIDANCE AND RESOURCE RECOVERY AMENDMENT BILL 2009

Notice of Motion to Introduce

By leave, notice of motion given by **Dr G.G. Jacobs (Minister for Water)**.

ROYALTIES FOR REGIONS BILL 2009

Appropriations

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

House adjourned at 7.02 pm
