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Tuesday, 23 May 2017

Legislative Assembly

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THE SPEAKER (Mr P.B. Watson) took the chair at 2.00 pm, and read prayers.

TERRORIST ATTACK — MANCHESTER

Statement by Premier

MR M. McGOWAN (Rockingham — Premier) [2.01 pm]: I rise to express my dismay and shock over the horrific terrorist attack in Manchester earlier today. By now many of us would have seen the vision of terrified children running for their lives, young people screaming as they flee and parents separated from their children. This was an abhorrent attack on innocence, on a music concert no different from those many of our children have attended at Perth Arena or around our city. Reports are that 19 people have been killed and about 60 others have been injured. Over past decades, many thousands of people have migrated from the United Kingdom to Western Australia. There will be people in our community who will know someone whose life has been taken and who will know someone who has been injured. They may be family; they may be friends. On behalf of all Western Australians, I offer our deep sympathy. To the people of Manchester and the United Kingdom, I offer our thoughts and sincere condolences.

PHILANTHROPIC DONATION — ANDREW AND NICOLA FORREST

Statement by Premier

MR M. McGOWAN (Rockingham — Premier) [2.02 pm]: I rise to acknowledge the remarkable philanthropic donation from Western Australians Andrew and Nicola Forrest. Their pledge to donate \$400 million of their personal wealth is the largest ever made by living Australians and a huge commitment to improving the lives of their fellow citizens, as well as those beyond our borders. The funds will be used for projects in a range of areas, such as seed capital to fund a new fight against cancer, developing best practice for early childhood education, closing the gap between Indigenous and non-Indigenous Australians, continuing the fight against modern slavery and supporting community organisations. Higher education in Western Australia will be a beneficiary, with \$65 million going to the Forrest Research Foundation, bringing their total donation to the project to \$130 million. The foundation, although residing at the University of Western Australia, is a partnership of all five WA universities, and the funds will go to doubling current postgraduate research fellows from 30 to 60. This pledge should inspire all of us on the value and impact that giving back to society can have. No matter the means of the person, the generosity of philanthropy is always appreciated by Western Australians.

QUESTIONS WITHOUT NOTICE

COST OF LIVING — FEES AND CHARGES

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

On behalf of the Liberal Party I would like to give our condolences to the people of Manchester, to the United Kingdom and to family and friends at this time.

Over the last week or so, the government has announced or flagged a couple of new imposts on households. First, a new tax; second, a 15 per cent increase in electricity charges; and third, additional increases to water charges.

- (1) Is the Premier aware that these increases, according to Western Australia Treasury's model, will impose an additional impost of \$1 000 per household on Western Australian households over the next two years?
- (2) Is this just another billion-dollar impost that the government is putting on households to fund its unfundable election promises?

Mr M. McGOWAN replied:

- (1)–(2) I think the Leader of the Opposition needs to check his figures. In any event, there has been some speculation about various fees that will be imposed as part of the annual increase to fees and charges for water, electricity and the like. Of course, the government will announce those in the lead-up to 30 June, as is customary. As I have indicated on numerous occasions over the years, it is not possible for governments to freeze those fees. That results in unintended consequences and the cost of providing the service goes up over time. In addition, the government has inherited from the former government a catastrophic financial situation and a very dire set of finances that will mean that over time we will need to take corrective measures. I do not want to do that. I do not like doing that, but taking corrective measures is in the interest of the taxpayers of Western Australia, because sending our state further down the drain where the Liberal and National Parties have sent us is not in the interest of the people of Western Australia.

I want to outline to the house that during the last budget, delivered by the Leader of the Opposition, the Liberal–National government had locked in across the forward estimates seven per cent increases in electricity prices. That was locked in in the Leader of the Opposition’s budget. The Leader of the Opposition said that taxpayers continuing to subsidise electricity prices was problematic. I want to quote —

Mr D.C. Nalder: You complained about three per cent!

Mr M. McGOWAN: You don’t know what you are talking about, my friend.

I want to quote what the Leader of the Opposition had to say in 2010 in this place. He said —

... subsidising across-the-board electricity prices, no matter the income or circumstances of the consumer, is dumb and, I might add, inequitable.

On one hand he says that we need to head towards the price being reflective of the cost of providing the service, and, on the other hand, now that he is in opposition, he says something completely different. We know the Leader of the Opposition’s record because he sat here for the last few years saying one thing, but now that he is in opposition, he says exactly the opposite.

COST OF LIVING — FEES AND CHARGES

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

I have a supplementary question. Why is the Premier hitting hardworking Western Australian households to the tune of \$1 000 per household over the next two years when he promised not to and they can ill afford it?

Mr M. McGOWAN replied:

I repeat: the figures quoted by the Leader of the Opposition I think explain why the state is now in the dire financial position it is in because he has no idea when it comes to working out the cost of things.

I want to take members to another issue. We are in the process of sorting out the fees and charges that will be introduced as part of the traditional annual increase in fees and charges that kicks in on 1 July. Every government has to do that. It is unfortunate, but, as I outlined, we inherited a catastrophic financial situation. Members should cast back their minds to 2008, when the government elected at that time, the Liberal–National government, inherited surpluses of \$2 billion a year and inherited a net debt position of \$3.6 billion—the best in the country and the best in history. I want members to cast their minds back to that period.

Several members interjected.

The SPEAKER: Member, you asked a question and the Premier is giving an answer. Just listen to it, please.

Mr M. McGOWAN: I know the Speaker remembers this well. In the first budget of the Liberal–National government electricity prices increase by 25.6 per cent. Over the eight years in office —

Mrs L.M. Harvey interjected.

The SPEAKER: Member for Scarborough!

Mr M. McGOWAN: Over the eight years that the Liberals and Nationals were in power electricity prices increased by 89.9 per cent. In the first year, it was 25.6 per cent; in the second year, it was 16.1 per cent. No amount of obfuscation or verballing by the Deputy Leader of the Opposition can get away from the fact that they were disastrous financial managers, they hurt the people of Western Australia and they do not have a leg to stand on.

EMPLOYMENT LEVELS

57. Mr D.T. PUNCH to the Minister for State Development, Jobs and Trade:

I refer to record unemployment that was a particular characteristic of the previous Liberal–National government. Will this government actually work with industry to create jobs; and, if so, how?

Mr M. McGOWAN replied:

First of all, in answering this question, I would like to acknowledge a group of town planning students from Curtin University’s School of Built Environment who are in the Speaker’s gallery today with their lecturer Mattie Turnbull.

I thank the member for Bunbury for the question. When this government arrived in office, the state’s unemployment situation was that 93 600 Western Australians were out of work; in addition, about 150 000 Western Australians are unemployed. We have inherited a situation in which the state’s domestic economy has been in recession for some years now. We went to the election with a plan to diversify and broaden the state’s economy. We have already seen some action as a consequence of this government being elected. For instance, we have seen confidence return to the mining industry of Western Australia. I have received calls from senior leaders in the mining industry acknowledging that a new —

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, a question has been asked. We want to hear it. You might think you are funny, laughing and looking around to see if anyone is listening—they are not.

Mr M. McGOWAN: I have received calls from senior people in the mining industry, acknowledging that they have a government that is supporting the mining industry, and they are taking steps to ensure more local content as a consequence of this government's election. Members will have seen recent announcements by Rio Tinto in that regard. In addition, we have a plan to broaden and diversify the Western Australian economy. We have organised a range of industry engagement consortia, which basically is pulling industry together —

Several members interjected.

Mr M. McGOWAN: Mr Speaker, honestly —

The SPEAKER: Members!

Several members interjected.

Mr M. McGOWAN: You are an embarrassment. Look at you; you are an embarrassment!

Several members interjected.

The SPEAKER: Members, I will take a word from the previous Speaker: the wall of noise is starting to pick up. Just keep it quiet, because I know you want to hear what the Premier has to say.

Mr M. McGOWAN: We are working with industry to create jobs in Western Australia. On Friday, the Ministers for Tourism and Regional Development and I chaired an engagement process with the tourism industry, in which a large number of senior representatives of the tourism industry met in my office to talk about the ideas they would like to see to take the tourism industry forward in Western Australia. There were representatives from the Australian Hotels Association, the Tourism Council, Perth Airport, Crown Perth, the Perth Convention Bureau, academia, small business and the regions. It was chaired by an eminent Australian, Mr Sam Walsh, who told *The West Australian* after Friday's event, and I quote —

It will help jobs, it will help the State forward and I've got to say with the discussion we just had there was very good engagement ...

That is what Sam Walsh had to say about it.

It came up with a range of ideas that the relevant ministers and I will progress to make sure that the tourism industry in Perth and across Western Australia is advanced, because that is what we need to do. The ideas that were discussed included extra flights; a focus on interstate tourism, which was neglected; red tape reduction; marketing and events dollars; extra product for Western Australia; and better branding for Western Australia, among numerous others. When we actually sit down and work with industry, we get better outcomes. That is what this government is doing. The previous government was too arrogant to even sit down with industry because it always thought it knew best; whereas, we are prepared to sit down with industry and come up with good ideas to take the state forward and create more jobs and opportunities for our citizens.

GOVERNMENT CONSULTANTS

58. Ms J.M. FREEMAN to the Minister for Transport:

I refer to the chaotic and prolific use of consultants that was a particular characteristic of the previous Liberal-National government. Can the minister outline some of the specific work carried out by consultants over the past 18 months and what that work has actually achieved for taxpayers?

Ms R. SAFFIOTI replied:

I thank the member for Mirrabooka for her attention to question time and that very quick question! Of course, the member for Mirrabooka is correct about the chaotic ad hoc approach that the previous government had to transport planning in this state. We saw it all over the place. That meant millions of dollars wasted on documents, consultants and plans that absolutely disappeared.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition.

Ms R. SAFFIOTI: The latest consultants' report —

Dr M.D. Nahan interjected.

Ms R. SAFFIOTI: Mr Speaker —

The SPEAKER: Minister, I call the Leader of the Opposition to order for the first time.

Ms R. SAFFIOTI: Over the past we saw extraordinary expenditure on key projects that never got off the ground or that the government changed its mind on. Remember the sale of Fremantle Ports Authority? There was \$14 million wasted on that process. With taxi reform, hundreds of thousands of dollars was spent on consultants. When we won government, there was absolutely no plan forward and we had to start from scratch. Of course, there was Metro Area Express light rail, which the government committed to at the 2013 election. Remember that it kept changing. There was MAX, and then MAX part 1 and 2, and then there was “MAX on wheels”. It completely changed time and time again. I learnt from my department that feasibility studies were done on “MAX on wheels”, and at the same time the current member for Bateman was out there saying that the government preferred a heavy rail solution. At the same time the former government was employing consultants —

Mr D.C. Nalder: Table that!

The SPEAKER: Member for Bateman, you cannot table something that is not here.

Several members interjected.

The SPEAKER: Members!

Ms R. SAFFIOTI: Reports were done and I am getting them delivered. Once I get them delivered, I will show them to the member for Bateman, given this happened under his government at the same time that the member was out there talking about heavy rail. There was \$25 million wasted on MAX on the former government’s watch because it had no plan. We have a plan and it is called Metronet. I am glad that the federal government is supporting our plan. The only group in the whole state that does not support it is the opposition. We know that the opposition does not support the rail line to Ellenbrook, but then I heard Leader of the Opposition’s comments when he was asked about Byford—the much talked about extension of the Armadale rail line to Byford. When asked about Byford, what was the Leader of the Opposition’s answer? It was, “Byford—I do not know much about that.”

Mr F.M. Logan: “Where is it?”

Ms R. SAFFIOTI: “Where is it? Where is Byford?” Ask the member for Darling Range; he knows where Byford is. The opposition leader does not support the Ellenbrook rail line. Does he support the Yanchep rail extension?

Dr M.D. Nahan: Is there a business case for Byford? No.

Ms R. SAFFIOTI: No, no; he does not support the extension to Yanchep. Does the Leader of the Opposition support the Thornlie to Cockburn route?

The SPEAKER: Minister!

Ms R. SAFFIOTI: The former government committed to it. Where is its business case?

Several members interjected.

Ms R. SAFFIOTI: The former government committed to it, but its business case has not been submitted!

Dr M.D. Nahan: You’ve got it; release it.

Ms R. SAFFIOTI: The Leader of the Opposition should release it. He did so much work on it, he should release it.

Dr M.D. Nahan: There is no business case for Ellenbrook; there is no business case for Byford.

Ms R. SAFFIOTI: The Leader of the Opposition does not support the extension to Yanchep. I just want to clarify: does the Leader of the Opposition support the Thornlie to Cockburn route?

Dr M.D. Nahan: We committed to it in the election.

Ms R. SAFFIOTI: So where is the business case?

Dr M.D. Nahan: There is one.

Ms R. SAFFIOTI: Give it back! Where is it? The Leader of the Opposition does not support the Ellenbrook rail line and now we know that he does not know where Byford is. That is what we know. That is why the former government did not get any proper funding from the commonwealth government: it had no plan and it had no commitment to rail in WA.

SYNERGY — PRICE INCREASES

59. **Mr D.C. NALDER to the Minister for Energy:**

Will the minister commit to cutting costs out of Synergy before imposing substantial electricity price increases on Western Australian households?

Mr B.S. WYATT replied:

I thank the member for his question. The answer is yes. Clearly, when we talk about cost reflectivity, there are two components to it. One is the cost of delivery to people's homes and the other is the endgame when Synergy and Western Power influence those costs. I make it crystal clear that both of them will be looked at to ensure that they bring costs down so that cost reflectivity will not always be done by the consumers of Western Australia, and to ensure that they continue to meet that finish line that they never seem to get to. Of course, as the Premier pointed out, the first budget of the former government increased power bills by 25 per cent and, six months later, by another 16 per cent. That is something we do not want to do, but ultimately, of course, there are two components to that. Obviously, there are bills, and what influences bills are the costs of Synergy and the costs of Western Power in particular. This is the endgame that we have been pursuing for a long time, since the former Labor government split Western Power. Although there was a considerable period of dead activity in energy under the former Liberal government, we are keen to move on with what the former Labor government started some years ago.

SYNERGY — PRICE INCREASES

60. Mr D.C. NALDER to the Minister for Energy:

I have a supplementary question. I am not sure whether the minister is aware, but his Premier complained about a three per cent pay rise last year. The minister has talked about a 15 per cent pay rise to Synergy. What exactly is the minister doing to drive costs out of this government trading enterprise?

Dr M.D. Nahan: Adopting our policies!

Mr B.S. WYATT replied:

Adopting the opposition's policy? I will take that interjection, because I was interested to hear the Leader of the Opposition talk about taxes in the context of power bills. Despite what the Leader of the Opposition might want, he has not just fallen out of the sky and landed there with no history around the place. He has not just fallen out of the sky and landed there. I note that back in 2014—not that long ago—the Leader of the Opposition made a point. I quote from an article that appeared in the *Armadale Examiner* of 15 May 2014, member for Armadale, wherever he is. The article states, in part —

Speaking about the budget on 6PR radio last week Mr Nahan said Western Australia's electricity prices were the lowest of any other state. "You can't please everybody, you are going to get certain people angry at you, this is not a giveaway budget," he said.

"These increases for electricity and water are not taxes, these are paying for the cost of delivering these services.

That is right. Unfortunately, the cost of delivering these services is still being subsidised by the broader taxpayer. I think everybody understands that we would like to remove that subsidy; certainly, everyone on this side understands that we would like to remove that subsidy, but I can guarantee this: I will not be introducing the 25 per cent increase in power bills that the Liberal Party did on day one.

STATE FINANCES

61. Ms C.M. ROWE to the Treasurer:

I refer to the reckless spending and disastrous financial management that were particular characteristics of the previous Liberal–National government. Will the Treasurer update the house on the pressures facing the state finances and explain how we got into this mess?

Mr B.S. WYATT replied:

I would be delighted to explain two parts of this—not just the pressures facing the budget, but also exactly how we got here. The Premier made some comments about this last week, and I will make some more now. There were and are particular characteristics of that side of the chamber that led us to the mess we now face. I have quoted the now Leader of the Opposition ad nauseam around some of the things he used to say prior to coming into this place, in his old IPA days—those days long forgotten. But it was really the former Premier, the member for Cottesloe, who I think set the particular characteristics of the former government. I want to remind members of the approach to finances taken by the former government. One of them is what I like to call "jam jar economics". That is the approach to finances in which we worry only about what is happening right now; we do not worry about the forward estimates, as the former Premier, the member for Cottesloe said, and I quote —

"You never reach the out years, they're always year 3 and 4, you never get there ... governments I lead will have surpluses," ...

When we do not believe in the deficits looming in years three and four, the problem is that they eventually arrive. They are here and we are dealing with them. The problem we had was a Premier who also used to say, and I will quote him again, from 2010 —

“In reality you don’t have to pay back the debt; what you have to do is make sure the debt is (under) control and as a guide I’m intending keeping our total level of net debt below \$20 billion,”

The problem with the particular characteristics of the former government was that it never really worried about where it was going with its financial targets. As I have said to this place before, when the former Premier, the member for Cottesloe, made that \$20 billion commitment on 4 September 2010, the revenue he received versus the revenue he expected to receive across those forward estimates was extra revenue of \$6.5 billion. Imagine \$6.5 billion coming off the general government sector net debt right now. Instead, he took that jam-jar approach to the finances. He just assumed it was here to stay—revenue royalties here to stay at record levels—so away he went. That is why in 2013 he said that all these commitments—whether they be MAX or whatever they were and the commitment made by Troy Buswell at the time of no new taxes—are fully funded, fully costed. I think we all remember the fully funded, fully costed commitment. Of course, the particular characteristic of the government at the time was to worry only about that particular year. When the Leader of the Opposition introduced increases in land tax not once, not twice, but thrice, that was no problem with the commitment made by former Treasurer Mr Buswell around no tax increases. The reality is that is what is left to us to have to deal with. As I pointed out last week, I now have to find \$20 million to meet the contract the Leader of the Opposition signed for the Joondalup building and which, for some reason, never made it onto the books over the eight months thereafter. Certainly, the Minister for Corrective Services and I are having an interesting time with the Corrective Services budget mess that the Leader of the Opposition also created, which we will deal with in due course.

The reality is that the Leader of the Opposition has not just fallen from the sky and landed there; he is responsible for the mess that we are trying to deal with and it his decisions, his delivery and his record that underwrote the particular characteristic of the government at the time that we now have to clean up.

STATE AGREEMENT ACTS — AMENDMENTS

62. Ms M.J. DAVIES to the Treasurer:

The Treasurer has ruled out increasing the special lease rental in the legacy state agreements with BHP and Rio Tinto to \$5 a tonne. In light of the answer he just gave to the member for Belmont, will he instead pursue a CPI increase of 25c to the special lease fee, or will he allow the companies to cash out the levy?

Mr B.S. WYATT replied:

I have a sneaking suspicion that the Leader of the National Party wants me to implement the Nationals’ policy—I am just getting a sense! I can sometimes miss the point but I think I have got the point now. We will not be implementing the Nationals’ policy. The Leader of the Nationals will be surprised to hear me say that! As I have said in this place time and time again, we will look to all parts of the community to contribute to resolving the financial mess that the Liberal Party left to us. That particular characteristic of the former government will flow through this government and probably the one thereafter as it continues to rampage through the state’s balance sheet. While I am dealing with that characteristic, it will take some time, and I will be looking to everybody, including the business community, to help contribute towards resolving that particular characteristic that has been bequeathed to us.

STATE AGREEMENT ACTS — AMENDMENTS

63. Ms M.J. DAVIES to the Treasurer:

I have a supplementary question. Given the Treasurer has ruled out the special lease rental increase of \$5 a tonne and is not committing to a CPI increase or a cash-out, how does he justify the fact that these two companies are paying a charge that was set in the 1960s and never been increased, while he is increasing fees and charges for every other sector?

Mr B.S. WYATT replied:

I think it is only fair to make the point that the lease rental fee is not the only charge the companies pay. I think it has been well explored in this place that, unfortunately, we do not capture that royalty wealth. It is effectively redistributed, almost in its entirety, to other parts of the state. Before I go down an approach of pursuing revenue, I want to ensure that I do not just gift a huge amount of revenue to other states, which will have a detrimental impact on jobs for our local economy. As the Premier pointed out a little while ago, we have an unemployment issue in this state. Simply because of some clear hostility the National Party has to big miners in this state—I understand the Leader of the National Party has that hostility, but I do not know why—I will not implement policy based on, “I want to get you back.”

Ms M.J. Davies interjected.

Mr B.S. WYATT: I am sorry that Mr Grylls lost his seat, but I will not implement policy of, “I’m going to get you back.” That is not the way we do things in this state. We will look to a broad range of ideas, some of which have already made it into the media, and we will continue to do that all the way up to the budget cut-off date.

REMOTE INDIGENOUS COMMUNITIES — HOUSING

64. Mr K.J.J. MICHEL to the Minister for Housing:

Mr I.C. Blayney: I am glad to see him here!

The SPEAKER: I will be glad if you just sit back and listen to what he has to say.

Mr K.J.J. MICHEL: I refer to the chronic underfunding of essential services that was a particular characteristic of the previous Liberal–National government. What is the current state of funding for remote Indigenous housing?

Mr P.C. TINLEY replied:

I thank the member for Pilbara for the question and for raising the issue of housing in his electorate on several occasions. I look forward to being there on the ground in a couple of weeks to discuss the matter in detail. For the benefit of members—particularly new members—who are not aware of the situation in the remote communities, 15 per cent of Western Australia’s Aboriginal and Torres Strait Islander people live in about 274 remote communities across the state. They represent about 11 400 people—first nation Western Australians. For the further benefit of members, for some time now, in partnership with the commonwealth, the Department of Housing has provided municipal services to 165 of those communities. Historically, it has been the preserve of the commonwealth to support first nation peoples—the First Australians—but in a very shameful act by the previous government yet another black hole was driven through Western Australia’s future budget when it gave away the commonwealth funding for a \$90 million one-off payment in 2015. It was an absolute disgrace. I should highlight for members that the former government knew what was coming from the 2015 Auditor General’s report. The drinking water quality in some of the communities was surveyed and it is beyond belief. It is important to record here in this chamber the sorts of lives that some fellow Western Australians had to endure under the previous government. In the period the communities were surveyed, the Auditor General’s report states —

- In the same period, four communities exceeded safe levels of uranium in their water by up to double the level allowed for under the Australian guideline.
- Fourteen communities recorded nitrates —

That is, nitrates in the water —

above the safe level for bottle-fed babies under three months old in 2014.

It was an outrageous affront on Western Australians. I will not quote further from the report how the —

Mr D.T. Redman interjected.

Mr P.C. TINLEY: It is funny the member should mention that. The member for Warren–Blackwood was one of seven Ministers for Housing in a revolving door of housing ministers who were asleep at the wheel when it came to looking after some of our most vulnerable communities.

Several members interjected.

The SPEAKER: Members!

Mr P.C. TINLEY: Nothing underscored the indifference the Liberal–National government had to Aboriginal Australians than when the member for Cottesloe, the then Premier, stood on the front steps of this Parliament to say, “Yes. Put yourself in my shoes”! Where were the rest of the members opposite around the cabinet table? We have sat around the cabinet table several times now. Who held the former Premier to account? Which members of the opposition did? Did the Leader of the National Party? No! Did the member for Nedlands, as the Minister for Housing at the time for three and a half minutes, hold the Premier of the day to account? No! No members opposite did! None of them gave an absolute continental about the requirements of the First Australians and their ability to be called Western Australian.

Mr V.A. Catania: What are you doing?

Mr P.C. TINLEY: I will take the interjection of the member for North West Central.

On Friday I was at a ministerial meeting with other housing ministers to actually try to redress some of the mess the former government left us with. Not only is there a \$35 million hole in the forward estimates, but there is also a \$100 million hole in the commonwealth support for remote and Indigenous housing. Members opposite all need to hang their heads in shame. Next week I will meet with Minister Scullion, Minister for Indigenous Affairs, in Canberra to plead the case. One of the first questions I will ask him will be, “How many conversations did you have with former ministers of the previous government?” I will report back to this house when we find out exactly how much the former government cared about Western Australians—all Western Australians!

The National Party might bang on about increasing the rent for resources, but not once have I heard it get up here and fight the case for Aboriginal Western Australians. They should be absolutely ashamed of themselves!

Several members interjected.

ELECTRICITY PRICES — RENEWABLE ENERGY TARGET

65. Mr D.C. NALDER to the Minister for Energy:

I again refer to the potential 15 per cent increase in electricity prices by this government. Does the government's cost reflectivity calculation include the 250 to 300 megawatts of new renewable energy that Synergy must procure by 2020 under the Large-scale Renewable Energy Target; and, if not, how much further will electricity prices have to rise to include the LRET requirement?

Mr B.S. WYATT replied:

I thank the member for Bateman for the question. The first point was about the 15 per cent; that is, the difference between what people currently pay and cost reflectivity at 15 to 16 per cent. I assume the second part of the member's question was referring to the green fund that was put to the previous government —

Several members interjected.

Mr B.S. WYATT: It was; I recall it.

Dr M.D. Nahan: No!

Mr B.S. WYATT: It was leaked to the media a couple of times over the 12 months leading up to the 2016–17 budget, but Synergy's proposal to ensure that it was reaching its renewable targets under the LRET was then killed off by cabinet in, I think, December 2016. That was exactly what the green fund, as it has been referred to, was designed to do. I have asked Synergy to provide me with some advice on that, and no doubt I will get that shortly, but I also want to understand the other options in meeting that target. I am keen to have a conversation with the shadow Minister for Energy on that because I think that we, as a Parliament, need to have an understanding of how to do this. There will be, of course, costs and impacts on bills, but we need to understand how we will do it. That was one option. It is my understanding that some concerns were raised around that particular proposal by the commonwealth government, hence I am waiting on some further advice from Synergy. Once I have that, I will be happy to share that advice with the shadow Minister for Energy.

ELECTRICITY PRICES — RENEWABLE ENERGY TARGET

66. Mr D.C. NALDER to the Minister for Energy:

I have a supplementary question. I would love to help the minister out with the 23 per cent renewable target by 2020. Is it not right that if we have to have 23 per cent renewable by 2020, 15 per cent is not necessarily going to deliver cost reflectivity?

Mr B.S. WYATT replied:

The issue the member raised is quite correct: a range of moving parts goes into the cost of energy, and the RET is one. Western Power is about to start its next access arrangement process, and that will be another. A range of factors will go into the cost of providing electricity when people turn it on at home and eventually get their Synergy bill. As the Minister for Energy representing over two million people who have to pay their power bill, I am keen to ensure we get to a scenario at which those impacts —

Dr M.D. Nahan: By hitting them with a 15 per cent increase!

Mr B.S. WYATT: I am not going to do 25 per cent, like the previous government did! The current Leader of the Opposition did 25 per cent, plus, six months later, 16 per cent plus 10 per cent.

Dr M.D. Nahan interjected.

Mr B.S. WYATT: As I said, the Leader of the Opposition can pop his blue pills and think he has fallen from the sky and—poof!—landed there without any record or history in this place. Let me tell you, I have not forgotten for one minute the record he has brought to this place. I know the Leader of the Opposition talked a big game in energy, but his delivery was woeful, other than simply time and again—I quoted him a minute ago—when he upped it and upped it. I am trying to explain to the people of Western Australia that it is not just about the Leader of the Opposition increasing electricity bills; there has to be an end game.

Dr M.D. Nahan: Gouging!

Mr B.S. WYATT: Gouging!

The SPEAKER: Leader of the Opposition!

Dr M.D. Nahan: He was baiting me.

The SPEAKER: I am so sorry for you! I remember the previous Speaker—I always go back to previous Speakers because you learn from them—saying that you might not like the answer that is coming, but that is the answer.

I am trying to give you leeway with your continuing interjections because you are the Leader of the Opposition, but it does not give you *carte blanche*.

Mr B.S. WYATT: There is one final point I will make because I think it is worth mentioning. Other issues and other decisions of government that have ended up on all our Synergy bills are things like the Leader of the Opposition's \$300 million blowout on Muja AB. We are all paying for that. I went down and closed it down the other day, because that was such a good decision by the Leader of the Opposition! It is similar to the blowout on the feed-in tariff. There are so many things that go into the cost of providing energy, not just the actual costs of energy. That is why, ultimately, the Leader of the Opposition's particular characteristic is feeding through in respect of not just debt and taxes, but also energy bills.

LIBERAL-NATIONAL GOVERNMENT — BUDGET PROCESS

67. **Mr R.R. WHITBY to the Minister for Tourism:**

I refer to the dysfunctional budget process that was a particular characteristic of the Liberal-National government. Several members interjected.

The SPEAKER: Members!

Mr R.R. WHITBY: Can the minister outline how tourism was impacted by this dysfunctional process, and how will that change under this government?

Mr P. PAPALIA replied:

As has probably been recognised by the other side, there is a theme to today's questions from this side of the chamber. We have heard about all manner of dysfunction across a range of portfolios today, and none more stark than the performance in tourism. As I mentioned last week, the budget in tourism inevitably lasted for two years. In the out years, it was a classic example of the previous Premier's inability to see beyond two years and his absolute rejection of the forward estimates as a planning tool. As a consequence, Tourism Western Australia and any professionals working in the tourism space were compelled to assume that they had a far lower budget than the Premier assumed. When I asked him during estimates, when I was on the other side of the chamber, what was happening with the budget when expenditure was at a level of around \$70 million or \$74 million for two years and then it dropped off a cliff to \$55 million in the third year of the forward estimates, his response was, "It does not matter; you never reach the forward estimates."

Mr C.J. Barnett interjected.

Mr P. PAPALIA: The member for Cottesloe is confirming his assumptions and confirming the mismanagement that he inflicted on the state. As a consequence, those people who were trying to negotiate deals on behalf of the state with wholesalers, promoters or airlines, or who were marketing campaigns in a target market, were compelled to use a lower budget than he anticipated. What he gave them was uncertainty.

The now government has committed to rectifying this problem. We have committed to \$85 million in destination market events funding every year for five years to give certainty and to give the professionals in that organisation the ability to market on behalf of the state and get the most value that they possibly can from the taxpayer's dollar. What impact did it have? Last week, I think my memory failed me slightly with some of the statistics I threw at the member regarding international students. It did have an impact. For the 10 years from 2006 to 2016—most of which he was in charge and the former government was running the show—the impact on international students was undeniable. Our proportion as a share of the international student market fell from 10.6 per cent—I think I got the number wrong last week—in 2006 to 8.5 per cent in 2016. That is a figure of 8.5 per cent, when Western Australia has a proportion of the national population of around 11 per cent. We should be aiming for at least a per capita share.

I have another couple of examples. The figures for interstate visitors collapsed in 2014. When every other state in the country was having a domestic tourist bonanza, Western Australia went backwards. The number of interstate travellers to Queensland grew by 23.3 per cent, in New South Wales it grew by 6.3 per cent and in Victoria it grew by 10.5 per cent, but Western Australia went back minus 3.1 per cent in 2015.

Several members interjected.

The SPEAKER: Member for Cottesloe!

Mr V.A. Catania: Is it international or interstate?

Mr P. PAPALIA: It is international travellers in 2015. Again, our visitor numbers collapsed. By comparison, the rest of the country was experiencing an absolute boom. I think the Deputy Leader of the Opposition might have been the minister about then. The average growth in international visitors that year was 7.9 per cent across the country—7.9 per cent. New South Wales grew by 6.6 per cent and Victoria grew by 13.6 per cent; even Tasmania grew by 19.6 per cent. What did WA do? It grew 2.7 per cent when the national average was 7.9 per cent. I think

the Deputy Leader of the Opposition was the minister. At that time we saw the consequences of a budget that collapsed. There was no forethought, no acknowledgement of the forward estimates, no commitment to certainty in the industry, and Western Australia suffered.

Mr C.J. Barnett interjected.

Mr P. PAPALIA: The former Premier paid no attention. His only commitment to tourism was to make himself —

The SPEAKER: Minister, wind it up!

Mr P. PAPALIA: The former Premier made himself the minister so he could go and cut ribbons at hotels that someone else built! He made no effort. As a consequence, we have to fix the problem. It was absolute dysfunction.

STATE AGREEMENT ACTS — AMENDMENTS

68. **Ms M.J. DAVIES to the Premier:**

The Treasurer has just reiterated that he thinks corporate Western Australia wants to contribute and understands that it has to participate in the heavy lifting required to fix the budget. The Premier has ruled out unilaterally changing state agreements in this place. Does the Premier intend to seek any amendments to legacy state agreements with BHP and Rio Tinto to ensure that they reflect modern business practices so they participate in the heavy lifting to fix the budget?

Mr M. McGOWAN replied:

I thank the Leader of the National Party. She clearly has difficulty with our mining industry. I mean, every single question time since we have been back—I think this is now the fifth—the National Party launches an attack on the mining industry. This shows that anyone who works in mining in Western Australia should be very frightened of a coalition government being elected, because the Liberal Party, by implication, because of its very close relationship with the National Party, is a threat to mining jobs in Western Australia! The National Party cannot let it go. I am looking back at the member for Pilbara. The ghost of Brendon Grylls clearly still lives in the Leader of the National Party! She has not learnt that people who work in mining do not hate the industry. The former government had eight and a half years to unilaterally change state agreement acts had it wanted. It did not.

Ms M.J. Davies interjected.

Mr M. McGOWAN: Hold on; listen to this bit: it had eight and a half years to unilaterally change state mining agreements and it did not. Now, in the second sitting week of this government, the National Party is demanding state agreements be ripped up.

Several members interjected.

The SPEAKER: Members; Premier! There is a wall of noise from both sides. I just want to hear the Premier's answer.

Mr M. McGOWAN: As Premier and Minister for State Development, Jobs and Trade in Western Australia, I am not going to rip up state agreement acts—okay? That is our position. That is what the National Party is seeking because it cannot give it up! It has really gotten to it. Are we going to go for the next four years —

Several members interjected.

The SPEAKER: I call the member for North West Central for the first time.

Mr M. McGOWAN: Are we going to go for the next four years where every single question time, the Leader of the National Party is reliving the 2013 election? I mean, you need to let it go! Brendon is not here anymore! He is not here! The happiest people in this place that Brendon is not here is not the Labor Party, it is the Liberal Party!

STATE AGREEMENT ACTS — AMENDMENTS

69. **Ms M.J. DAVIES to the Premier:**

I have a supplementary question. That is all very funny, Premier, but the Premier is going to look to mums and dads, and households —

The SPEAKER: Member, can I have a question, please?

Ms M.J. DAVIES: I do have a question.

The SPEAKER: Yes, but not a comment, thank you.

Ms M.J. DAVIES: Why does the Premier continue to refuse to address the fact that the state agreements for BHP and Rio Tinto contain a charge set in the 1960s—tax deductible—that has never been increased, while he increases fees and charges for mums and dads, households and small businesses? They are doing the heavy lifting.

Mr M. McGOWAN replied:

Mr Speaker, you might recall that back in 2010, I think it was, the former government increased, by agreement with Rio Tinto and BHP, the royalties on fines, which is a form of iron ore. It was by agreement. If we want to change a state agreement —

Ms M.J. Davies: That is the question. Are you going to seek any amendments to state agreements? You could have just said yes, but you are not ever going to have the conversation with them.

Several members interjected.

The SPEAKER: Leader of the National Party, I call you to order for the first time; and member for North West Central, I call you to order for the second time.

Several members interjected.

The SPEAKER: Member for North West Central, I call you to order for the third time.

Mr M. McGOWAN: If we want to change state agreements, we do it by agreement, because they are contracts. We will work through the catastrophic financial position the state now faces because of the Liberal–National government. They left us—the National Party has a large share of the blame for this—in the worst financial position in the history of this state, and the worst financial position in the history of any state in the commonwealth! So, we will have to do it. But destroying confidence in the state’s economy and ripping up state agreement acts is not something we are prepared to do. The entire mining industry should be very frightened about a Liberal–National government, because the Liberal Party will form a coalition with those people and be the enemy of the mining industry.

Ms L.L. BAKER: Mr Speaker —

The SPEAKER: I am going to be very generous today, because I want to make sure —

Ms L.L. Baker: Mr Speaker!

The SPEAKER: It is like flogging a dead horse, is it not? The member for Nedlands.

PERTH CHILDREN’S HOSPITAL

70. **Mr W.R. MARMION to the Minister for Health:**

Thank you, Mr Speaker. I appreciate it very much.

I refer to the minister’s comments on Radio 6PR to Gareth Parker on 23 April 2017, and I quote —

I was the shadow Minister for Health. I was talking about the dead leg and the ring main as being a possible source of the lead contamination. We asked and made that point in Parliament.

I refer also to the minister’s conflicting statement in this house on 18 May 2017, which I also quote —

I found out on the day I got my first briefing and I said to the department, “Now, what about this dead leg that has been talked about so much?”

Which of those two statements is correct?

Mr R.H. COOK replied:

Mr Speaker —

Several members interjected.

The SPEAKER: Members!

Mr D.A. Templeman interjected.

The SPEAKER: Leader of the House!

Mr R.H. COOK: I cannot help the member for Nedlands too much on this particular issue, but I can remind the member for Nedlands that what we are trying to do at the Perth Children’s Hospital is clean up the absolute mess left behind by this incompetent mob over there. What we are trying to do is actually bring a hospital which is now 18 months overdue, over budget —

Mr A. Krsticevic interjected.

The SPEAKER: Member for Carine!

Mr R.H. COOK: — and costing the Western Australian taxpayers \$6 million every blooming month this hospital is not open. We are trying to fix that mess. The other mess we are trying to fix is the half a million dollars we pay every month to a privatised company for the 300 car bays for a car park with no cars—half a million dollars a month! That is what we are trying to do at that hospital, member for Nedlands. We are trying to fix up the

previous government's absolute mess. We are also trying to highlight the fact that one of two things was happening last year. One is that the minister who had oversight for this particular construction was either not doing his job, not reading the briefing documents —

Point of Order

Mr A. KRSTICEVIC: The minister is giving us a history lesson when really we just want to know whether the answer is one or two. Which one of his statements is a correct statement?

The SPEAKER: That is not a point of order.

Questions without Notice Resumed

Mr R.H. COOK: The previous minister responsible for this project was negligent with the information provided to him, because at that time he would have seen the evidence given to him that the dead leg was being addressed in September last year. As I said on the radio, even though the minister himself at the time said he did not know anything about it, I, as the shadow Minister for Health, knew that there was an issue around the dead leg. I asked the government, upon coming in, whether there were any issues with the dead leg. The answer was, "No, minister. That was resolved back in September last year."

Dr M.D. Nahan: You misled Parliament!

Mr R.H. COOK: On the contrary. When I first got my briefing, they said, "No, this issue was resolved. There is no issue around the dead leg. We are struggling to deal with the lead at that hospital, newly minted minister, and now it's your problem. You have to deal with the mess left behind by the previous minister and the absolute incompetence on this side to deliver a hospital for the sick kids of Western Australia." We will go on and continue to clean up the previous government's mess, but the previous minister should not pretend that he did not know that there were issues there, or he should admit that he was incompetent and could not even read his own briefing documents.

PERTH CHILDREN'S HOSPITAL

71. Mr W.R. MARMION to the Minister for Health:

I have a supplementary question. Can the minister confirm—I think he just has—that he knew about the dead leg prior to becoming the Minister for Health?

Mr R.H. COOK replied:

I asked the member for Nedlands questions about it, when I was on that side. I am not sure what the member's issue is, but I can confirm for him that his government was the most incompetent government in the history of this state. It could not deliver Fiona Stanley Hospital on time and it never delivered the Perth Children's Hospital on time. We now have to clean up another one of these legacy issues, which is the previous government's incompetence and mess, and we are the ones who are going to make sure that we get it right for the sick kids of Western Australia.

The SPEAKER: That is the end of question time, crooked legs and all.

PAPERS TABLED

Papers were tabled and ordered to lie upon the table of the house.

COMMITTEES — ESTABLISHMENT

Standing Orders Suspension — Motion

On motion by **Mr D.A. Templeman (Leader of the House)**, resolved —

That so much of the standing orders be suspended as is necessary to enable the motions for the establishment of standing committees, a sessional committee, the Joint Standing Committee on the Corruption and Crime Commission and the Joint Standing Committee on the Commissioner for Children and Young People to be moved forthwith.

STANDING COMMITTEES

Appointment of Members — Motion

On motion without notice by **Mr D.A. Templeman (Leader of the House)**, resolved —

That for the present Parliament —

- (1) the Procedure and Privileges Committee consists of the Speaker, Deputy Speaker and the members for Geraldton, Pilbara and Roe;
- (2) the Public Accounts Committee consists of the members for Armadale, Bateman, Darling Range, Mount Lawley and North West Central;
- (3) the Community Development and Justice Standing Committee consists of the members for Bunbury, Burns Beach, Carine, Dawesville and Hillarys;
- (4) the Economics and Industry Standing Committee consists of the members for Churchlands, Forrestfield, Jandakot, Swan Hills and Warren–Blackwood; and
- (5) the Education and Health Standing Committee consists of the members for Kimberley, Mirrabooka, Moore, Nedlands and Wanneroo.

PARLIAMENTARY SERVICES COMMITTEE

Appointment of Members — Motion

On motion without notice by **Mr D.A. Templeman (Leader of the House)**, resolved —

- (1) That for the present session, the Parliamentary Services Committee consists of the Speaker and the members for Belmont, Central Wheatbelt, Geraldton, Girrawheen and Vasse; and
- (2) That the Legislative Council be acquainted accordingly.

JOINT STANDING COMMITTEE ON THE CORRUPTION AND CRIME COMMISSION

Appointment — Motion

On motion without notice by **Mr D.A. Templeman (Leader of the House)**, resolved —

- (1) That for the present Parliament, in accordance with Legislative Assembly standing orders 288 to 292, a Joint Standing Committee on the Corruption and Crime Commission be appointed by the Legislative Assembly and the Legislative Council; and
- (2) That the Legislative Assembly requests the Legislative Council to agree to a similar resolution.

JOINT STANDING COMMITTEE ON THE COMMISSIONER FOR CHILDREN AND YOUNG PEOPLE

Appointment of Members — Motion

On motion without notice by **Mr D.A. Templeman (Leader of the House)**, resolved —

- (1) That for the present Parliament —
 - (a) pursuant to section 51 of the Commissioner for Children and Young People Act 2006, a Joint Standing Committee on the Commissioner for Children and Young People be appointed by the Legislative Assembly and the Legislative Council;
 - (b) the joint standing committee shall comprise two members appointed by the Legislative Assembly and two members appointed by the Legislative Council;
 - (c) it is the function of the joint standing committee to —
 - (i) monitor, review and report to Parliament on the exercise of the functions of the Commissioner for Children and Young People;
 - (ii) examine annual and other reports of the commissioner; and
 - (iii) consult regularly with the commissioner;
 - (d) a report of the joint standing committee will be presented to the Legislative Assembly and the Legislative Council by members of the joint standing committee nominated by it for that purpose; and
 - (e) the standing orders of the Legislative Assembly relating to standing and select committees will be followed as far as they can be applied.
- (2) That the Legislative Assembly requests the Legislative Council to agree to a similar resolution.

LOAN BILL 2017

Standing Orders Suspension — Motion

MR D.A. TEMPLEMAN (Mandurah — Leader of the House) [3.03 pm] — without notice: I move —

That so much of the standing orders be suspended as is necessary to enable the Loan Bill 2017 to be dealt with while the Address-in-Reply has priority and to proceed without delay between the stages.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [3.04 pm]: I want to make some comments on this motion. We support the standing orders suspension motion to address the issue of the Loan Bill in a timely and effective matter, but I note that a range of people on both sides of Parliament expect to deliver their response to the Address-in-Reply this week.

MR B.S. WYATT (Victoria Park — Treasurer) [3.04 pm]: I simply make the point that I thank the opposition for their cooperation, given the urgency of this bill. No doubt the Leader of the Opposition is aware of the time constraints upon it and I look forward to the contribution on the substantive debate.

Question put and passed with an absolute majority.

Second Reading

Resumed from 17 May.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [3.04 pm]: I note that I am not the main speaker on the Loan Bill 2017. I will lead off with some understandings about the bill. We had a briefing from Treasury, and, as usual, it was very thorough and professional in explaining the need for the bill. The previous government introduced a loan bill late last year of \$1.7 billion, which was designed to cover the government through in terms of access to loanable funds through the election to August this year. We knew that it would be a late budget because of the timing of our election. The government has chosen to have the budget in September rather than July or August. That is its prerogative; we will not debate that. Irrespective of who won government, there would have been a need for a loan bill of a certain amount. The real issue is the quantum of the bill. There is no doubt that we, of course, will agree to the expansion of a loan bill if one is required. We will support it and pass it through this house. The real issue that I want to discuss is the justification for its quantum.

Through the Loan Bill 2017, the government asks for an \$11 billion increase in the borrowing limit. For accuracy, we recognise that that request is based on Treasury's *Pre-election Financial Projections Statement*. It relates to the forecast of general government borrowing through to 2019–20, which is the last year of the forward estimates of the *Pre-election Financial Projections Statement*. The problem is that since the release of that *Pre-election Financial Projections Statement* in the second week of February, there has not been an official update of the forward estimates by the current government. Of course, since February, there has been an election. All parties went to the election with certain commitments that focused on debt, debt reduction and deficit and on expenditure. The new government is asking for a loan bill based not on its own policies, but based on the policies of the previous government. The government is also asking for an increase in access to loans for the entirety of the four years of Treasury's forecast, based on the policies of the day. In short, it is asking for access to loanable funds on the basis not of its own policies, but the policies of the previous government.

Members may say that the government needs some money. What would be an appropriate guidance for the quantum of the loan bill? Except for the Loan Bill 1987, which we do not know the history of, all loan bills in the past came about following the issuance of a new budget; that is, in each case, the government of the day issued its budget and the new tax revenue and spending policies put forward required that government eventually, over the forward estimates, to have access to more borrowings than it thought it would. That is appropriate. The only exception was the last one, Loan Bill 2016, which was for \$1.7 billion. That bill was needed because, due to the election on 11 March 2017, we knew we would have a late budget, and it was prudent to ensure that there was access to adequate loanable funds to cover a late budget. Otherwise, we would not have had the 2016 loan funds; we would have waited for the budget to determine what was required and gone away and asked for a sum. Undoubtedly, one would have been required. But this is different. This request is not based on a budget. The budget is not coming down until September. This request is not based on the assessment of the policies of the current government; they have not been assessed or formulated yet, and they will not be formulated until the budget. This request is not based on an update of the preliminary adjustments by Treasury. Treasury's last official statement—we can only rely on official statements—was in the *Pre-election Financial Projections Statement*. The government is basically asking us—this is a very important role of Parliament—to control the overall borrowing requirement or access to funds of the government of the day. It is a very important and powerful tool that successive governments have through various acts, and it is one that we guard carefully.

The government is asking us to agree for it to be given \$11 billion prior to bringing down its budget and prior to indicating whether its policies require it. Indeed, the Treasurer has indicated that he hopes that he does not need these funds. In fact, he hopes that he will not have to access those funds. He expects us to give him \$11 billion based on our old policy, particularly since we went to the election with a firm commitment to reduce debt, to pay down debt and for debt to not be in the vicinity of \$34 billion, which is what the Treasurer is forecasting for the general government sector, but much less. That is our policy. We would have needed a loan bill but one that eventually would have been repaid in full over the next two to three years—over this term of government. We definitely would not have pursued a loan of \$11 billion.

The Labor Party went to the election with a promise to reduce debt or have a surplus at the end of its term. It has abandoned that but that is what it went to the election on. To paraphrase, it wanted to cap debt and pay it down like a mortgage—that is, eventually, start paying back the debt, making both principal and interest payments on a mortgage. Members should interpret that how they wish. I am not sure what that means. There is no timing involved, and 40 per cent of household loans are interest only, so it does not mean much, but that is what it is. The government has a policy—a commitment to the public—to cap debt and to start paying it back.

A very important thing occurred after the pre-election statement: the election, to a large extent, was fought on debt and deficits. Both parties went to the election to try to reduce the levels of debt. The Treasurer is asking for an \$11 billion increase by way of a new loan bill. The Loan Bill 2017 will increase the total amount of funds accessed through the general government sector by \$11 billion in net terms, so the Treasurer can meet the election commitments and budget expectations of the previous government while skipping, overlooking, avoiding and not taking into consideration the decisions that were made by both parties in the election. It is as though the election did not happen.

What would be more appropriate? The government needs a loan bill. We agree with it. We asked Treasury what the government would need, with safety and security, to cover it for the next year—that is, for all of 2017 and 2018. During that time, the government will probably have two budgets—a budget in September, and I assume it will go back to the regular schedule of a budget in May. Treasury told the opposition that the government would need \$4.5 billion for the general government sector. The government already has a surplus of funds from the last borrowing of about \$1.2 billion. It needs that surplus. With some security, it could get by for a year, for two budgets, with a loan limit of \$5 billion. Why would it ask for more? If it went to the election on the basis of a commitment that debt is a real problem for it, it has to do something about it. Every day we hear the government saying that it has to fix up our mess and it is going to address it. We have heard things like a special tax on households, a 15 per cent increase in electricity prices and a large increase in water prices. They are all sorts of revenue-raising measures that I hope are designed specifically to reduce the deficit and debt. I suspect that they are not, but that is a different point, which I will get to. The government needs only \$5 billion to cover it for the next 12-plus months, during which time it will bring down its first financial statement. It will state what its policies are, and give expenditure, revenue and debt forecasts. That is all it should actually be getting.

I might add that also at issue is that, when we went to the election, we submitted a fully itemised costing to Treasury. Our forecasts showed that debt would be reduced over the same four years. The debt level would not go to \$41 billion overall; it would go to \$29 billion, and there would be a commensurate reduction in general government debt, so we would not need this. The Labor Party chose not to submit its costings to Treasury, so we and the public of Western Australia have never seen an accurate, independent assessment of the policies of the McGowan government. It has avoided providing that to the public, Treasury and us. The government is implicitly saying to us that its policies are to increase general government debt from \$23 billion to \$34 billion. In other words, it has no intention whatsoever of doing anything at all about debt over the next four years. That is contrary to all the rhetoric we heard from the opposition over the past two years, and it is contrary to what the Labor Party said during the election campaign and on election day. I remember a wrap from Labor—I think it was printed in black and yellow—about \$40 billion in large debt. It was a central part of its campaign, and its request for the public's vote. Now, this bill basically states that the government has no policies and no intention to do anything about it. It is contrary to what we hear in this place on a regular basis.

I am puzzled and concerned by this, because the Labor Party also went into the election campaign promising gold-plated accountability, and then refused—not failed, but refused—to submit its costings to Treasury so we could get an estimate of the debt levels. It was hidden from us. Labor had some people from outside look at the figures, but they never provided any adequate information, and their estimates of debt and deficit were not believable. We do not know what the government's policies are, but it is asking Parliament to give it access to \$11 billion over the next four years without putting out, either during the election campaign or since the election, a statement of its intentions. We have been told by the government, and *The West Australian* and whoever else could add up, that it has committed to \$5 billion of expenditure over the same period. How is the government going to fund that? It will need additional money to fund that \$5 billion of expenditure and we do not know how it will obtain it.

To go back into history, at least as far back as 1987, loan bills have always followed immediately upon a statement in an official budget indicating the need for borrowing over the succeeding four years. First, the government issues a budget in great detail, which is open and accountable and is submitted to Parliament and dealt with through the estimates process so that we know that it is accurate, and the government stands by it. We do not have that document. We do not know the basis upon which it is requesting the \$11 billion, which is by far the largest loan bill. We do not know its basis. All the government has done is to state back in February that under the previous government debt was forecast to go to that level, but the previous government, in the election campaign, committed specifically to reducing the debt and to not reaching that level. It is therefore not relevant. The government will be seven months old before it brings down a budget, and before that it is asking for \$11 billion—an outrageous

request. I asked Treasury whether there is any problem such as access to loans, cost of borrowing, risk to our credit rating, or any other risk associated with having not one, but two or more loan bills; that is, having a smaller loan bill now that covers the next two budgets, and then it can come up with another one if it chooses to do so.

Treasury said, no; there are no real problems. The only problem is going through this Parliament. These are not comfortable things. I have done two; I know. It is not comfortable to stand up here and say that you have to go out and borrow substantial amounts of money because the forward estimates indicate that you want to spend that money. That is why our predecessors put this in the Financial Management Act—to make it uncomfortable for governments to borrow large amounts and to have some limit, some cap and some requirement that the government of the day comes to Parliament and states that it wants to borrow this money. We put a cap on it. If the government exceeds the cap, it has to request it from us. I suspect the government is asking for \$11 billion because it is a safety valve. The government does not want to come back in case something happens. Again, I can understand that, but that is not a good reason. That is trying to avoid being uncomfortable and reality. It is a Parliament.

The government has not formulated the budget yet—fine, that is in September. The government has a lot of work to do. It is floating more balloons than a circus, but that does not mean that we should give the government \$11 billion. It has not made the case. Just because the forward estimates of the previous government suggest that it would require it ignores the election and the need for a loan bill.

The government does not need \$11 billion now; generously, it needs \$5 billion. That is all the government needs. The question is for us. We do not have the numbers in this house to stop the government and we will not block a loan bill. We will agree to a loan bill. I put to government members that if they want a loan bill now, they should agree to \$5 billion. It is more than enough. Of course, the government has already recognised that it has that cushioning of \$1.2 billion—Treasury tells me—so it will have loanable funds of \$6.2 billion as of 1 July, which is more than enough on the government's own measurements to get it through the next year and two budgets. I put to the government that we will move on to other legislation. If the government wants to progress other legislation, we will stop this debate. If the government agrees to a loan bill not for \$11 billion, which it has provided no justification for—there is none, because the basis upon which it is based has nothing to do with the government—but for \$5 billion, we will cease the debate now and move on to priority legislation that the government has indicated to us it needs to get onto urgently.

This is a crucial issue. It is a test for the government. If the government, as it says over and over again, is committed to “fixing up our mess”, why does it need \$11 billion? If the government is following its pledges made to the electorate, on which it won a large mandate, to cap debt and pay it over time, why does it need \$11 billion? If, in fact, the government is committed to many of the balloons that are floating—raising prices and whatnot and reducing the deficit, which I honestly wish it good luck with, because it needs to be done—it does not need \$11 billion. The only reason the government is asking for \$11 billion is because it wants to avoid coming back to this place again to ask for more money because it is painful. A lot of things in this place are painful, but it is meant to be painful for governments to come and request extra money. I put to the government that we will pass this legislation—maybe amend it—but from the perspective of the people of Western Australia, the government does not need \$11 billion. It is an ambit claim. The government needs \$5 billion to get through the year. The government should then come back if it needs to and be honest about what it actually needs to cover its finances. That is all the government needs, and that is all it should ask for. I ask the government to be reasonable. We will cease and desist with our debates and move on to other important legislation if the government agrees to \$5 billion.

The ACTING SPEAKER (Ms J.M. Freeman): Before the Deputy Leader of the Opposition rises, I want to note that standing order 85(3) states that when a member wishes to speak they “Will address themselves to the Chair.” I think that is primarily for the purposes of Hansard as much as it is because you like to talk to me. But if we could do that, that would be great.

MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition) [3.25 pm]: Further to the Leader of the Opposition's comments on the Loan Bill 2017, I would like to explain the previous practice of the eight years I have been in this house. When loan bills were brought to this place the opposition had an opportunity to forensically examine where that money was going to be spent. There was an election on 11 March and the *Pre-election Financial Projections Statement* was published by the then government, the now opposition, and the Labor opposition at the time did not submit its costings to Treasury. Indeed, when governments change, it is common practice for some projects of previous governments to be withdrawn or finished. We have seen that occur with the Perth Freight Link project, whereby the current government has seen fit to throw \$50 million of taxpayers' funding into the ether and to halt that project, claiming a mandate. With 41 members in the house, perhaps the government can claim that mandate; however, until all the costings are brought to this place through a proper budget process, it is a big ask to expect the Parliament to approve \$11 billion—a very, very large Loan Bill—without the opposition having any opportunity to examine where that money will be spent.

Much has been said about the *Pre-election Financial Projections Statement*. On 9 March 2017, the Labor Party outlined its election costings and stated that its election commitments would cost \$2.785 billion across the forward estimates—that is, \$1.03 billion for Metronet, \$224.5 million for health and \$261.2 million towards education.

Savings were going to be made in the budget from a \$750 million priority review of government services, land sales of \$529.5 million, savings of \$631.1 million in royalties for regions and \$2.982 billion from a range of sources, including \$1.079 billion from the cancellation of the Perth Freight Link project. If we look at the itemised costings posted on www.markmcgowan.com.au at the time, we can see a big gaping hole, especially when we look at the Metronet costings; the continuation of the Forrestfield–Airport Link, which is fully funded in the state budget—obviously this extension in borrowing of \$11 billion by the government is not linked to the Forrestfield–Airport Link project; that is already accounted for—the Thornlie–Cockburn line, 17.5 kilometres of railway line at \$474 million; the Yanchep extension of the Joondalup line, 13.65 kilometres at \$386 million; and the Morley–Ellenbrook line, 21 kilometres at \$863 million. Members can see from that why we have a problem with the Loan Bill. We will have already exceeded the \$1.03 billion worth of Metronet commitments but there are still five more commitments: the Byford extension of the Armadale line, 7.5 kilometres costing \$291 million; new and existing train station upgrades at \$144 million; improved signalling, \$120 million; four level crossings, costing between \$50 million and \$70 million each, a total of \$257 million; and, 76 rail cars to be manufactured in a yet-to-be-built premises facility in Western Australia, \$410 million. Looking at that, stage 1 of Metronet will cost \$2.945 billion, which is higher than the \$2.785 billion that was the total estimate of the funding commitments of the now Labor government across the forward estimates. As Western Australian taxpayers, we have grave concerns. As small an opposition as we are, we have grave concerns about this Parliament allowing the current state government to extend the loan facility by \$11 billion without bringing allocations of those moneys to this place for examination. I do not think that is unreasonable. The government has said that the budget will be delivered on 7 September, which still gives it an opportunity to bring a loan bill to this place as part of the budget process. The government can get the Loan Bill through Parliament appropriately—it has the numbers—in the spring session of Parliament attached to a budget, so we understand which projects have been cancelled, where the savings are coming from, how much of the borrowings will go towards the Metronet costing and where the savings from Synergy are that can help households bring down the cost of their electricity bills. None of this information is available to the opposition or, indeed, to the community of Western Australia. We are currently being blithely asked to give permission to the government to write a cheque for \$11 billion worth of expenditure and we do not know how the money will be spent.

During the election campaign we tried to have some scrutiny of those costings by having them submitted to Treasury, but the Labor opposition at the time, the now government, refused to allow that. Indeed, from the briefing that our side of the house received from Treasury today we know that there is \$1.2 billion of the existing limit still remaining at 30 June. Treasury assures us that that is sufficient to take the government through to July and I understand that \$5 billion is what realistically would be required to cover the expenditure of government to 30 June next year. In September, at the handing down of the budget, there is the opportunity to bring those costings and that loan bill to Parliament so that the community of Western Australia can understand to what projects the debt will be allocated. I think it is extraordinary for a government that has not yet handed down its first budget to request \$11 billion, especially a government that ran an election campaign based on reducing debt, reducing borrowings and bringing a budget back to surplus. Those pre-election costings that the now government provided showed a slim surplus of \$205 million by 2020 and a net debt of \$39.975 billion. We did not win government, but had we had our asset sales program, our debt reduction plan would have seen \$12 billion worth of debt reduction as a result of asset sales and a \$24.3 million surplus by 2020. We did not win—we accept that—but the government's sweeping election victory does not give it the authority to use its numbers to railroad through an unprecedented request for an extension of a loan facility without any justification whatsoever of where that money will be allocated. In the interests of transparency, we believe that the government should work on the conservative advice of Treasury; that is, the loan can be extended by \$5 billion and that will comfortably get the government through to 30 June 2018. In the interim, the government can use its numbers in this house to bring forward a new loan bill following the delivery of the budget on 7 September. A very important date for a new government is the date on which it delivers its first budget. There will be plenty of time in the spring session to get an appropriate loan bill through that can be scrutinised properly by a very small but very enthusiastic opposition, and an opposition that wants to ensure that it uses all its energies appropriately scrutinising the spending commitments of the new government, holding the new government to account for the election commitments it made to the community, and revealing to the community the gaping hole in the government's election commitments that were not picked up prior to 11 March. The community was flying somewhat blind on the true costs of the government's Metronet commitments and, indeed, on all the other promises made by the then Labor opposition and now government.

I implore the government to take the responsibility of government on board and to stick to the commitment it made to the electorate to reduce net debt, to reduce borrowings and to bring the budget back to surplus. I implore it to very sensibly hold off on the \$11 billion open cheque it is requesting this Parliament to approve, to stick to the conservative estimate of Treasury and to bring down this Loan Bill with its budget on 7 September. That has been the consistent practice of the past 39 Parliaments—we are up to our fortieth Parliament—in Western Australia. The community expects consistency of that kind. The community expects the new government not to use its

numbers to rubberstamp borrowings of this nature when it made a clear commitment to reduce net debt over its first four years in government.

MR D.T. REDMAN (Warren–Blackwood) [3.37 pm]: I rise to make a contribution to the debate on the Loan Bill 2017 on behalf of the National Party. I would like to go through a number of points that have been made so far in respect of the Loan Bill and add the National Party's sentiment to the position we find ourselves in now. In the first instance, the National Party will support this bill and consider an amendment, which will be elaborated upon by the Leader of the National Party. I do not think any budget or loan bill has been opposed in Parliament, and the government quite rightly has the right to pursue that after a very solid election victory.

I will work through a number of issues one at a time. I want to make a couple of comments about the state of the finances. There were a lot of debates in this house over the last term of government—I am sure, at the goading of the present government—about how we got into this position. As a cabinet minister who sat at the cabinet table for the last eight and a half years, I know the significant pressures the state was under during one of the most significant expansions of the resources sector in Western Australia's history, which supported not only our state but also our nation. During one of the last budgets we brought down, it was cited by the Treasurer of the day that Western Australia's population growth had been close to the entire population of Tasmania. There was an absolutely massive growth in the population of Western Australia. It is growing nowhere near as fast as that now, but it just shows the scale of what we were trying to respond to with regard to all the demand-driven pressures of rapid population growth. There were huge pressures on services, particularly frontline services. If we look back over the arguments of the then opposition at the time, it was chanting at us in this place to respond to many of those pressures. The then government was presiding over significant population growth and pressures on frontline services, housing and land release and the like, particularly in many regional areas that were acutely affected by increased population pressure challenges. The opposition called upon the then government to do something about it, and we did; we made quite substantial investments. If we look back, any objective assessment of the then government's decisions will indicate it responded to many of those issues. I am sure debates are still to be had in this place about the merits of some of those decisions, and many government members will say they predicted where we would finish up. I do not accept that at all. Indeed, some of those members will know who they are. It will be interesting to see their assessment of the finances in 12 months' or two years' time.

Being someone who visits Perth and has to stay in accommodation here—as do others around me—I remember hotel prices, when weekend rates in Perth were less than the weekday rates. In other words, the pressure from the corporate sector staying in Perth to support what was happening in the resources sector pushed up the prices during the week because they all shot over east or overseas on weekends. Those were all the issues we had to work through. Housing pressures and the housing affordability challenge were all debates in this place that we responded to.

What the Treasurer faces now and what the Premier has talked about is the GST offset to royalties; it is a structural challenge to which Western Australia has to respond. We faced a scenario in which royalty rates were up at the same time as the GST rate to WA, which created a double input of resources into the state's budget. Three years later iron ore royalties tanked and the GST was reflective of royalty rates for the previous three years, which meant they too were low, so we found ourselves in a double hole. This structural challenge in our budget of the GST versus royalties will play out, and it will not stop. I argue that the National Party put that agenda on the map. The former Premier might have different views on that, but at the end of the last federal campaign in Western Australia prior to the last federal election, we were told to be quiet about it. We were told, "We don't want to generate the GST discussion in Western Australia because it's contrary to what we want to try to achieve on the east coast, because whatever we do for Western Australia, someone else will lose." As the Leader of the National Party I am sure will talk about, we put quite a unique strategy on the table for not only addressing the dead issues but also seeking out a new revenue source for the state. The campaign the mining companies ran counter to the National Party's position into the 2017 election put front and centre for every Western Australian what happens with the GST versus royalty trade-off. Advertisements were run on TV so that everyone in Western Australia could see as plain as day how Western Australia was getting ripped off. The Nationals put that on the agenda, so the National Party has played a role in putting on the record the most significant financial structural challenge Western Australia faces—its relationship with the federal GST.

Some people will talk about the Liberal Party's commitments going into the 2013 election and whether it overcommitted for that and the impact on the budget. Some will talk about the National Party's dogged belief in its support for royalties for regions and the potential impact they might see from that. Others will talk about the current \$5 billion commitment and whether this government overcommitted in a fiscally challenged environment going into the 2017 election. Of course, others will make judgements about why we are in this situation.

The first point I want to make about the Loan Bill is the need to have the entire \$11 billion up-front. It is a smart policy by the government because it is saying, "This is the former government's budget; if it were to play out the budget as seen in the forward estimates, this is what the loan would have been, so we will seek that". It gives no measure of how the current government sees the forward estimates playing out. In fact, in question time

today the Treasurer talked about how the former government approached the forward estimates and said, “This government doesn’t take the forward estimates lightly; we see them as very important and that is why we’ll do business as we do it”. Taking out an \$11 billion loan is a pretty big commitment to the current forward estimates. Clearly, the Treasurer was saying that the government would take that. I have concern about the lack of confidence shown in the rhetoric the government took to the last election and its capacity to respond to the budgetary challenge. The government went out and said, “Righto. We’re going to put an \$11 billion loan on the table to support the previous government’s forward estimates” but that says nothing about the commitments and responsibilities the Labor Party took to the election as a platform to be able to achieve a better financial position for the state. I do not see any reason why a loan bill could not come forward in a couple of tranches, which would give the government a chance to come under parliamentary scrutiny. That was a strong view held by many of the current government ministers when we had debates in this place about the importance of bringing it back to Parliament for sanction and support, and hence the scrutiny of Parliament.

This bill is a just-in-case card; the government is taking out an \$11 billion loan just in case. Although government members talk about being fiscally responsible and taking hard decisions, this bill is just in case they cannot do it. A lot of government backbenchers—there are a lot of them; they go right around behind me—will have to look their constituents in the eye, take out a position and sell it. The sorts of things they will have to sell include significant cuts to the public service. Some 70 per cent of public service costs go out in wages, which means people. The backbenchers will have to go to their constituencies and make the point that, “Unfortunately, we’ve got this budgetary challenge but, by the way, you’re going to lose your job.” The government having come in on a jobs platform will make it very hard for those people to be able to receive that sort of information.

Regarding increasing power prices, I understand that although the Loan Bill 2017 applies to the general government sector, there is a relationship of net accrual back to government from our government trading enterprises. Prices for power and water will therefore impact the general government sector. We know the language the government took to the 2017 election on the sale of Western Power: “We’re not going to increase power prices” and “Selling Western Power will increase power prices”, but the government forgot to mention that if it does not sell Western Power, it will also increase power prices. I am sure that the Treasurer has seen this, but the Labor Party had the Lower Power Bills campaign back in the 2013 election. The Labor Party has taken quite a strong position in the past. I am not so much talking about the issue of raising power prices because I also hold a view about reaching what the Treasurer described as the Holy Grail of cost reflectivity; I think that is important. The issue is that government backbenchers will have to look their constituents in the eye and say, “We’re going to increase your power prices”, suggested in the media to be an increase of seven per cent plus seven per cent, which is a pretty substantial increase. It will hit the mums and dads of this state—all of them; it will not miss anybody—but the government will be able to say, “This is really important because it helps our bottom line.”

Turning to property levies and investment in properties, I remember being surprised when the current Premier took up an argument when he was in opposition about land prices and property prices in Karratha. He talked about investors. He was not talking about homeowners or first home owners; he was talking about the importance of backing investors. In this bill, the Labor Party will take out a property levy for investment properties that are rated over a certain value to raise some money. Of course, the government went to the campaign supporting royalties for regions funding. All seven—I have the number right this time—Labor Party members from regional Western Australia will have to look their constituents in the eye and say, “Yes, we’re going to back the position we took to the election and support royalties for regions.” Everything that has been said so far suggests a substantial review of royalties for regions. In fact, I hardly hear the words “royalties for regions” out there. God knows how our constituents will know what is funded by royalties for regions and what is not. I am sure that not talking about it will help to hide the decisions the government makes.

I make these points about whether I think it is possible for the government to pursue even the decisions it has made so far. While I have the member for Morley in the chamber, it will be interesting if I can come back to power prices for a second. The Treasurer talked about heading to cost reflectivity and the impact on the subsidies that are paid to support uniform pricing tariffs and support power bills at their current levels. When a member in the upper house, the current member for Morley said —

We have seen eight years of consecutive electricity price rises under Colin Barnett and the Liberal–National government; ...

I am quoting from *Hansard* of 13 October 2016. The current member for Morley said —

This is a blatant attempt to make Western Power seem more profitable and attractive to potential purchasers. ... There are concerns that the cost subsidies will be removed, which will particularly impact regional people who have poorer maintenance on their power poles and will probably pay more.

The challenge for current government members of this chamber is to take these very policy settings up to the constituency while having that on record. I said when I made my first speech for this session of Parliament that *Hansard* is one of those great accountability mechanisms that we cannot escape. Taking those issues forward and

trying to get a change to support the fiscal challenge will be a huge issue. The other one is, of course, trying to drive public sector efficiencies through super-departments; I think that will be a huge challenge.

I make the point, in listing off the signals we have seen so far from this government, that here we are making a decision about an \$11 billion Loan Bill to support the previous government's forward estimates period. We are doing that without any signals as to what the new settings will be for the new government, other than a handful of decisions that I think will be marginal at best and a huge challenge to implement, given the history of many of the members and where they have come from and the sort of platform they have taken during their election campaigns.

The government has been elected on a platform of fiscal responsibility. We have seen only words; we have not any actions. We have not even seen a budget. We are here to support the Loan Bill. I understand the reasons for it, which is why the National Party will support it, but we think there are a number of issues. There is another reason we are raising debate here. The Leader of the National Party was today criticised today for asking questions only about a new revenue measure, but there is a choice. There is another option. There is another pathway to deal with these issues, rather than raising people's power and water bills; that is, to have a look at another revenue source. We took to the last election a new revenue source from a 50-year-old mechanism that has not changed. Even taking it up to the consumer price index brings it to \$3.50; that would have a pretty big impact on the state's budget levels. But it could also be washed out or cashed out, and that would bring in \$3 billion to \$4 billion. I am sure a deal could be done with the federal government on a cash-out scenario so that was not clawed back through our goods and services tax arrangement. The Labor Party has a number of options. We do not think it is taking those options seriously, and we will continue to prosecute our position in and around a new revenue source as a strategy of managing the broader budget.

The Labor Party has every right to bring this bill forward. It won the election convincingly. It has prosecuted an argument about being fiscally responsible, but we are yet to see how that will play out. I make a closing point. The number of government members in this chamber—I think there are some 41—is currently an asset to the Labor Party. But that asset can very, very quickly turn to a liability as we work through the challenges of trying to make budgets work. We have seen that in other states. And as we work through each of those little steps—as with a household mortgage—and look at the costs and take some of the costs out or change the revenue sources, such as power prices, they are hard to do. Although we will support the bill, we will move an amendment later on, but I think the government will have a huge challenge in matching what it put up going into the last election.

MS M.J. DAVIES (Central Wheatbelt — Leader of the National Party) [3.53 pm]: I rise to speak on the Loan Bill 2017. As the member for Warren–Blackwood said, the Nationals will not oppose the bill but we have some reservations. It will probably come as no surprise to the Treasurer that I will keep asking him to implement our policy. I think he really wants to! It would solve so many problems that the Treasurer is facing and keeps articulating to this house. It would; \$7.2 billion would really resolve so many of those issues, not the least of which is that the Treasurer would not have to come to this place and ask for \$11 billion—I understand that is the biggest amount ever asked for in a loan bill.

I will very briefly address the comments made during question time around why we continue to pursue this policy, why there is a choice, and why this government does not need to, as the member for Warren–Blackwood has said, increase power prices, increase taxes and come to this place and ask for \$11 billion. The government seems to be suggesting that, as we lost the election—which is true and we acknowledge that and we will take our medicine—the mining levy should therefore be dead and buried. I wonder whether that same thought applied to the process whereby this government took Metronet to the 2013 election and pursued it through to the 2017 election. There is either a double standard or—I am not quite sure—pure arrogance in that there is a summary discount of us putting forward a policy that would certainly have assisted the finances of this state. That is why we took that policy to the election. We knew that there were challenges and issues. As has been outlined previously, we faced some extraordinarily challenging times in government, with the sheer number of people moving to this state and with the investment that was needed to ensure that we had teachers in front of classrooms, that there were enough schools to accommodate that number, that there were nurses in hospital, that there was enough water infrastructure to meet the growing number of people in this state and that there was enough power infrastructure for the number of people turning on the lights. All these things were the responsibility of government and we needed to do all of that whilst living with the reality that we were getting a diminishing GST return, trying to drag the state into the twenty-first century and trying to leave a legacy from this enormous boom that we lived through to make sure that we did not get to the end of it only to have members opposite say, “You did nothing.” That has been a challenge; there is no doubt about it.

I am very proud of the investment we have made, particularly the investment in regional Western Australia. It was recognised going into the 2017 election that there needed to be a solution to the GST, which clearly was not going to be resolved. There does not appear to be any movement on that front, apart from a review from our federal colleagues, which will take another 12 months and then there will be a bit of faffing about as they decide what they want to do, because they have to fight amongst each other in the eastern states so they do not disadvantage anyone. That was never going to be the answer to any of the challenges that we were facing in this state; hence,

the Nationals put forward a policy to ask the two biggest mining companies that have legacy state agreements to pay a charge that had never been increased since the 1960s, that would be tax deductible and that would generate \$7.2 billion over the forward estimates. That would have allowed us to resolve some of the issues that this state was facing. I think that as time goes by and the people of WA are asked to shoulder the burden of increased fees and charges, they will start to ask the same questions of members opposite and the Treasurer that we are asking. They are all under pressure, and that will become more so as the government implements the decisions it has been foreshadowing since coming to government. Why should householders pay more for their power and water to balance the budget? Why are public servants losing their jobs? Why is there a new tax? Why did the government say before the election that it would not do things but then turn around not two months in and do all the things that it said it was not going to do? The people are going to ask that question and then they are going to ask why the government is not compelling those two big companies to do their fair share and contribute to Western Australia. We have facilitated the growth of those two companies. We have facilitated the profits that they are returning. This is a non-renewable resource that belongs to all Western Australians. Instead, the government is asking for \$11 billion and it is telling everyone outside those two big companies that they will be in line for huge increases and charges—and there will be more to come, I am sure. We do not have a budget, so, again, we in Parliament are somewhat blind to how the government will progress its agenda and what impact the \$5 billion of election commitments will have in addition to the impact of the commitments that are already in the forward estimates. That is what people will ask and I do not think that this government can answer the questions.

The state of this budget is the most significant issue facing Western Australia. It is not overstating the case to say it is a structural deficit and that nothing Labor has put on the table will resolve this. The government is leaving the state exposed because it is not willing to explore all avenues. It will not consider recycling assets. The member who spoke prior to me pointed out that the Labor Party went to the election with a commitment not to sell Western Power on the basis that power prices would increase if it were sold. It is absolutely inevitable that power prices will increase. I have no doubt that the unions, although they have been somewhat less than active in the last few months—like a wet lettuce leaf slapping about at the minute, but I am sure they will get organised and start asking questions—will start asking the same questions. All sorts of sectors will come back to this government and say this is not what the Labor Party told us prior to the 2017 election. I do not know how all those households and businesses that backed the Labor Party, including its union mates, will believe anything that this government has said. Now the state wants to borrow another \$11 billion. The government is going to slug households with new taxes including a \$270 annual levy on property investments. It has pledged to create jobs but all we have seen is a reduction in jobs. It has also announced cuts and it has frozen wages. It has broken faith with the very people who delivered those shiny green seats on the government side of the house. The Labor Party has broken faith. The government is now asking us, without a budget and without an assurance that it has looked into every avenue open to it, to raise revenue to make sure that Western Australians are not put under further burden. It is asking us to say yes. It is patently clear to us that Labor's plan is for mums and dads, small businesses, pensioners and public servants to do the heavy lifting to repair the budget. That is why we have continued to ask questions in this house. I am confounded that the government persists with these measures, putting pressure on already very stretched households and businesses, sectors that cannot afford it, when there is a sensible and immediate option that would ease this pressure. If only it would grow a backbone. If only it would stand up to those two big companies. Quite clearly this government is not willing to do that.

In question time today I asked whether the government would seek to amend the state agreements. I did not say "unilaterally"; I did not ask whether it would do it without asking. I simply asked, "Would you have a conversation with them? Are you opening the doors?" Will the government sit down and say, "We're not sure these state agreements actually reflect the current business practices of this state any longer? They were struck in the 1960s; maybe it's time we had a look at it." Is the government doing that? In his arrogance, the Premier stood and dismissed it by saying, "Don't be silly; Brendon is gone." We know that. We realise that. We are sitting on this side of the chamber! It is arrogant not to say whether the government is going down every rabbit warren to try to resolve the financial difficulties that this state faces. I urge the Premier and the Treasurer to show some courage and reconsider the solution that has been championed by the Nationals. It is \$7.2 billion over four years. That would ease the burden the government is placing on everyday mums and dads, and it would not need to borrow \$11 billion.

I do not understand why the government is so resistant to asking BHP Billiton. It is an existing charge. It is not a new tax, but that is what the Chamber of Minerals and Energy, BHP and Rio Tinto would have the government believe. People who do not do their homework choose to believe that it is an existing charge. It is a tax deductible charge. It is not being paid in today's dollars; it is being paid in 1960s dollars. Would we all not have more in our bank accounts if we were still paying some of our fees and charges at the 1960s rate? I would quite like that. I would quite like my mortgage to be set at those rates. I do not think it is fair. Regardless of what people say about the National Party standing and declaring war on two mining companies, we are not. Our previous leader and all our members have always been pro-development. The National Party is a pro-development political party. We understand that those businesses and sectors drive the economies that support the people who live in the regions

that we represent—we absolutely understand that—but I am unable to stand in front of those people and say that I think it is fair. At a time when this state is in dire need of financial solutions, and we get no assistance from our federal counterparts, Labor or Liberal, why should they foot the bill when we are not asking these two companies to pay their fair share? Treasury has done the numbers on the National Party's proposal, so the Treasurer could ask Treasury for those numbers. He could ask to look at them to examine them. He could sit down with the two mining companies and say, "How do we start this discussion? Is there opportunity for us to look at these state agreements?" but he will not. The Premier said he will not. He must be too scared. I cannot understand why he would not have that discussion considering he has asked his Treasurer to walk into this place and ask for \$11 billion. I cannot understand it.

For those members—there are some new ones in the house—who have not been following the debate and have just been blindly agreeing or failing to challenge the barrage of information or misinformation that has come from the Chamber of Minerals and Energy and other parts of the state, I will outline why this is a sensible solution. This special lease rental that the National Party refers to, or the mining levy or the mining tax, as people call it, is included in the state agreements of BHP and Rio Tinto. It was set at 25c per tonne. It was not in cents when it was set; it was in shillings and pence! That is how outdated this charge is. It was to be collected by the government after those two companies had operated for 15 years. That gave them a chance to consolidate, to get the industry up and running, and then at that point the government may have needed to make another investment to support the further growth of those companies. This was back in the days of Sir Charles Court, who had a very clear vision to deliver an increase to the state's wealth by developing the north of the state, ensuring that Western Australians received a fair return on the non-renewable resources of this great state. That rate per tonne has never been increased. The two agreements that we refer to as legacy state agreements, as I said struck by Sir Charles Court to provide a stable environment for investment and allowing those investors to develop their resource, did not include anything like the environment that we operate in now. Those state agreements never anticipated—I am sure that Sir Charles Court did not either—fly in, fly out workers; massive residential camps on the outskirts of towns with empty houses; and automation to the point that we could foreseeably understand that there will be almost no-one working in that sector in the very near future. They certainly did not foresee Singapore trading hubs or the way these companies would structure their contracts. I would have thought that this would have been something of interest to members opposite—things such as casual, short-term contracts instead of long-term employment for the people who actually do the work. All those things were not foreseen in the state agreements struck in the 1960s—at the same time the charge was set.

This was widely canvassed during the election, obviously, and in the many columns and discussions on various platforms. I read a comment in an article that was published in *The Australian* on 14 March—not very long ago. I cannot actually tell members who wrote it. Members would be familiar that people jump in and comment on articles; they put their two bob's worth in. Russell made a comment that I thought knocked the nail on the head. He did very well. He said —

In the 1960s,70s,80s Goldsworthy Mining, Mt Newman Mining, Robe River and Hammersley Iron built towns and mines with vibrant thriving communities.

Since the 1990s BHP Billiton and Rio Tinto have presided over demise of those towns and communities by introducing anti-family 12 hour shifts and FIFO.

They have distanced themselves from employees through recruiting companies resulting in short term, on demand, casual workforce.

FIFOs have arrived at airports, and on site, to be told they are terminated. The short term high wages are the justification of such actions.

He speaks a little about fringe benefit tax and then goes to statements from the Chamber of Minerals and Energy.

Mr D.A. Templeman: Sorry, member, what was the reference?

Ms M.J. DAVIES: It is *The Australian* on 14 March. It is in response to an article written on the special lease mining levy. I can give the Leader of the House the link, if he would like. I can promise members that I am not Russell; I did not write the comment. This is most definitely someone who has taken the time to respond. The letter continues —

CME,s Reg Howard-Smith, BHPB and Rio says employees' preference is FIFO rather than residential.

Well, that's Hobson's Choice—when the towns are devoid of population and therefore services, shops, volunteers for SES, little athletics, footy, etc—who would bring their families?

The National Party agrees. That is why it invested in those towns. Those two companies disregarded that the entire time that we were in government. A very strong regional development agenda had been set yet they continued to pursue other agendas.

[Member's time extended.]

Ms M.J. DAVIES: They continued to pursue agendas such as mining camps and other things that were in direct contrast with the government's stated position, which was investing in building vibrant communities. Russell continues —

For the CME, BHP Billiton and Rio Tinto to say National's tax will cost jobs is laughable when so many permanent jobs have been lost, FIFO is casual and more job losses are on the way anyway.

That played out over the time in which we were talking about the levy. Regardless of whether the levy was introduced, those companies continued to shed workers. Russell continues —

They have continued to make their profits on the backs of the towns, communities and workers who established their industry and have now become throwaway numbers to the London boards and shareholders.

BHPB and Rio are willing to take from, but refuse to give back to the people and the state who own the resource.

If it's not a tax, it's certainly the fifty year old agreement that should be updated to suit the times.

Hear, hear, Russell. He nailed it right on the head. That is exactly what the Nationals have been talking about.

In the past 10 years, BHP and Rio Tinto's returns on assets from iron ore have averaged more than 50 per cent, and in 2011 and 2012, BHP's \$US27.5 billion in earnings yielded an eye-watering average annual return of nearly 70 per cent. Even when the price of iron ore plunged to \$40 a tonne in 2015, because Rio Tinto and BHP were on a race to the bottom to push the juniors out—which had an enormous impact on our budget as they forced their competitors out of the market—Rio Tinto's annual return was 29 per cent. Last year, Rio's earnings before interest, tax depreciation and amortisation were \$8.5 billion out of the Pilbara alone. This is what gets me: these companies are making an enormous profit from the Pilbara. They are the cash cows for those businesses around the world. It is a non-renewable resource. We are talking about enormous figures and they are arguing over \$7.2 billion over four years—an existing charge. There is no sovereign risk in this argument when it exists in the state agreement and it is simply a discussion with the government to increase the rate to reflect CPI, and to say, "Yes, we think we can do more."

Both companies pay tax and royalties, but most of that is distributed to other states. We see Tasmania and South Australia flying ahead. These companies pay tax, but I can promise members that it is not a dollar more than they have to. They absolutely have an appetite to pay minimal tax. The Australian Taxation Office v Chevron case being tried at the moment is evidence of that. Again, I go back to the fact that we support the sector, but we do not support companies that do not operate as good corporate citizens. We think there is an opportunity for them to do more.

I suspect that we would find enormous agreement for this. I know the Premier agrees, because he has told the industry that there was absolutely a community sentiment that what we were saying was right and that it had hit a nerve. The Premier said that. The Premier said to the companies, "Pull your socks up and do more." But today he would not say whether he was going to ask them to do more. He just said, "Well, could you have a go at doing more?" History says that that is not what they do. They take out full-page ads in the paper. I reckon those ads cost Woodside \$10 million. Was it Woodside in *The Australian* or was that BHP?

Mr V.A. Catania: BHP.

Ms M.J. DAVIES: It was BHP. Over the weekend, I read full-page ads that appeared in *The Australian*, *The Australian Financial Review* and *The West Australian* last week. That campaign would have cost \$10 million. If BHP did a bit more on delivering back to the communities in which they operate and to the states that have done so much to support them delivering massive profits, and a little less on glossy advertising, maybe we would not be coming to this place and asking the questions that we ask. The argument is about fairness. We want to know why the government will not even contemplate asking these two companies to pay their fair share.

The Premier continues his raids on mums and dads, and on small businesses that are doing it tough with no prospect of relief from the payroll tax that we took to the election to generate a new revenue stream for this state and to make sure that electricity and water price rises were minimised. If we were sitting on the government side, we certainly would not be coming to this Parliament with this \$11 billion Loan Bill—absolutely not. We had a plan for revenue. It was \$7.2 billion over four years. It is an existing charge that is tax deductible. That \$7.2 billion would stay right here in WA. It is a furphy that it gets distributed. After four years, it would start to have an impact, but that \$7.2 billion was a much-needed increase to our state's bottom line, and that was what it would have delivered. These companies are not going to get up and leave Western Australia. These two companies have access to the best ore, which is closest to the markets and their customers. We are a stable government with a stable society and these two companies' Western Australian operations support their operations in the rest of the world. Essentially, their Western Australian operations are the cash cow for their worldwide operations. We were given short shrift from our federal counterparts when we proposed that they ask the federal Treasurer to exclude that

revenue stream so that it was not distributed to other states so that the \$7.2 billion, or whatever was distributed through that revenue stream, could stay in Western Australia. That has been done before, so there is precedent for that.

Unfortunately, there was no interest from the federal Treasurer or any of our colleagues in Canberra who are supposed to represent Western Australia. It is very disappointing that this state could put a proposal on the table to resolve its own revenue issues, which would not impact any other state—we would not have to have a fight with the eastern states—and would allow us to balance our budget, but on sheer ideological principle, because I cannot fathom any other reason, the federal government said that it would not do that. We get a GST inquiry instead and we get no support in that respect. I direct that comment at our federal Labor and Liberal colleagues, and even our National Party colleagues in Canberra. They need to realise just how serious this matter is and how big a problem it will be for the federal government and the federal opposition. If they are seeking to hold or to aspire to the benches in Canberra, they need to come up with a solution for Western Australia, because people are angry. That is absolutely a vein that the Nationals tapped into. Regional members will tell the government that people are angry that it is not looking at this policy. It seems very unfair that regional areas are being asked to shoulder the burden but those two companies are not.

We have these great reservations because we know when times get tough and the economy is slow and the financial challenges facing the government are large that regional Western Australia bears the brunt. It is harder to deliver services to and to maintain a level of investment in regional areas. It is more expensive to do business in regional Western Australia. We know that. The previous Liberal–National government had a commitment to regional Western Australia. We understood that it was more expensive to do business in regional Western Australia and that we needed to sustain investment and to give people confidence. But there just will not be that continuing investment. There are plenty of reasons why we know that to be true, because this government made \$5 billion worth of commitments and now it is asking for \$11 billion. Over half of that is for one project, and it is in the Perth metropolitan area. We know there will not be a lot of love for regional Western Australia. We do not believe that, on top of that, we should be asking them to shoulder the burden, when we are not asking every sector to do so. The Treasurer and the Premier have said on many occasions in public and in this house that everyone should be doing their fair share of carrying the heavy load.

The National Party will move an amendment during consideration in detail. We believe the government should be asking for less money. We will explain that when we get there, but we stand firm on our pursuit of asking this government to explain why it is not examining every opportunity for revenue, especially revenue that will not impact on mums and dads, pensioners and small businesses, and all the flow-on impact that that would create. As the last thing I say today—I am sure other members will stand up and reiterate our concerns about this Loan Bill 2017—we still look to the Treasurer to explain why the government thinks its position is fair, and why it will not be looking to every sector of the community instead of asking for this \$11 billion.

MR V.A. CATANIA (North West Central) [4.21 pm]: I want to reiterate what my colleagues have just said about the Loan Bill 2017. I say to government members that the day you win government is one day you are closer to being in opposition. Some of the 41 government members are sitting behind me, and it is a bit nerve-racking to have Labor Party people sitting behind me. The government won the election, and won it well, but so did Newman Campbell in Queensland.

Mr J.E. McGrath: Campbell Newman.

Mr V.A. CATANIA: Campbell Newman—I knew it was someone like that. See, I have even forgotten his name already! I offer some advice to the members of the city-centric Labor Party who sit behind me and in front of me, and are proposing an \$11 billion loan bill: basically, it is a blank cheque for the government to do as it pleases. I know that new members do not yet have the ability to quiz ministers, and they are all excited about being elected to Parliament, but some projects are on the chopping block. People throughout my electorate have been told that, basically, every project funded by royalties for regions will either be inquired into or stopped. This seems to be the theme running throughout regional Western Australia and, even more dangerous, it is the theme running throughout Western Australia in total, including the city.

Someone made comment about the former Leader of the National Party not being here—the former member for Pilbara. I say to members that the current member for Pilbara did not win his seat. The people of Western Australia lost a champion who stood up to the two biggest miners. It is disgraceful that the two biggest miners have had such an impact on Western Australian politics and on national politics. It is disgraceful when politicians in this house do not stand up for what is right. It is disgraceful that the two big miners can pay their way through to ensure that people who stand up to them lose their seats in Parliament. It is disgraceful that they paid for posters that the Labor Party put up at election time calling for the tax to be stopped. It is also disgraceful when the two biggest miners put screensavers on their computers telling their employees not to vote for Brendon Grylls and the National Party. They sent email after email around warning their employees that if they voted for the National Party, they would lose their jobs. I think that is disgraceful. When 3 000 people get put onto the electoral roll in the Pilbara, we must

question the integrity of the electoral system under which people have been put on the roll in a very short time. I say that the people of Western Australia have lost out.

As the National Party, we will keep standing and defending the policies that we took to the election. It is important that we as politicians stand up to the two biggest miners, which have had a dramatic influence on a lot of politicians around this country. The \$11 billion that the Treasurer of the Labor Party in government is asking for is basically a blank cheque. Everyone knew the state of the finances when we went to the election; I do not think anyone is surprised. What is surprising is that, when everyone knew this, we needed to find a new revenue source to cater for the financial difficulties the state is going to face. The state is fundamentally broken. We need to find a new revenue source.

Several members interjected.

Mr V.A. CATANIA: I know that many of the new members will not be here after the 2021 election—that is a given. As I said, new members have a lot to learn, and they will learn that in four years' time when the public service is cut to the bone. We saw what happened in Queensland, and I think that we will see that happen here in four years' time. It was cut to the bone. I hope the unions stand up. What is going to happen to their membership? I hope the membership of the unions stands up to the union leadership and says that enough is enough. If it was not good enough for the previous government to cut jobs, why is it good enough for the Labor Party, of which the union hierarchy are members? Why do they not stand up for their membership? I would find that utterly concerning if I were a member of the Community and Public Sector Union or any other union. I say to the unions: stand up for your members; or, members, change your union leadership, because what the public service will face over the next four years will decimate our standing of good public service. Public servants in regional Western Australia will be the first to go.

Hence, it is important to find a new revenue source. We as the National Party knew that a Labor government would decimate regional Western Australia. At the eleventh hour, just before the election, we found the Labor Party's costings, which wiped out \$2.3 billion of royalties for regions expenditure. We thought that the Liberal Party's proposal of an \$800 million reduction was a hit for us, but it was nothing compared with what the Labor Party intended to do, and is doing, to royalties for regions.

I say this to new members who are not from regional Western Australia, and new members who are. The member for Bunbury will be asking some questions, because the first thing to go will be the ability for development commissions to work. They are part of the community, but that decision-making will now be centralised to Perth. How will the members for Bunbury, Kimberley, Collie–Preston and Albany operate? It is a challenge to country members of the Labor Party to see whether they can hold the line and represent their communities and stand up to the cuts being faced by royalties for regions. The Leader of the National Party was right: I do not think members opposite mention royalties for regions anymore. I think we can safely say that it has disappeared.

It is important to note that we have seen the federal government impose a levy on banks to raise \$1.5 billion every year. Is that not similar to the policy that the National Party took to the 2017 election? I cannot see the difference, other than that the banks will pass the levy on to everyone in this house, and to the mums and dads, whereas our policy was not going to be transferred to the mums and dads because it was intended to prevent what is happening now—that is, the cuts to the public sector and the question mark over funding to organisations and projects. Members, these are alarm bells! There is another way and that is to have a revenue source that will stop the bloodletting the government is doing, because it does not have a plan. The government does not have a financial plan other than to cut. Anyone can do that. The tough policy here is to take on the two biggest miners. Not because we are anti-mining—quite the opposite, members. We are anti that we allow the two biggest miners to go untouched, but we do not allow the mums and dads to go untouched. We have to raise power prices by 15 per cent, yet the 25c charge was set in the 1960s, after 15 years of production, to assist government recoup some of the infrastructure money put in to a lot of the mining towns. The last 10 years that I have been in Parliament, I have seen government do what the mining companies, in their agreements, were meant to do: build and look after towns. We have now seen government take that role. It has only been fair that the policy we took to the election to raise that 25c to \$5 was a way we could stop deficits over four years, thus raising \$7.2 billion. But I accept that the former government lost. We lost three seats, but the policy is right. A new revenue source is needed for Western Australia, such as what the federal government is doing with the banks; it is a new revenue source. The Premier agrees with a new revenue source when it comes to putting a levy on banks. What is the difference in raising an existing charge of 25c that companies such as BHP and Rio Tinto have? Perhaps we have to look at the consumer price index or a cash out so that we can modernise those agreements, because that is pretty much one of the issues. The agreements that junior miners have are modern, whereas the existing state agreements with BHP and Rio Tinto are not modern—they were set in the 1960s. They never saw that we were going to have automation occur. That is another thing. When it comes to union membership, the government was anti this “tax” increase in the lease rental, yet we have driverless trains, driverless trucks and trading hubs and workforces based in other parts of the world. The membership of the unions is dwindling because of their own support of these companies and they know that.

Members of this house, there are options other than giving a blank cheque. As my colleague said, the open and accountable way forward is to ensure that yes, we accept that the government has to borrow money to pay the bills, but to borrow what it thinks it needs over the next four years is the problem. It is responsible to see the budget being handed down in September, see what changes the government will make that will affect the budget and see what it actually needs. I say to government members opposite: there is a need for a new revenue source. The government does not have to cut the public service to the bone. It does not have to slug the mums and dads of this state because it has no financial policy to try to repair the budget other than cutting. The government says that everyone needs to pay their fair share, yet when it comes to the two biggest miners, members opposite “cannot compel them”—I think those were the words that the Treasurer used. I disagree. The Western Australian Parliament is here to provide good government representing the people of Western Australia. We are in charge of what benefits this state. We are in charge of state agreements. We are in charge of legislation. We have every right to do what is in the interests of making sure that our state can prosper. By not looking at new alternative revenue sources it is not making this state prosper; it is putting the state into a trading halt. When it comes to jobs, the uncertainty, particularly in regional Western Australia, is making everyone fearful of what actual opportunities lie in working for the government. When the government talks about industry, there is also a trading halt. There was a trading halt for BHP and Rio Tinto prior to the election when they said, “Jobs, jobs, jobs will go if this policy is introduced”, while they were getting rid of jobs left, right and centre. The week after the election, 500 jobs disappeared out of the Pilbara.

I urge everyone to stand up and do what is right in this house. New members will learn this over the next four years when they will be told they cannot have this and they cannot have that because we do not have any money. I say to them: stand behind a policy that gives members the money to represent their community, because that is what we are there to do. I will argue against cost cutting and blaming the previous government that they blew the finances because everywhere we go in Western Australia, something was delivered by the previous government. We have totally rebuilt regional Western Australia and we have rebuilt Perth. To say that we have blown the finances is an absolute furphy. Everywhere we go and every road we drive on has been delivered by the previous government. I am proud to have been a part of that previous government and delivering not only for my constituency, but also for the whole of regional Western Australia and Western Australia in general—something that the new members will learn. I will go back to my opening remarks: the day you win government is the day that you are going closer to your opposition. Think about the path that members opposite are taking. We all saw what happened in Queensland. Four years is a long time of being in government and when there is no policy agenda and 41 mouths to feed that are very, very hungry, we will see the tide turn, especially when the government hands out its first budget in September and especially by giving the government a blank cheque to do as it pleases. That is not being open and accountable.

Members, the National Party will not oppose the Loan Bill 2017 but, as the leader said, we will put forward an amendment to the Loan Bill that all members of the house should consider. A new revenue source is needed and I agree with the Labor government that everyone needs to pay their fair share. The only way that everyone is going to pay their fair share is if the new government compels Rio Tinto and BHP to be good corporate citizens and play their part in budget repair. The policy that members opposite put forward of 25 per cent being quarantined from the GST is one of many policies that we need to ensure that Western Australia can govern in a way in which it can deliver for its community. That will be by fixing the GST and finding a new revenue source. These are two critical policy decisions that need to be made to be able to go forward as a state. Everyone needs to put their politics aside and fight for a fair share of the GST. If we were to get agreement on 25 per cent being quarantined, that will take years to be implemented. We need a revenue source now, so we do not see jobs leave regional Western Australia, the demise of royalties for regions and the demise of services that we have all taken for granted over the last eight years of a government that I think has delivered. Members, please, consider our amendment when it comes up, because this is the only way forward to stop the bleeding that will occur over the next four years; I urge new members to do this. They laugh, and it is great to see that they think they can change the world, but it starts here; it starts right now. Let us change the way business is done in Western Australia so everyone pays their fair share.

The ACTING SPEAKER: Member for Geraldton, can I just remind you when you walk across between the speaker and the Chair to seek permission.

MR S.K. L'ESTRANGE (Churchlands) [4.40 pm]: It is something of a concern to me that we are here today to put through this place an \$11 billion Loan Bill. I thought the new Treasurer was better than this. I have listened to the Treasurer speak in this place over the last four years on many an occasion to advocate his fiscal conservative background and his hard work in trying to do the right thing by the people of Western Australia to keep debt down. He has been in this place as a fiscal conservative for eight and a half years, and here we are today, just two months after the election, and our new Treasurer is asking this place to put through an \$11 billion Loan Bill. I am very concerned by that, because I am worried that he has been heavily influenced by his Premier. I mentioned in this place the other day that Labor Premiers have a lifespan of about three years. This is an important point to remember, Treasurer, because —

Several members interjected.

The ACTING SPEAKER: Members!

Mr S.K. L'ESTRANGE: The Treasurer knows that he is very close to being in line to take over from the current Premier in three years' time—he knows that. He is going to be torn between two competing sets of personal interests. On the one hand, he has his mates down on St Georges Terrace. I have seen him down there. I have said g'day to him a few times; we have bumped into each other, the Treasurer and I. He was not the Treasurer then.

Mr B.S. Wyatt: I think we were both lost!

Mr S.K. L'ESTRANGE: We probably were both lost! He had just been made Treasurer and I congratulated him on the Terrace.

Mr B.S. Wyatt: It was the week in between.

Mr S.K. L'ESTRANGE: I think the Treasurer had just been made.

Anyway, the Treasurer is torn because he was advocating to his mates on the Terrace for the eight and a half-odd years that Labor was in opposition that he was a fiscal conservative. He has also been the first to remind us in this place that we need to pay down debt—that we need to get the books back in order. He has always been a champion of that cause. So, I am concerned that the current Premier, a Premier who might make three years, is having too big an influence over our fiscal conservative Treasurer. We know that Premier McGowan is no great new hope. He purports to be the great new hope, the fiscal Jedi of Western Australian economic conservatism—he proposes to be that—but we know that with an \$11 billion Loan Bill brought into this place today for us to debate, he is nothing more than Jar Jar Binks with a ratty horde of ewoks trying to work out what to do with the Treasury. That is what he is. He is no great new hope; he is Jar Jar Binks with a group of ewoks. That is all he is; he has got no idea.

Several members interjected.

The ACTING SPEAKER: Members!

Point of Order

Ms M.M. QUIRK: Mr Acting Speaker, the member on his feet well knows that it is unparliamentary to refer to members other than by their seat or the office that they hold, so referring to them as various fictional characters from, I believe, *Star Wars*, is unparliamentary.

Mr C.J. BARNETT: Further to that point of order, I have heard thousands of points of order, but I do not think I have heard one as incompetent as that. If we cannot have a bit of colourful language in this Parliament, we might as well not be here. I have been called almost everything under the sun and I have never objected. I could not bring myself to repeat the words that have been used to describe me.

The ACTING SPEAKER (Mr S.J. Price): I would just like to remind members that there is a standing order that you do need to refer to people appropriately.

Debate Resumed

Mr S.K. L'ESTRANGE: I am referring to the Premier when I use my analogy of how other groups could view the management of the state of the finances of the government of Western Australia, so when referring to the Premier, I call him "Premier", but I make the point that the way the Premier and this government are going about managing the finances of Western Australia two months after an election is highly questionable and, as I said, akin to Jar Jar Binks trying to run some sort of storming recovery with a group of ewoks. It was just an analogy, Mr Acting Speaker; I was not actually calling the Premier "Jar Jar Binks".

I get back to the real issue at hand; that is, this \$11 billion Loan Bill cuts to the heart of government accountability to the people of Western Australia. I mean, it is unprecedented to take an \$11 billion Loan Bill into this place, where we represent our electorates on behalf of the people of Western Australia, without even knowing what it is going to be used for. The government has not presented a budget. This includes all the 19 new Labor MLAs on the backbench. To the seven or eight of them sitting on margins of less than three per cent, mark my words, the people in their electorates will start to watch very closely where their names appear in *Hansard* when they vote on these things—mark my words, they will. They will write to members and say, "How do you possibly think you could pull the wool over our eyes and approve an \$11 billion Loan Bill when you don't even know what you are going to spend it on or what you need it for?" Those seven or eight members on margins of less than three per cent should keep a close watch, because there is more to come and they are on a very slippery slope with the Premier of Western Australia today, I can tell them now. That three-year life term of a Labor Premier might be cut well short as the fiscal conservative Treasurer over there starts rubbing his hands in glee, looking at that nice Premier's accommodation just over the road, sizing up the rooms and checking out the curtains. Mark my words—watch, members. They say, "The member for Churchlands has no idea and does not know what he is talking about", but I will remind them in three years' time.

We are asking the Parliament to approve \$11 billion to take us through—correct me if I am wrong, Treasurer—to 2017–18, 2018–19, 2019–20 and possibly 2020–21. Is it through to 2020–21 or is it just to 2019–20? Treasurer, I am inviting an interjection. Does this bill take us through to 2019–20?

Mr B.S. Wyatt: Sorry, it takes us across the forward estimates as at the *Pre-election Financial Projections Statement*, correct.

Mr S.K. L'ESTRANGE: Does it go until 2020–21 or just 2019–20?

Mr B.S. Wyatt: As at PFPS, so 2019–20.

Mr S.K. L'ESTRANGE: I thank the Treasurer.

The Labor Party went to the election with a plan. Part of the plan was published in the fantastic newspaper *The Sunday Times*, which listed Labor's top 35 promises. A number of things were listed, such as the following —

Removal level crossings at Denny Ave, Caledonian Ave, Oats St and Wharf St

...

Invest \$40 million to transform Ocean Reef Boat Harbour

\$125 million to ease congestion on Wanneroo Rd and surrounding suburbs

...

Invest \$425million into tourism

Use Royalties for Regions funds to fix country roads

Cut government advertising by \$20million each year

Reduce senior executive service positions by 20 per cent

Reduce the number of government agencies by 20 per cent

The Labor Party went to the election with a plan telling us what it would do. Connected to that plan, in an advertisement in *The Weekend West*, under the heading “How WA Labor will pay for our plan”, it said, “Labor will repay debt and protect jobs”. Two months in I do not know how Labor will do that when it is seeking to borrow \$11 billion. When we talk about protecting jobs, I think quite a few projects and quite a few things are going on, which means people are very scared about the protection of their jobs only two months in. At the first bullet point the advertisement states —

Labor will repay debt slowly and carefully like paying off a house

Easy-peasy. Why did we not think of that? Pay it off as we would pay off a house. It also states —

We won't sell valuable assets like Western Power

It was very clear in its advertisement that it would pay off debt as we would pay off a home mortgage—easy—and that it would not sell valuable assets. Got it. Where do we go next with this? Then we found out that before the election, the Treasurer had come up with another scheme. This one was mentioned on PerthNow and states —

Under pressure to explain how Labor—which opposes the sale of Western Power—intends clawing back the \$30billion debt, Treasury spokesman Ben Wyatt announced today that a Labor government would establish a new “debt reduction account”.

Iron ore royalties would go into that account to pay debt, rather than into consolidated revenue.

But the account would sit bare until “WA's GST relativity returns to about 65c and the iron ore price is more than \$85 a tonne”.

Easy-peasy. That sounds great; the government will pay it off as one would a house mortgage by chipping in a few hundred bucks a week and let this little scheme work. Unfortunately, the iron ore price is currently just over \$US62 a tonne and, as we know, the GST is nowhere near that 65c. So far we have heard of a whole pile of commitments to the people of Western Australia; debt is not that big a problem; we will pay it off just as one would a mortgage; but we have a plan to bring down debt that cannot work. So far, it is not looking too good. The Treasurer has come into this place, as a fiscal conservative, and told us that everything is okay, but he wants us to approve a loan of \$11 billion and he will let us know later how it will be used, everything is okay; there is nothing to see here.

The government said also that it would not raise taxes. I remind those new Labor MLAs on less than three per cent margin of this: this is their Premier. “If we are elected, there will be no new taxes or increases in taxes on Western Australians, full stop”, he said. That is important because right now we are seeing that that is not quite the case. The government is trying to be sneaky and call its taxes levies, “Because the people of Western Australia won't be able to tell the difference between a tax and a levy; they'll say, ‘It's okay, just whack levies on me; they're not taxes.’ They won't wake up to that.” We know what the government is up to, but we give the people

of Western Australia more credit. They know that when a government calls something a levy, it means a tax; it is just trying to sound a bit sneaky, but being sneaky will not keep the Premier on the front bench of this place, I can tell him right now. It will not work; it will not cut it.

Here we go: the conditions for success have been set. There will be no asset sales and no increases in taxes and debt will be paid in the same way as a house mortgage is paid off, or the government will rely on a scheme that cannot work to do it. All that the public can probably conclude from this is that the government will cut costs. That is a fair assumption. How else will the government start to pay off this debt other than by reducing costs and using the savings somehow? I do not quite know how that will work.

Dr M.D. Nahan: They can be relying on the commonwealth to fund them with money.

Mr S.K. L'ESTRANGE: Possibly, leader, but this government has been the first to accept there is a vertical fiscal imbalance. We argued that very strongly in government and members opposite in government are now arguing that very strongly, so we all know about the vertical fiscal imbalance.

Dr M.D. Nahan: They didn't do it when in opposition.

Mr S.K. L'ESTRANGE: I noticed that; they ignored it. This vertical fiscal imbalance was all our fault when we were in government. Now, my gosh; it is an absolute fiscal nightmare that members opposite want us to be scared about!

The Labor Party won the election and has 19 new MLAs, who all gave very good inaugural speeches. I was listening to them either in this place or in my office, so I heard all of them and I thought they were very good. It sounds to me as though those 19 new MLAs are genuinely concerned about their electorates and want to do the right thing by the people in their electorates. I noticed a theme running through all the inaugural speeches that was linked to integrity and, of course, it will be very, very challenging for those 19 new MLAs, who ran on a platform of integrity, to vote with their government when their government decides to increase taxes and create new taxes for the people of Western Australia, when the Premier of the state went to an election saying there would be none. The first big test for the 19 new MLAs will be how they vote when their Premier and his cabinet try to push through this place a loan bill that will test their integrity. I look forward to seeing how they vote.

Dr M.D. Nahan: Remember Paul Keating's L-A-W, law?

Mr S.K. L'ESTRANGE: I remember that, leader.

The Premier has appointed some dubious ministers, although he has appointed some good ones. One fiscal conservative is struggling with the challenge of this bill but there are some dubious ministers. However, he managed to have a cabinet reshuffle in the first week. It would have to be a record to appoint a cabinet and reshuffle a week later, no dramas, is everything going all right?

Mr C.J. Barnett: It happened early once when Alannah MacTiernan was sacked in the first week.

Mr S.K. L'ESTRANGE: Labor has form, member for Cottesloe.

Mr Z.R.F. Kirkup interjected.

Mr S.K. L'ESTRANGE: History repeats itself, member for Dawesville.

Once in power, members opposite started the economic, scary nightmare on Harvest Terrace movie scenario. Away they went, "It's really spooky; everything's so bad; we never knew it would be this bad. We had no idea. We sat in opposition for eight and a half years but we had no idea what the debt would be when we took power. We woke up on Sunday morning after the biggest election thumping victory in Labor history with no idea what the debt would be. Oh my gosh!"

Mr P. Papalia: Western Australian history.

Mr S.K. L'ESTRANGE: Western Australian history.

I have not quite learnt who is in the seat back there but in response to the interjection from the backbencher over there, I recommend he take a stroll through the hallowed halls of *Hansard*, where he will find eight and a half years of speeches from the Labor opposition telling us how bad the debt was. For members opposite to wake up on 12 March and say, "Oh my goodness, where did all this debt come from?" is a bit of a stretch because they were very much aware of the financial situation going into this election. To try to make out to the people of Western Australia that this is a really scary nightmare they never knew would happen is absolute nonsense.

[Member's time extended.]

Mr S.K. L'ESTRANGE: I will tell members who was awake to this Harvest Terrace movie scenario painted by our Premier; it was *The Sunday Times* reporter Joe Spagnolo. He was onto you guys in a heartbeat, do not worry about that. He knew exactly what was going on. I will read some of the comments he made on 9 April, when he said —

Yes, Premier, we get it! The financial mess WA finds itself in is all the former government's fault and you have been left with one hell of a mess to clean up.

But what's the plan, Stan?

We are patiently waiting for Labor's strategy to get the State back on track.

He states further on —

We have known for 10 years that GST revenues were falling and dark clouds had been gathering over the horizon.

McGowan and his team meticulously planned the 2017 election campaign.

They had plenty of time in opposition to think about how they would tackle the dire economic situation of this State, should they win government.

And yet, apart from revealing they will stick to projected gas and electricity rises in 2018–19, —

We might need to ring up Joe Spagnolo and tell him that is unlikely now; it is heading towards 15 per cent by the sound of it! The article goes on —

we still don't know from Labor how exactly they intend to tackle this problem.

Apparently, that will be revealed at the September 7 Budget.

Joe Spagnolo is onto something there. He is saying that, apparently, the plan will be revealed at the 7 September budget. We have not seen this plan, which will be revealed on 7 September, so why are we here today being asked to approve an \$11 billion loan bill? Joe Spagnolo is spot on; he is right on this and members all know it. Labor members of Parliament, ministers, the Premier and the Treasurer all know that Joe Spagnolo is onto this. He understands it. The article later continues —

You have to remember that Labor rejected the Liberal–National government plan to sell 51 per cent of Western Power, a move that would have raised about —

Can members guess how much it was?

Dr M.D. Nahan: Does it have ones in it?

Mr S.K. L'ESTRANGE: It does! It was for \$11 billion. Is that not amazing? We took a plan to the electorate, but we lost the election. We grant members opposite that; they won it fair and square. The Labor Party got 19 new members of the Legislative Assembly who are keen, fired up and ready to go. The Liberal Party went to the election with a plan to sell 51 per cent of Western Power to raise \$11 billion. Would we be asking for \$11 billion today? No.

Mr V.A. Catania: It's easier to get it off mums and dads!

Mr S.K. L'ESTRANGE: Yes; it can be paid off like a house!

Mrs L.M. Harvey: Slowly, over time.

Mr S.K. L'ESTRANGE: Government members think: "It can be paid off slowly, over time—no drama. There's nothing to see here. It can just be paid off like a house, and we'll add to it along the way."

Mr V.A. Catania: Renovations.

Mr S.K. L'ESTRANGE: Yes. The government will borrow the money without yet knowing what its plan to spend it on is. It will just borrow the money and then get Parliament to write the cheque on behalf of the people of Western Australia.

Mr M.J. Folkard: If you lot made one, it would bounce!

Mr S.K. L'ESTRANGE: Careful, member. The member for Burns Beach's interjection might end up in *Hansard*, in which case his electorate can take a good look at what he says. The member should be very careful because they will look. I can tell the member what else will happen: some members on this side might just go and give the *Hansard* to them! If they do that, the member will start to get phone calls and emails asking, "Were you a part of this? Did you vote yes to what your government is proposing?" That is my experience.

I will move on to how the Labor government has tried since the election to address the ins and outs of the Treasury books with a wage cap. That was a big one. No-one saw it coming. Prior to the election, the Premier said, "We'll just match the current government's inflationary wage increases." At the time, it was around 1.5 per cent. The Premier said he would match the former government's rate. What did the government do? It did not match the former government at all. It said, "No, we're going to freeze all public sector wages for four years and give some people a fixed-rate increase of \$1 000 a year." It related to anybody who earned over, I think, \$70 000 a year.

Dr M.D. Nahan: It was \$67 000.

Mr S.K. L'ESTRANGE: Anybody who earns over \$67 000 a year will progressively end up with less and less real income over the next four years. That is a great pledge to the people of Western Australia! The new cabinet, with its chauffeurs, its flash, big Holden Caprice cars, its nice, blue leather lounge suite to sit on in the Parliament, and the fancy dining room, said it would take the freeze as well, but it also said, "You people out there on \$67 000 a year can take the hit. You hard-working nurses, police officers, prison guards and teachers—you guys can all take the hit. No drama at all."

An article in *The Weekend Australian* on Saturday, 13 May 2017, states —

Unions have reacted angrily to a radical move by the West Australian Labor government to save \$500 million over four years by limiting annual pay rises for 40,000 public servants to \$1000.

The change means that teachers, police and other public servants earning more than \$70,000 a year —

We said it was \$67 000 but the paper states \$70 000 —

will be worse off compared with Labor's previous policy of a 1.5 per cent yearly rise

At the end of the article, it states —

The State School Teachers' Union said it would seek urgent talks with the government on the change. "Principals, teachers, lecturers and other public servants should not be pay-packet punching bags in the fight to balance the state's budget," president Pat Byrne said.

The WA Police Union said it was "extremely disappointed" with the "draconian" policy.

The unions voted for them—unfortunately. They funded them and voted for them, and that is the policy they will get. They have got a group of politicians who wanted to end up on the frontbenches of government saying, "We'll govern you with integrity, accountability and honesty." Here we are, after two months, and the government has whacked people with reduced real incomes and it has started to warm up the electorate to creating new and innovative taxes. That is where we are heading. Maybe the fiscal conservative Treasurer thinks the people will have forgotten about it in four years. Maybe he thinks they will forget that the Minister for Transport said in this place that a key part of her Metronet program was to create a value capture tax. The Treasurer does not think people will remember that. He thinks it does not matter because in four years, it will all be forgotten. He thinks, "We don't have to worry about the little tax we're just going to sneak in." He is not worried about the \$270 property levy the government will whack on hardworking mum-and-dad investors who live in suburbs like Atwell, down Jandakot way. The Treasurer is not worried about people who have worked hard for an investment property—a little, two-bedroom unit on the side to try to set themselves up for retirement. The government will whack them with a tax. The people voted them in but the government thinks, "It doesn't matter; we're still going to whack you with a tax. Thanks for putting us in government! We're just going to whack you with a tax. We said we wouldn't, but we're going to." That is what is happening here, members of Parliament. We are dealing with a government that has not demonstrated its accountability to the people of Western Australia in a short period of just under two months. The government has demonstrated that it has no plan whatsoever to pay down debt. It has a plan only to increase debt. The government has no plan to be honest and truthful with the people of Western Australia. It is telling them, "No taxes" when it will increase taxes.

It is fascinating that the \$11 billion the Labor government is asking for is for the forward estimates out to 2019–20. I find it quite remarkable that the whole basis of this forward projection is formulated on Liberal Party policies. The government grabbed the forward estimates of the Liberal Party when it was in government, and used them to ask for this \$11 billion Loan Bill, but the government did not factor in that the Liberal Party went to the election with a plan to sell 51 per cent of Western Power, which would have given us \$11 billion. Correct me if I am wrong, Leader of the Opposition, but we said we would use \$8 billion of that to pay down debt and \$3 billion to reinvest in job creation infrastructure projects and economic generation projects for Western Australia.

Dr M.D. Nahan: Our debt reduction program was \$14.5 billion—it included more than that—and Treasury estimated it would reduce debt from whatever it was to \$29 billion in 2019–20.

Mr S.K. L'ESTRANGE: I thank the Leader of the Opposition for that. The Labor government is asking for \$11 billion based on our forward estimates when we were in government and it is not taking into account the \$8 billion we were going to pay off. It went to the election on a platform of saying to the people of Western Australia, "You're going to have to get rid of this Liberal–National government because it's just going to make debt worse." However, we can see now that the Liberal–National government had a plan for paying down \$8 billion of debt. The current Labor government does not have a plan for paying down debt and is asking this place to sign a cheque for \$11 billion, but with no inventory of what that will be used for. We will find out about that on 7 September.

I do not think that is fair to the people of Western Australia. I do not think it is reasonable that they be expected to just accept that. In two months, the Labor Party tried to paint a horror story of what the previous government's books looked like. It thinks that that is enough for it to hoodwink the people of Western Australia into grabbing this massive Loan Bill, while whacking them with taxes at the same time. It has money coming in, which we cannot see in the forward estimates because it has not shown us them yet, it has a plan for money coming in, but we do not know where, how or when, and it has all these commitments it went to the election with, which will involve money going out, but we still have not seen the budget to show where its priorities are. This Parliament has not scrutinised the budget through the estimates process to try to get a real handle on what the government will do with the budget over the next financial year. As an opposition, with our role and responsibility to hold the government to account, we are being kept blind. We know the government has the numbers and 19 new members; we know it has 41 people over there, so it will not matter whether we strongly oppose or half oppose or acquiesce and say, "How about we give you a bit less?" The government needs to ask the question: is it really dinkum about this role it has in Parliament? It is perfectly reasonable for a government to ask for a loan bill to cover it for the next financial year. That would cover it for two budgets—the 7 September budget and the May 2018 budget. It is perfectly reasonable to ask for a loan bill to cover it for that period so that Parliament can scrutinise what it is doing to the people of Western Australia.

MR A. KRSTICEVIC (Carine) [5.11 pm]: I, too, would like to contribute to the debate on the Loan Bill 2017. Firstly, when I went to the back of the chamber and grabbed the Loan Bill from among all the other pieces of legislation, I had to look twice because I did not realise how thin it was and that such a small piece of paper could be seeking \$11 billion. I was looking for the detail or some sort of substance to it. My next thought was: I wonder what my bank manager would say if I went to him with a piece of paper like this and asked for a reasonable amount of money. We obviously know what the answer would be to that question.

Dr M.D. Nahan: What would the ATO say?

Mr A. KRSTICEVIC: It would want a lot more detail than this; that is for sure.

That was the first amazing part. We have had loan bills in Parliament before. There were four loan bills during the term of the previous government. On four occasions, the Parliament of Western Australia was able to scrutinise what the government was proposing to use that money for. There was obviously vigorous debate on all four of those occasions, as there should have been.

Mr D.A. Templeman: Do you know that you have spoken more times in the first two weeks of this Parliament than you did in the last four years?

Mr A. KRSTICEVIC: It is amazing what happens when members get an opportunity!

Ms J.M. Freeman: Yes, to get a bill and actually look at what is happening!

Mr A. KRSTICEVIC: I did that plenty of times.

We raised four loan bills. They were debated vigorously on the floor of Parliament, as has been mentioned. They were also raised after the budget. We introduced the budget and then people understood why we were looking for the money; they understood the rationale. We did not say that we wanted to borrow \$11 billion to cover us to 30 June 2021—the whole period of this Parliament. That is quite amazing.

Let me step back a little first before I get into too much of the detail of this debate. Members will remember that when we came to government in September 2008, we were going through the global financial crisis. That is what we started with from day one. We had to work our way through that over the first year or two. From there, we moved very quickly into a mining construction boom. Members will remember the mining construction boom when we could not find anybody for a job in the city as everyone was going up north to work because they were getting a huge amount of money. Obviously, a couple of things happened at that time. Firstly, public service wages went up considerably, as we had to compete with the mining sector; therefore, it put a lot of strain on our finances to keep those people in jobs. Also, the projects in the city cost a lot more due to the cost of labour, because, again, most of the contractors were going up north. Members might remember distinctly that we flew over to the United Kingdom to get police officers and nurses—people from all over the world—to come to Western Australia to fill jobs. People from the eastern states were flooding in at a rate of knots. Roughly half a million people came to this state from 2008 to 2016. Since being elected in September 2008, we were on a roller-coaster ride of quickly changing economic conditions, and we had to adapt to move in that sphere. Then the iron ore price and GST returns fell through the floor. Stamp duty started to fall because property prices and property transactions were reducing. There were fewer people in employment, so payroll tax reduced. All of the conditions from 2008 to the election in 2017 were difficult. It was difficult to manage that process. I have to admit that it was hard to keep up with the rate of change that happened across the board. That is obvious. When people talk about our debt and deficit, a whole lot of factors have to be taken into account. A whole lot of areas needed to be managed, and it was not

easy to pull those levers quickly. We tried to do that in the best way we could and to manage that process while keeping the economy going.

I will reflect for members on just one issue. If they remember correctly, prior to us being elected to government, there were billion-dollar surpluses in the budget every year of the previous Labor government.

Mr D.T. Redman: I remember seeing \$2 billion.

Mr A. KRSTICEVIC: That is what I meant—multibillion-dollar surpluses. There was so much money coming into the coffers prior to 2008 that the Labor government could not spend it fast enough; it was impossible. Then, of course, when we went to the election in 2008 and the people of Western Australia were asked to name three things that the Labor Party had done for them during these times of boom, they could not think of one thing.

Several members interjected.

The ACTING SPEAKER (Mr T.J. Healy): Members!

Mr A. KRSTICEVIC: They could, actually—the Mandurah rail line. That was the only thing they could think of.

Several members interjected.

Mr A. KRSTICEVIC: Mr Acting Speaker, could you please protect me?

The ACTING SPEAKER: Members!

Several members interjected.

Mr A. KRSTICEVIC: Mr Acting Speaker, I seek your protection!

Several members interjected.

The ACTING SPEAKER: Member for Carine, please continue. Thank you, members.

Mr A. KRSTICEVIC: When we reflect on the GST relativity and GST per capita for Western Australia for both actuals and estimates, we can see that we have been, and will be, short-changed about \$31 billion over the period from 2001 to 2020. When has a majority of that short-changing occurred? Prior to 2008, there were surpluses. Prior to 2008, we were getting more GST than our per capita allocation. In 2007–08, we were down \$274 million; in 2008–09, \$601 million; in 2009–10, \$979 million; in 2010–11, \$1.4 billion; in 2011–12, \$1.3 billion; in 2012–13, \$2.2 billion; in 2013–14, \$3 billion; in 2014–15, \$3.7 billion; and after that, it will hit the \$4 billion mark and get worse. Combining the situation we faced with the GST and the iron ore prices, obviously we were running deficits. The worst thing in the world any government can do is run a deficit, but the former government was forced into that situation because of the GST and the mining construction boom that meant 500 000 workers came to Western Australia. It had to build and rebuild infrastructure to support the people of Western Australia. From driving around the city, every single thing one can think of in the eastern, southern and northern suburbs, and in the country, such as hospitals and schools, has been rebuilt. We have invested a huge amount of money and people know where it has gone. People know where the money we were loaned has gone and what we have invested it in. We have something to show for it.

One of the big criticisms I normally hear from people is Elizabeth Quay. They say, “What a waste of money Elizabeth Quay is.” I have heard it recently from members opposite as well; not valuing the contribution that that makes. It was a \$440 million investment. Land sales were over \$220 million.

Dr M.D. Nahan: Over \$300 million.

Mr A. KRSTICEVIC: Our leader is saying over \$300 million. We are talking about \$140 million, which is generating \$2.2 billion of infrastructure spending at Elizabeth Quay—new hotels, new apartments and new restaurants. It has created 10 000 jobs. It has created so much opportunity for Western Australians. Not only that, it will be a tourist mecca. How people cannot understand that, even the people opposite, I have no idea, because it does not make sense to me. When I had that debate with constituents from my electorate, I said, “I wish that every single investment that the government made was of the calibre of Elizabeth Quay”; that we could rely on that sort of return for our financial investment and create jobs and all that wealth.

I do not have an issue at all with where the former government spent money over the last eight and a half years. I think it has been invested wisely, and it has been open, accountable and transparent. The four loan bills that we applied for were vigorously debated. Every year our budgets were very clear in terms of that, as opposed to the current government. Let us look at what this government is proposing. It wants to borrow \$11 billion but it has said on numerous occasions, “We actually don’t think we need \$11 billion, but maybe we do—we want to ask for \$11 billion. We want you to give us an open chequebook for the next four years. We don’t want any accountability or transparency from the Parliament in terms of what we spend in each of those four years. We don’t think it’s appropriate to come back here and say, ‘We need some more money’”, which is why we are talking about \$5 billion as an appropriate amount. That would give the government more than enough money to take us through the next

two budgets. It would allow the government to readjust the levers, to quote an article in *The West Australian* on 2 February. Referring to the Premier, the article states —

He pledged to bring the Budget back to surplus in his first term and clean up the Government's debt and deficit "mess".

If the Premier is going to bring the budget back to surplus in his first term and clear up the debt and deficit, I cannot see why he needs \$11 billion, because \$11 billion was basically our plan in the forward estimates about the spending that we had to do—at least that is what he is saying. But in reality we had another plan. We had a plan to sell Western Power. I have seen the video of the interview of the now Treasurer talking about Western Power. What did he think about the sale of Western Power? Lo and behold, he thought it was an excellent idea! The Treasurer of Western Australia thought that the sale of Western Power was an excellent idea. I saw that interview. I fell on my bum. I thought to myself: there is a man who has a smart idea and he knows what he is talking about! But guess what? The Labor Party said, "Listen, mate, you're not going down that path. It might be a great idea, it might be visionary, it might be a great opportunity to put the state back on track, but you ain't going to do it." Do members really think that the Treasurer of Western Australia is comfortable coming into this Parliament with plan B? Plan B is an \$11 billion loan. Plan A was to sell Western Power, but he cannot do that. That hypocrisy is quite amazing.

Members will find that in this Parliament, between all the facts and figures and the data, there is a lot of smoke and mirrors. There is a lot of shadow work going on.

Dr M.D. Nahan: Except when it was us!

Mr A. KRSTICEVIC: That is right. Oppositions are very good at pointing out the shadow work. In government, the question is: Are people listening? Are people paying attention? It is great to be able to ask, "What did you do?" or, "You didn't do the best that you could have" or, "You failed." But the reality is that the Labor Party is now in government. What will it do to ensure those same mistakes that it says were made are not made again? What will it do to ensure that it is held to account? As I have said before, backbench members are not part of the government; they are part of the Labor Party. The government is the cabinet ministers; backbenchers are not the government. Cabinet ministers are the government. It is their job, like ours, on behalf of the people of Western Australia, to hold the government to account. They will tell lots of stories in the caucus room and the bureaucrats will tell lots of stories in the caucus room, but I tell members honestly: all the facts and figures and information will not be presented to them. They will always get an abridged version of these things.

Ms A. Sanderson: That is what happens in your party room!

Mr A. KRSTICEVIC: We were definitely forensic in debating things.

I know some members think it is funny, but it is serious. We are talking about the lives of the people of Western Australia. As much as party politics is part of this whole system, it is also about understanding the decisions that we make have a real impact on people's lives. Yes, we can laugh and joke and throw banter across the chamber, but the reality is we are here to make serious decisions. We need to take that seriously. Party politics is important, but it is also important for members of the government, members of the Labor Party, to make sure that people deliver. As members see things occur around them, they may think, "That's a broken promise. We said we weren't going to do that but we're doing it." As that system starts to roll out, if that is not challenged, it will go out of control. Government backbenchers need to ensure that they are also in control of some of those levers, pulling these people into line. It is not just us on this side. It is a very serious debate to make sure we get that on board.

The Treasurer spoke about electricity prices going up seven per cent, or up to 15 per cent over the next two years. He said it was in the forward estimates. But do members know what? Just because something is in the forward estimates does not mean it will actually be done. Even though the former government had a seven per cent increase in electricity prices in the forward estimates, I can say we probably would not have increased them seven per cent. I guarantee members that we would not have done that. I read an article that states —

... Mr Wyatt said he wanted to end State-owned power provider Synergy's monopoly over the residential electricity market "sooner rather than later".

The Treasurer says he does not want Synergy to be a monopoly; he wants to open it up to the free market sooner rather than later. In doing that, guess what? Prices will go down. He also spoke about the gas market and 30 per cent reductions in gas, but if the market goes down, why increase prices by 15 per cent so that they can go down 30 per cent? Why not do something about the structure of Synergy and say, "Rather than reducing prices 30 per cent after we have increased them 15 per cent, why don't we just reduce them 15 per cent and not do any increases?" It beggars belief that the Treasurer talks about increasing electricity prices to bring it back to parity and that will result in reduced prices after that. I do not understand that.

The last time the Labor Party was in government and it was playing around with Synergy, there was no power in this state. There were power blackouts all over the place. That was the wonderful work of the previous Labor

government. Some members would probably remember that. People were not allowed to turn their air conditioning on during the middle of the day, when heat was at its highest level. We all have faults; we all make mistakes; we all do things. We need to learn from those mistakes, and get better. We need to get better all the time within this Parliament. The more I see what is going on around me, the less I see improvements. I see more of the same from the other side, which probably reflects the former Premier's speech.

The Treasurer said that Synergy receives a roughly \$300 million operating subsidy. I remember that during the election, the union ran campaigns referring to Western Power, and Synergy by default can be taken into that equation. Can I get an extension please, Mr Acting Speaker?

[Member's time extended.]

Mr A. KRSTICEVIC: The campaigns referred to Synergy and Western Power funding our schools, hospitals, and the police with all this money. The campaigns claimed that the Liberal Party wanted to sell this cash cow but this cash cow pays for everything. All of a sudden, there are subsidies here and we are losing money and we need to get cost reflectivity. I do not understand how the people of Western Australia can be lied to through those advertisements when we all know they were not true. We all know that Western Power and Synergy are not a big cash cow to pay for all these things. We all know that they cost us money. There is nothing new in that debate. At the end of the day, the government thinks: why tell people the truth when we can sort of pretend and make things up along the way?

In a press release of 1 July 2016, the now Premier stated —

Families and seniors will be dealt yet another blow from today, as the Liberal Government's latest round of above-inflation increases to electricity and other household charges come into effect.

It was the end of the world, and guess what? We were increasing electricity by three per cent. We were going to destroy the whole state because of a three per cent increase. The then Leader of the Opposition stated —

... water costs will go up 4.5 per cent, the emergency services levy will go up 4.2 ...

People out there are struggling with jobs and pay cuts. People are underemployed. Things are difficult. People have mortgages that they cannot afford to pay; mortgage stress is going on. People who are trying to get rid of their houses are selling them at great losses, if they are selling them at all. We have this really difficult situation out there in the economy and what are we talking about? We are talking about taxes and charges and getting people to pay more and at higher rates than those that were set by the former government in the last budget. It is very, very disappointing that we have this difficult set of circumstances and the government is not respecting the situation. It is not really taking on board the impacts it is having on people's lives. Eventually, people will catch up. They will wake up and they will say, "You said all these things and they are not happening. Why not? Why are the 41 members of the Labor government not standing up for what they said they would at the election?" Each and every Labor member will be judged by their electorate on what happens in this place. If they let the executive take control, they will be judged very badly—trust me.

Mr K. Michel interjected.

Mr A. KRSTICEVIC: That is right; exactly. We cannot let the executive take control. They are taking control; they have taken control and they will continue to take control.

Let us look at the appointment of ministers. Did you really pick all the brightest and best? Not really. I have to admit I rolled my eyes over a couple of appointments.

Mr S.K. L'Estrange: Which ones?

Mr A. KRSTICEVIC: Do I really need to say?

Dr M.D. Nahan: Who would you put in who is not there?

Mr A. KRSTICEVIC: It would be the member for Armadale. The member for Armadale has nothing. The member for Armadale should have been the first one whom the government picked. There is no doubt about that. He is a professor. The member for Maylands got the consolation prize as Deputy Speaker. She should definitely be on the front bench.

Mrs L.M. Harvey: The member for Girrawheen.

Mr A. KRSTICEVIC: The member for Girrawheen is an accomplished lawyer and was a minister under two Premiers.

Mr S.K. L'Estrange: The passion of the member for Thornlie for environmental issues —

Mr A. KRSTICEVIC: Exactly. These four members in the previous Parliament were Labor's best performers. The member for Girrawheen should be a minister. She has been ripped off. Do members know what is worse?

Mr D.T. Redman: All you need is notes.

Mr A. KRSTICEVIC: But she is very good at reading them.

Mr K.J.J. Michel interjected.

Mr A. KRSTICEVIC: Not even that. They did not even qualify for parliamentary secretaries—option B. New people came in off the street and picked up parliamentary secretary positions, whereas the seasoned performers over four years who helped Labor get into government—thanks for coming!

Ms A. Sanderson: Off the street!

Mr A. KRSTICEVIC: The member was doorknocking and campaigning; she is off the street. That is how she came in; she came off the street like the rest of us. I cannot believe that these members did not get parliamentary secretary positions. Seriously, if we went through a single proper process for advertising a job, my god, we would give it to these people in a flash. It is amazing.

We talk about taking \$11 billion and giving it to the B team because the A team did not make it. I say that with no disrespect to the Treasurer. He has great ability. Ever since I saw that interview about trying to sell Western Power—what a wonderful deal—I thought: This man has some vision, but he has his hands tied. He cannot do the things that this state needs to have done, because, unfortunately, he is controlled by the unions. He is not a union man and I value his contribution in that capacity, but he needs to stand up for what is right. He needs to fight because he has something to contribute to this state. If he allows others to control him, he will not reach his full potential. I hope that he stands up and achieves his full potential.

All I can say is that when the Treasurer put his hand up for the position of Leader of the Opposition, I was really scared. I thought: this is dangerous stuff. But luckily, he did not kiss the ring on the hand of the pope of the union movement, if members know what I mean. The member jumped too early. He did not get on bended knee and say, “Please, can I do this?” He missed out unfortunately. That is disappointing because I think it would have been a great opportunity for the state. Like I said, when I see that the member for Cockburn is a minister, I shake my head. Seriously, I would have taken one of those guys or ladies straightaway in a second. I would have said, “Take the job.” If the A team cannot get those positions, the government should give them to new members before they give them to members who are on the way out. It is scary.

The government wants \$11 billion to do with as it wishes over the next four years without any accountability from this Parliament. This morning we approved all the committees. Even the Public Accounts Committee is dominated by the Labor Party. The number one accountability mechanism of this Parliament outside this chamber is the Public Accounts Committee. It is the most powerful committee in this Parliament, and it is there to scrutinise the decisions of this Parliament and to make sure that the government and the ministers are doing the right thing, and guess what? It is stacked with Labor members.

Mr D.A. Templeman: Which one are you on?

Mr A. KRSTICEVIC: I am on the Community Development and Justice Standing Committee.

Mr D.A. Templeman: Good pick for you, son.

Mr A. KRSTICEVIC: It is a good pick.

Mr D.A. Templeman: I thought you were on the parliamentary privileges of the dining room menu committee.

Mr A. KRSTICEVIC: No, that is the member for Geraldton.

Several members interjected.

Mr A. KRSTICEVIC: Seriously, though, new members need to understand that the committees are a very important mechanism for scrutinising the decisions of government. Labor members on that committee need to use that committee to hold the government to account. I was on the Public Accounts Committee in 2008 to 2013. It was an opposition-dominated committee back then. The former member for Balcatta, John Kobelke, was the chair. The former Premier, Alan Carpenter, was on it. The member for West Swan, Rita Saffioti, was also on the committee. Even the member for Thornlie, Chris Tallentire, was on it.

Mr D.A. Templeman: I heard that the first question you asked there was, “Where are we travelling?”

Mr A. KRSTICEVIC: I do not think so.

Mr D.A. Templeman: Where are we going?

Mr A. KRSTICEVIC: I will tell the Leader of the House where we were travelling. We were travelling to the heart of government accountability. In those four and a half years, we travelled to the heart of government accountability. That is where we went.

Several members interjected.

Mr A. KRSTICEVIC: The committee was dominated by the opposition and scrutinised every single decision of the former government in detail, and guess what? Do members know what it found out in four and a half years?

Mr D.A. Templeman: What did it find out?

Mr A. KRSTICEVIC: It found that we had been doing a pretty good job in the first four and a half years. There were no major scandals or dramas; there was nothing to hide.

Dr M.D. Nahan: Where did you travel to?

Mr A. KRSTICEVIC: We went to the Australasian Council of Public Accounts Committees conference in New Zealand, and that was it. We did not travel anywhere apart from the conference. All I can say is that the Public Accounts Committee was under the control of the Labor Party, and that was a good thing. I am going to talk to the Procedure and Privileges Committee about maybe changing the standing orders to make that permanent. I hope that the Labor government will be keen to do that because during committee report debates members on both sides have said that that is a great idea, but that is a debate for another day. It is important and it is about holding us to account to make sure that we do the right thing.

It has already been mentioned that general government sector borrowing has risen from \$23.5 billion to \$34.5 billion and that debt is going up to \$44 billion, instead of to the \$41 billion that we initially had. The former Liberal–National government’s plan was to reduce debt to \$29 billion and to reinvest \$3 billion into the community in infrastructure projects without adding to that debt. The Labor government has to find \$5 billion. I am scared that that \$5 billion is embedded somewhere in the \$11 billion and that the government is not really being honest about what the money will be spent on. It is incumbent on the government to be open, honest and transparent about what it is planning to do with the finances of this state so that it can be held to account. Having multiple loan bills over four years, like the former Liberal–National government had, allowed the Parliament to scrutinise the detail. I know that the Leader of the House agrees with me because he has given many speeches about that in his time.

Mr D.A. Templeman interjected.

Mr A. KRSTICEVIC: Believe it or not, we have paid attention to some of the things that the Leader of the House has said.

Mr D.A. Templeman: I know—not many, though.

Mr A. KRSTICEVIC: Some of them have been a little out of left field, even for his own members, but that is okay. It was entertaining if not occasionally informative.

Mr I.C. Blayney: Which one was that one?

Mr A. KRSTICEVIC: Generally the theatrics of it were entertaining.

It is important that we pay off this debt. We need to take the matter seriously and we need to make sure that when we invest money, we get an appropriate return and the government’s expenditure is scrutinised.

MR W.R. MARMION (Nedlands) [5.42 pm]: I begin my contribution on the second reading debate of the Loan Bill 2017 by saying that a constant theme seems to be emerging from this side of the house—that is, transparency and accountability. In the last three minutes, the member for Carine summed up exactly the points that I will be making. However, I will probably be taking a slightly different tack from some other speakers and making a few points about putting forward projects for costing.

The issue here is that there is no transparency because we do not have a budget. We had a briefing with Treasury. The main point that arose from that was we have \$1.2 billion in reserve and that it will last only two months—we understand that—because the budget is not going to come through until September. Therefore, it is reasonable that this bill goes through because we need a margin for paying government, but what is reasonable? We now know that \$11 billion will be going three or four years in advance. I think it is very lazy of the Treasurer to bring in a bill that seeks \$11 billion because it pulls at the heart of accountability. There is no accountability; indeed, how can the opposition look at the projects being put forward—the plans for the future—when there is no transparency?

The Treasury briefing informed us that the estimated costs for running the government—that is, the general government account—will require \$4.4 billion for 2017–18 and \$4.1 billion for the following financial year. The Leader of the Opposition’s proposal for a \$5 billion loan bill would cover two budgets. The Treasurer is being very generous. I think \$5 billion in this Loan Bill is a reasonable ask. It will give an opportunity to bring through, without any transparency, basically, two budgets: the budget in September and, presumably, the budget in May next year. It has been suggested by members on this side of the house that government members, especially on the back bench, should support a \$5 billion loan through this bill. I understand that an amendment will be moved during the consideration in detail stage.

I want to focus on some of the projects that we will not be able to focus on because we do not have the projects; all we can look at are some of Labor’s election commitments. Principally, I will focus, firstly, on the government’s transport plan and rail projects. Something that members throw around this house as though it is the bee’s knees is a business case. Just because there is a business case does not mean there is a project. A business case is done to support a project, and it is what is in the business case that matters. Everyone will just say, “We’ve got a business case. You haven’t got a business case. You have got a business case.” A business case is just a vehicle for putting in things such as whether a needs analysis was done and whether we have worked out what we need for the project.

When people have worked out what they need, they need to do an options analysis. What are the options? Once they have worked out what are maybe the two or three best options, they can then cost the options. After that, they can do a cost–benefit analysis. They might do a net present value analysis because they can include the ongoing recurrent costs of each particular project. That is what to look for—a business case that has the ultimate net present value of a range of projects. That is what a business case should provide to the government of the day and the government of the day can make a choice. The government of the day does not have to choose the best option, but if it has the information to choose the option it wants to choose, it can then get cabinet approval and run with it. That is the prerogative of the government.

The government is going for \$11 billion. We know that the government has a plan to build four new rail extensions. There is the one that we were going to build as well—the Thornlie–Cockburn line.

Mr C.J. Barnett: A great project.

Mr W.R. MARMION: It is a terrific project. In fact, it is probably the start of what could end up being a loop-line that will link up the existing radial lines in the metropolitan area.

Mr J.E. McGrath: It'll get people to the new stadium.

Mr W.R. MARMION: That is another important point, member for South Perth. A benefit of the Thornlie–Cockburn line is that people leaving the new stadium will have a choice. If they want to go south, they will be able to go into Perth and onto the Mandurah line or they can go onto the Thornlie line. That will mean that both train lines could be used to move people. The plan is to move more than 50 per cent of the people—I think 75 per cent—in the first train out. The member for South Perth has worked on this.

Mr J.E. McGrath: I'll be on it—hopefully.

Mr W.R. MARMION: The member will be on it.

We support that project, but it would be nice to see the final costings before we approve an \$11 billion loan bill.

We were also looking at a line to Yanchep. That is also something that we could support, but we would like to know the costs.

The rail line that we have a problem with—indeed, we would like to see the business case with all the elements that I suggest should be in a business case—is the Ellenbrook line. The Ellenbrook line, as proposed by the Labor Party, will go to Morley and then there will be a link from Morley through to Bayswater. My intelligence on the Ellenbrook line has come from someone who, in fact, was involved in the building of the Mandurah line—this person is a highly regarded expert in building railway lines. He advised me that the actual total boardings on the Ellenbrook line in 2031—that is the total boardings on that whole line—will be the equivalent to current boardings at one particular station on the Mandurah line, and that is the Murdoch station.

To me, the question is: what is the cost–benefit ratio, or the benefit, of building a rail line to Ellenbrook to Morley or Bayswater if the boardings in 2031 will be the same as at one particular station currently? I am concerned that we do not have the information. Maybe I am wrong; maybe lots of people will get on at all the different stations from Ellenbrook to Bayswater, but I would like that information. I currently do not know what that information is. It is not just, as the Minister for Transport said, that there is a business case. It is not the business case itself, but what is in the business case that matters. I think it will be found that the cost–benefit ratio of the Ellenbrook rail way is way below the cost–benefit ratio of Roe 8. I am looking forward to seeing the business cases when they come through.

Whilst I am still talking —

Several members interjected.

The ACTING SPEAKER: Members!

Mr W.R. MARMION: Mr Acting Speaker —

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Member for Cannington.

Mr W.R. MARMION: One of the things that people fail to —

Mr W.J. Johnston interjected.

Mr W.R. MARMION: Mr Acting Speaker —

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Member for Cannington.

Mr W.R. MARMION: Getting back to what would be in a business case for a rail project put forward for approval, one of the things that people forget to talk about when they talk about rail lines is ongoing recurrent

costs. People say that the rail project is going to cost \$1 billion, \$860 million or \$500 million, but they do not say how much it is going to cost to keep running per year.

Mr W.J. Johnston interjected.

Mr W.R. MARMION: I am not talking to the member.

Mr W.J. Johnston interjected.

Mr W.R. MARMION: I do not have to answer the member's questions; I am asking him questions. I am in opposition. The member in government has to answer the questions. I will ask the questions.

Mr W.J. Johnston interjected.

Mr W.R. MARMION: Mr Acting Speaker, I am halfway through asking a question.

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Member for Cannington, please let the member speak.

Mr W.R. MARMION: To give some people context about the current Public Transport Authority budget, the PTA runs a rail business. The rail business costs roughly \$1 billion a year to run. Obviously, it collects revenue from people who pay to go on the train. When I am at a function and tell people the figure of the revenue the PTA actually collects, they are surprised. The total revenue collected from people who catch trains is \$300 million. The PTA gets \$300 million worth of revenue from passengers and the rest, the other \$700 million, comes from Treasury. It is subsidised by the taxpayers of Western Australia. It is not a very profitable business, but it provides a terrific service to people who live in the metropolitan area. The National Party grizzles, and it has a right to grizzle, because all that subsidy benefits people in the metropolitan area; however, when people from the country come to the metropolitan area, they obviously use the train, so there are some benefits to country people when they are in the metropolitan area. I see a smile over there! We have to ask how much extension of subsidised rail lines the taxpayers of Western Australia can afford. I do not know, but it would be nice to know how much it is going to cost if there are to be these extensions. I have not mentioned the Byford line; I will mention that in a minute. These extra recurrent costs need to be in the budget. I am sure that the Treasurer will have them in the budget. The other project that has been promulgated is the extension of the rail line from Armadale to Byford, which is an area I know very well because I lived halfway between Armadale and Byford. It is quite an expensive bit of infrastructure to pick up one station and it would be nice to see what the cost-benefit analysis shows us on that.

I am still on rail and I might have trouble finishing. I might have to come back after the dinner break. While I am still on rail infrastructure, which I think is really important, something really stunned me during the election campaign. I still do not believe this is true, but it was on a press release. It stated that Labor would pledge \$400 million for rail cars made locally. That is fantastic. I would be the first person to support a rail car manufacturing program in Western Australia. The first question is: where would it be put? I think a lot of members of Parliament would love to have more manufacturing in their areas. Kwinana comes to mind, as do the Midland Workshops. I think the people —

Several members interjected.

The ACTING SPEAKER: Members!

Mr J.E. McGrath interjected.

Mr W.R. MARMION: I think the Midland Workshops are done, member for South Perth. Maybe they would have been suitable some decades ago.

Dr M.D. Nahan: It is a good museum.

Mr W.R. MARMION: Yes.

Several members interjected.

The ACTING SPEAKER: Thank you, members.

Mr W.R. MARMION: I think it would take 18 months just to do a business case for rail car manufacturing. Where is the manufacturing to be located? At what scale will they be manufactured? Will the manufacturing process be fully automated?

Mr J.E. McGrath: How much to tool it up?

Mr W.R. MARMION: There is the issue of tooling. Will the manufacturing be fully automated? What volume will eventually be built? If four extensions to the current rail system are to be built in six years and 78 rail cars are needed for those extensions, that is a lot to build in six years. Indeed, what does "building" mean? A rail car is going to be built. Are the wheels going to be built? Is the engine going to be built? I think we will probably find that the process will end up being assembly. I think it will end up that all that can possibly be done is to assemble a rail car. Then, if the rail cars are to be assembled, all the parts might be imported. Over time some of the parts

may be able to be manufactured here, but if rail cars are to be assembled, who will be responsible for the warranty on the manufactured railcar as opposed to one just bought in its entirety from overseas or Maryborough in Queensland where, I think, rail cars are still made?

Dr M.D. Nahan: They're shutting down.

Mr W.R. MARMION: They are shutting down—even an area in Australia that is geared up for manufacturing is shutting down. The point is: what is the cost? It is one option versus another option. This gets back to, again, transparency and accountability. One option is going to be compared with another. It is okay for the Labor Party to go to an election saying it is going to build the rail cars, but if that proposal is put forward, we need to see what it will be, where it will be, how much it will cost, whether it will be tendered out and whether the PTA will employ people to build the rail cars itself. Will there be a mini sub-department within the PTA—the rail car manufacturing department of the PTA? I do not know. It may end up being —

Mr J.E. McGrath: Privatised.

Mr W.R. MARMION: I think that it would. This could possibly be built up into a thriving business and privatised. In fact, if it was tooled up really well, it could be sold overseas. I might be wrong, but my understanding is that maybe only two other places in the world have narrow-gauge electrified rail cars, so there is not really a huge market outside Western Australia. I think one place is South Africa. It is not a big market, so I do not think things would be scaled up. One of the benefits of manufacturing is having economies of scale, and the reason economies of scale are needed is that these days a lot of automation is needed, otherwise it costs too much. It costs a lot to automate.

[Member's time extended.]

Mr W.R. MARMION: I might move off rail, because I have made a few points. I will touch on the review of current projects. I was fascinated by this and I have not had time to go to the cherrypicking of the projects that are going to be reviewed. They are being reviewed to see whether the process can be improved. I fully agree with that. In fact, in good project management there are post-project evaluations, which should be an essential part of projects. I have to say that probably only one in 20 projects gets a positive post-project evaluation. I support the government on that. The only thing I do not support is that the government has cherrypicked the projects to be reviewed.

Sitting suspended from 6.00 to 7.00 pm

Mr W.R. MARMION: Before dinner I was talking about the review of projects that is being undertaken by the government. I made the comment that I am very much in favour of reviewing projects, as it is a very important process that should be undertaken on every single project, and not looking only at a sample of projects. The only disappointing thing, as I mentioned, is that not all the projects have been picked, and I do not know why the government would do that. One particular project that is not included is the one that the Auditor General did a big report on—Perth Arena. I had some experience with this project in the past. Indeed, I did the business case for the Perth Arena for the then Labor government, until the money was transferred from Treasury into the then Department of Housing and Works. Of course, once the government got the capital, which was not enough for the project by the way, we were no longer engaged. I will conclude on this point, because I am sure this will be discussed later down the track in some months—maybe in six months when the report is done. I put on the record that recommendations will come out of the report for improvement to the current system. I think we will find that if any shortcomings are identified, as is always done with projects, they will not be as significant as the shortcomings with the Perth Arena. That is why I cannot understand why the government would not put that project in the review, because I think the Perth Arena is an absolute case study of every single thing that can go wrong with a project, starting from its concept.

I want to go on to the final area of my talk. I actually had some notes on some funny issues in my electorate, but I will save that for another time. Under my shadow health portfolio, I want to touch on medihotels. I have some sympathy for the Treasurer. One area that is very hard for a government to rein in is health expenditure. One thing that I kept quiet about when I was in government was the fact that way back in 1993–94 I was the chief of staff—it was then called the principal private secretary—to the Minister for Health.

Mr D.A. Templeman: Who was that?

Mr W.R. MARMION: It was Hon Peter Foss. One thing we learnt from Treasury was how to rein in health costs. Several members interjected.

Mr W.R. MARMION: It is very hard to talk in this forum, Madam Acting Speaker (Ms S.E. Winton).

Treasury told us that if you build a hospital, they will come. To rein in expenditure in health, governments have to be careful how many hospitals they build. There is a challenge for the Treasurer in the budget. I do not know the exact figure, but growth last year was around the six per cent mark in health expenditure, whereas all the other areas were kept reasonably stable at one or two per cent. Health will be a challenge for the Treasurer. People are

getting older and they are finding more ways to keep people alive, and that costs money. It will be a challenge. One of the interesting innovations—I will call it an innovation—announced during the election was medihotels. I can see the benefit of medihotels in trying to reduce costs in health. As we know, the cost of a patient in hospital is a lot more than if they could be put into a medihotel, which is the plan of the Minister for Health. The problem is how to control that. First of all, who is going to build the medihotels? How many are we going to have? Are they going to be in proximity to existing hospitals? Who is going to pay for the capital cost of them? Who is going to pay the recurrent costs? Will the patients in those medihotels be covered for any of their costs through Medicare? I do not know the answers, but these are the sorts of things we will find out in the budget. Getting back to the main point I raised when I began speaking, this is about transparency and accountability. I would like to know more about medihotels and how they are going to be funded. I am sure we will find that out in September.

There is one danger. If there are going to be cost savings in the process, it will be if the government can transition people out of hospitals earlier. Obviously, that would be a saving per day. There will then be some money available to fund someone in a medihotel, but if they stay in the medihotel too long rather than going back to their residence or where they would normally go after hospital, it may cost more. I would like to know what the model is. Unfortunately, we do not have that information at the moment when we are running this \$11 billion Loan Bill through the house. I look forward to seeing the business case. I am not looking just for a business case, but for a business case with the things in it that one has in a business case, as I mentioned before. What are the options? One option is to not have medihotels. When one looks at an options analysis, one always compares it with the do-nothing option. That is what one normally does. If the medihotel option is cheaper than the do-nothing option, that is obviously what the government will do. I will be looking forward to that. As I said, I would like to know how they will be funded. Obviously there is a capital cost, but the private sector could provide that. One funding option is for the private sector to provide the medihotel, but then of course —

Dr M.D. Nahan: That's privatisation.

Mr W.R. MARMION: Indeed, then there is obviously a lease component. I would imagine that the government would have to lease it back, unless the revenue earned by the private sector hospital from the patient covered the capital and recurrent cost. If that is the case, I would like to know who would pay for that. With those few comments, I support the proposal by this side of the house for an amendment to be moved during consideration in detail that the Loan Bill be restricted to \$5 billion.

MS L. METTAM (Vasse) [7.07 pm]: I would also like to speak to the position proposed by the Leader of the Opposition on limiting the amount of funds attached to the Loan Bill 2017. It is of significant concern that the Loan Bill is seeking as much as \$11 billion. What it asks of the Parliament and the people of Western Australia is that we put our trust in the Western Australian Parliamentary Labor Party. I have considerable concern with this issue of trust, given what we have seen. We can compare the promises made in the lead-up to the election with what we have already seen delivered in little more than two weeks following the swearing-in of Parliament—it is only several days since members of Parliament were first sworn in on 11 May. There are a number of areas in which we have seen this contradiction between the Labor Party that Western Australians overwhelmingly put their faith in and the Labor Party that is in government. The first example is the suggestion made in the lead-up to the election by the then Leader of the Opposition that was reported in *The West Australian*, which states —

“West Australians have had enough tax increases over the years,” —

McGowan insisted —

“Three land tax increases, stamp duty increases. We can't afford any more tax increases on West Australians. I'm not going to do it because I know it will cost us jobs and there have been too many tax increases on West Australians already.”

Point of Order

Ms M.M. QUIRK: There has been a tendency in some speeches over the last few days for people to quote without referring to the source of that quote. I know Hansard would be grateful when a quotation is given that the source, date, time and so forth is quoted.

Debate Resumed

Ms L. METTAM: I am happy to do that. I have a copy of the article here. It quoted Mark McGowan. He was reported in *The West Australian* and the title of the article was, “No new taxes on West Australians”. That is quite ironic, because very soon after it came to government this new state Labor government was planning a \$270 levy on not only investment properties but all properties, which the article refers to as nothing more than a tax hike.

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Member for Cannington!

Ms L. METTAM: I refer to the article on Friday, 19 May, which states —

If it went ahead, and whichever way it was dressed up, this would be nothing less than a new tax.

Which would make it nothing less than a broken promise by Mr McGowan.

It comes down to the issue of trust, which is what the Loan Bill 2017 is really about, particularly when it has been introduced before the budget. There is no indication of how these excess funds would be spent. We have no idea about this government's level of commitment. We have seen broken promises already. Another broken promise is the commitment by the then shadow Treasurer to support the increase in the first home buyer grant that was announced by the former Premier. I quote the shadow Treasurer at the time, who said —

“We'll support that ... announcement and don't have any intention of removing that in the event that we win government in March.”

More recently was the announcement that the first home buyer grant will be cut from July.

Mr W.J. Johnston: Read the quote again.

Ms L. METTAM: I do not have to. That is another broken promise.

Mr W.J. Johnston: It is not a broken promise; it is a commitment!

Ms L. METTAM: It is a broken commitment—whatever!

Mr W.J. Johnston: No, it's not.

Ms L. METTAM: It is. It was a statement made to the people of Western Australia that has been breached. Another broken promise relates to the wages policy. It was even flagged and promoted on the unions' website. It was about maintaining the current —

Several members interjected.

Ms L. METTAM: Eleven out of 16 cabinet members are members of a union. I have never heard in this place such a plug for unions, even though they represent less than 10 per cent of the public sector.

Several members interjected.

The ACTING SPEAKER: Members, settle down!

Ms L. METTAM: Unions represent less than 10 per cent of the public sector.

Mr W.J. Johnston: That is not true; it is wrong.

Ms L. METTAM: That is a sore point! The commitment was made that a Labor government would maintain the Barnett government's 1.5 per cent indexed wages policy. We have seen a breach of that commitment as well. It is a backflip by the government, given the more recent announcement regarding public sector wage increases being capped at \$1 000 a year over the next four years. They are just a few examples of this government's broken promises. I guess the most significant example in the campaign that the Labor Party took to the last election was based on a premise that, under Labor, electricity prices would be cheaper. I remember visiting Perth and seeing the then Deputy Premier's face splayed all over billboards and vans promoting union and Labor-funded material and suggesting that with the sale of Western Power, prices would go up and under a Liberal government, people could expect higher household fees and charges. This was even though Rod Sims, the chairman of the Australian Competition and Consumer Commission, suggested he expected electricity prices would go down. This was also backed up by the Australian Energy Regulator. Now, the Labor government is flagging an increase in electricity prices of 15 per cent per annum for the next two years.

It comes back to the fact the Western Australian Liberal Party took to the election a debt reduction strategy and the Labor Party did not. The Labor Party proposed that there would be no tax increases and no changes to the wages policy. We know that electricity prices will be much more expensive. That comes down to the issue of trust, which is critical when considering the Loan Bill going forward and how it will be managed under this new Labor government.

Household fees and charges obviously have an impact on all Western Australians and the government's approach in not having a debt reduction strategy in the lead-up to the election has the potential to impact us all.

Ms C.M. Rowe: What was your plan?

Ms L. METTAM: The member for Belmont knew our plan. We presented our plan. Anyway, I am not taking interjections.

I have already spoken to the business community regarding electricity price hikes. Understandably, there is significant concern about what this Labor government means to do now that it is sitting behind the cash register. Cost-of-living pressures impact all households and small businesses, including those in the tourism sector. I have spoken to a local business owner down south who is involved in the farming sector about these electricity price increases and the owner commented that he could not sustain those increases; he has the choice of passing on the

costs to consumers or closing down. Other businesses explained to me that they are already doing it tough at the moment and this is not the environment in which to be seeing such significant increases. That is some of the feedback I have heard this morning on this issue.

It is admirable that the government went to the election with an agenda to support jobs, which was shared by both parties. But what the government seeks to do to the largest generator of jobs, our small business sector, by ruling out any payroll tax cuts and increasing the cost of electricity, without a plan to reduce debt, is of significant concern.

I would like to focus on the tourism sector. In the area of tourism, the Liberal–National government has achieved something we can be very proud of.

Mr W.J. Johnston: Six per cent population share of tourism in Western Australia.

The ACTING SPEAKER (Ms S.E. Winton): Member for Cannington!

Ms L. METTAM: Of one particular area! Across the board, tourism has grown by 45 per cent since 2008. Since going into government we increased our spend by 50 per cent. Perth is no longer the Dullsville it was under the state Labor government. The final site at Elizabeth Quay, which will come on soon, will see land sale revenue of more than \$300 million, well beyond the \$170 million projected to start with. This more recent private investment will include capacity for international students, which has been one of the significant issues in addressing that very specific market.

Perth Stadium is an exciting platform for major events. Over the weekend, the Minister for Sport and Recreation talked about 2 300 jobs, and the stadium will be an exciting platform for major events such as the rugby union Bledisloe Cup in 2019. In addition, the infrastructure investment at Perth Airport will see 14 direct flights a week between Perth and London from next year, a project the Minister for Tourism had called a dud deal for WA. However, I believe there is interest in extending those flights to Paris and, I understand, to Shanghai with China Eastern Airlines. The Liberal–National government invested significantly in tourism infrastructure in the state, particularly across regional WA, such as The Gap in Albany, the Parks for People program, the skywalk in Kalbarri and two Kimberley marine parks, putting the regions and this state on the map. The investment in regional WA has certainly been significant.

The cruise ship industry is one of the fastest growing areas of tourism in this state, which is due to the Western Australian Liberal–National government securing 10 cruise ship destinations, including Fremantle, Esperance, Albany, Bunbury, Exmouth, Broome, Port Hedland, Augusta and Busselton. This is an area in which we need to see more investment, going forward, especially since P&O Cruises has recently raised concerns about the need for investment in the north and is limiting its scope for visits.

We should be really proud of the growth we have experienced in tourism. It is the responsibility of this new government to see that growth continue. Earlier in the house, the Minister for Tourism referred to the growth in various tourism sectors. We have seen 37 per cent growth in international visitors and 13 per cent growth in interstate visitors. It has not grown at the same rate but due to the transformation of this city, we have seen private investment, which means up to 3 500 hotel rooms will become available and that will drive down the cost of hotel accommodation in Perth and be something we can promote.

Locally, I would like to talk about a few issues in the Vasse electorate that need great attention. We have seen investment in the expansion of the Busselton–Margaret River Airport, which will be a game changer for the Margaret River region, albeit it is dependent on future destination funding.

[Member's time extended.]

Ms L. METTAM: It relies on destination marketing funding and it is worth noting that these funds, although much talked about in the lead-up to the election, were missing from the costings the government provided to Treasury. However, that project alone has the potential to increase tourism considerably in the Margaret River region and support jobs. We know that every small business is either directly or indirectly impacted by tourism. Following that investment, we have already seen other businesses and enterprises investing in the region, such as the four to five-star hotel sites on the Busselton foreshore and the major upgrade to the Bayview Geographe resort.

The former government invested in Cape Naturaliste College, one of only two high schools in the state that were never given additional funding to senior school status. It was good to see that this was funded last year during our term of government and I expect to see those funds continue to flow to enable further development of that high school to support the fastest growing region in WA.

A project that started under the former Liberal–National government was the dualling of the Bussell Highway carriageway between Busselton and Capel. Many will know it from their visits to the region. There is a significant crash history on that road and the dualling was being progressed under the former government. There is great expectation that it will continue. It sits in the member for Collie–Preston's electorate. He has not said much about it so far but I expect that given about 65 crashes occurred along that stretch of road within a four-year period, it is important that the dualling be funded.

Mr W.R. Marmion interjected.

Ms L. METTAM: I am sure he will support it.

Apart from the destination funding, continued investment in our major regional and metropolitan events is crucial to small businesses, tourist operators and the tourism industry in the Vasse region. Events are critical in driving tourism because they have a guaranteed market; we know when people will show up and we know who the people are. The tourism industry can get a great bang for its buck by providing investment and services around those events. Events such as the CinéfestOZ Film Festival; the Margaret River Pro tournament, which had world coverage on the BBC at its last event; and the Margaret River Gourmet Escape, which attracted 23 000 room nights and \$6.5 million worth of brand awareness, are therefore critical. Under the new Labor government, it is really important that investment in these projects continues.

Agriculture is another area of investment. People in the Vasse electorate have significant concern regarding the outbreak of TPP—the tomato potato psyllid—which is a pest that can also develop into a disease. There is an acceptance that the Department of Agriculture and Food is doing its best to address this significant issue that impacts on not only crops, but also market access. Constituents are concerned about how they can deal with a government department which is in a significant amount of chaos at the moment and which will be hidden under a mega department. I understand that the deputy director general who was looking after this area of biosecurity has resigned and that there is significant uncertainty about where the department will be and how it will be represented. I look further down the line at Steve Bendotti's business, WA Chips, which operates in Manjimup. He is also concerned about the TPP virus and what it will mean for his business—that is in addition to increased electricity prices. He has significant uncertainty because he purchases about \$2 million worth of spuds from not only the Manjimup region, but also Myalup and Busselton. These are the flow-on effects of government decisions. That is why, when a state party goes to an election, it is very important for it to be very clear with the people of the state about what it proposes to do and its plans to address the financial circumstances that members are very well aware of.

That is probably about all I will say. The words that come to mind are those used by Mark McGowan not that long ago about the level of gold standard transparency. That goes to the heart of the issue of supporting this bill. Despite the Labor government's promises of no new taxes, supporting a boost to the first home buyers grant, maintaining the wages policy and keeping power prices to a minimum, going into the election it had no plan for budget repair. In the Vasse electorate and in the local community, I am already hearing that there is significant concern about what the Loan Bill 2017 will mean and the set of circumstances we will have going forward.

MR I.C. BLAYNEY (Geraldton) [7.35 pm]: Those who know me know that I do not speak very much.

Ms J.M. Freeman: We like it when you do, though!

Mr I.C. BLAYNEY: I will have to learn the qualities to stand up here and talk for 20 or 30 minutes about very little. In the last term, I wrote to the committee on which I now sit—the protests and disputes board, or whatever it is called. I told the committee that I thought it should do away with the automatic 10-minute extensions to 20-minute speeches. I never got a reply. I am sure that members will be greatly relieved that the committee ignored my letter and did not take my advice.

Ms J.M. Freeman: Your 10-minute extension will be even better than your 20-minute speech!

Mr I.C. BLAYNEY: I thank the member for Mirrabooka for her vote of confidence.

In regard to the \$11 billion Loan Bill 2017, I am reminded of a saying of a US senator. He said that the funny thing about being in government is that if a few billion dollars are spent here and there and somewhere else, after a while, quite a lot of money has been spent. We are all quite familiar with the ritual we go through in Australian politics when there is a change of government. The first thing that happens after the election is the new government will come out and say it did not realise the state of the books. That generally allows the new government to ignore most of its campaign commitments, pull out the knife and throw away the chequebook. I think the point needs to be made quite strongly that this \$11 billion loan facility should be done after a budget, especially with a new government.

I think the whole world would like to know about the new government's program and where the money will go. I think there is an element of magic pudding in the Loan Bill. We would all like to know how the government intends to do it. To paraphrase what the new government said regarding its debt and its debt projection out to \$44 billion, it goes along the lines of, "If things look up, we might put a bit of money towards them." I think the government has to do a bit better than that. It reminds me of when I was a farmer and I used to have to go to the bank every year and explain to it why my figures were not as good as the ones I had put in my budget the year before and why the figures would be better this time. The government is going a step further. It is going to the bank, asking for an extension of its overdraft and saying that it will tell the bank where it will spend the money after the loan has been approved. I can tell members that the banks I dealt with would probably not accept that. In particular, banks want to look most closely at the previous years' actuals. Of course, the actuals are there, but the

government does not have the most updated figures that would come from a budget. We can say that we made the hard commitments. When we made a commitment to sell 51 per cent of Western Power, we knew that it would not be a particularly popular move. The political commentators all said that if we wanted to put that into our program, we should have done it straight after the 2013 election when we had capital to burn. However, it would reduce the debt by \$8 billion. The state government has the advantage that the private sector will then also have to put in 51 per cent of the repairs and maintenance on the existing lines. Of course, in the government's existing budget, there is no accounting for the extra \$5 billion that it will spend. There is always a reluctance and fear around selling government assets that I do not fully understand. The Commonwealth Bank, Qantas and Commonwealth Serum Laboratories were federal government assets that the former Hawke–Keating governments were quite happy to sell.

After the proposed sale of 51 per cent of Western Power, we projected that our debt would be \$29 billion. I think this government should do what Paul Keating did. I was trying to find the quote, but I could not. Keating made a famous statement one day when he said that people can do a triple backwards somersault with pike, but that it is just a bit difficult to carry off. I cannot remember which one of Paul Keating's great changes of mind was involved when he talked about his triple backwards somersault, but I think in 10 years' time there is a pretty good possibility that the Western Power wires will be worth absolutely nothing. This government now has this opportunity, and I suggest that its triple backwards somersault with pike would be to commit to a full sale of Western Power. The situation is a bit like when John Howard sold Telstra. He was actually accused by the then opposition of getting too much money for it. The asset of Telstra that provided the river of gold, if you like, was copper wires; the copper wires are now obsolete. If they were put on the market, the seller probably would not get very much for them.

Another famous river of gold was the advertising revenue from Fairfax newspapers. That is why Fairfax was valued so highly; that enabled it to carry a very heavy cost structure. There are now a couple of American vulture funds circling Fairfax, because the river of gold has disappeared with the advent of the internet. They are now just a couple of fairly average titles.

I will put a question to the Treasurer. During the recent election campaign, in my seat of Geraldton the ALP suggested that the Liberal government would sell the port of Geraldton. I will put this on notice: Treasurer, do you intend to sell the port of Geraldton?

Mr B.S. Wyatt: Sorry?

Mr I.C. BLAYNEY: Do you intend to sell the port of Geraldton?

Mr B.S. Wyatt: I have not even thought about it, I must admit, but it is —

Mr R.H. Cook: Are you offering to buy it?

Mr I.C. BLAYNEY: The story around is that the regional ports are for sale. I cannot for one moment understand why the Treasurer would want to sell the regional ports without selling a lease over Fremantle, and I cannot understand the other rumour around that the Treasurer is going to sell Horizon Power without considering selling Western Power.

Mr B.S. Wyatt: There are rumours everywhere!

Mr I.C. BLAYNEY: It is worth restating the case of the peculiarity of the goods and services tax share and how it works with the lag effect. Earlier today a few other people said that there had been a big increase in income in the last years of the last Labor government, which is true. Because GST has a lag effect, effectively the money comes in later. We had it in reverse: the money kept flowing in from royalties, and the income had dropped. In the case of the last Labor government, the GST money stayed up and the royalties came up with it. That government was in a much more comfortable position than our government, because we copped the exact opposite. Members are aware that the other peculiarity of the Western Australian economy is that at the peak 23 per cent of our state's income was coming from one commodity—iron ore. It is always very dangerous to have one commodity be so important within an economy.

If I was asked about the greatest achievement of the two Barnett governments, I would say that our government did more in the regions than any government ever did, and we coped with a massive expansion in our resources industry and our population. It is worth stating that WA had a population increase equivalent to the population of Tasmania, every student had a classroom and a teacher, the hospital system coped, and our police ranks remained full. Our teachers, police and medical staff are the best paid in the country, and we maintained all our frontline services. Understandably in a resources boom, we had to spend to do it. But we made the choice that we would spend the extra money because it was important to us that, for example, our hospitals continued to work, and that our kids could all go to school.

Another thought occurred to me. We again have some One Nation members in the Parliament. Elements of this proposal to increase the line of credit by \$11 billion remind me a bit of Pauline Hanson's Easytax that she took to a federal election some time back. It was extremely poor financial policy, and no-one could even quite understand

how it worked. I think there are elements of that in this expectation of increasing the line of credit without a current budget and without saying what measures will be taken to address the debt.

It also reminds me of another famous event in Australian political history: Paul Keating again and the famous GST election. In that case Keating said, “I can give you the same tax cuts without the GST.” Of course, in the following budget he lifted all indirect taxes massively to cover that cost. So, yes, he could give the income tax cuts without the GST, but he just neglected to mention that he was going to massively increase other indirect taxes to do it. I think we are in that situation here again. I think it is deceptive, and I think the Liberal Party is offering the government the best policy: a small increase—it is still \$5 billion—in comparison, and put down two budgets and then come back and see exactly how much is wanted. I go back to the point I made first: I think a lot of Western Australia’s problems would be solved if the first thing the government did was to sell off 100 per cent of Western Power.

MR Z.R.F. KIRKUP (Dawesville) [7.46 pm]: I rise this evening to add to the contributions of members on this side of the house on the Loan Bill 2017. The election result might not have gone exactly how the Liberal Party and its members would have hoped; the Labor Party won emphatically, and we need to respect the outcome and mandate the new government has to get on with the job and govern for all Western Australians. That is exactly what this Loan Bill is about.

As part of that emphatic victory I am pleased to be working so closely with the members for Mandurah and Murray–Wellington to continue to deliver great outcomes for the Peel region. Although we are not on the same side in this house, I think it important for the Premier to be held to account for his statement that he would govern on behalf of all Western Australians. He made that statement in the first week after his election to high office.

Many members have spoken about the overall nature of the \$11 billion Loan Bill. Many on this side of the house, me included, have concerns about the quantum and nature in the out years; however, that being said, I think it is important to talk about what those forecast borrowed funds will actually be used for. We need to talk about the local outcomes that will be generated from this general government expenditure. As such, I think it prudent to take some time, if the Premier is serious about governing for all Western Australians, to highlight some of the commitments made by the Liberal Party, which has a clear mandate in the district of Dawesville that I hope to see funded in the upcoming state budget.

First and foremost is that the Liberal Party made a commitment to fund the shark eco barrier in Falcon Bay. We in this place know that sharks are a significant concern for our community and provoke a lot of fear and anxiety. This issue was raised with me in the very early days of my time as a candidate for the district of Dawesville. In response we started a petition that was signed by hundreds of people in the community. It was with overwhelming support in November and January that we had the member for Cottesloe, as the twenty-ninth Premier of Western Australia, visit Falcon Bay to, firstly, listen to the community, and, secondly, commit to a new eco barrier for Falcon. I am pleased to report to this house that last weekend the Minister for Fisheries announced that the Falcon Bay shark barrier—a Liberal Party election commitment—would be funded. It is a great outcome for our community, and I would formally like to thank the Minister for Fisheries for his commitment, and the government for its commitment to protect Western Australians in Falcon Bay. I think it is important to acknowledge a number of community members for their support for this project in helping us get it off the ground: Rick Gerring, Matt Wilson, Nick Jenkins and Lee Bradshaw, as well as the 500-odd residents who signed my petition, particularly the members of the Mandurah Boardriders Association, the largest surfing and bodyboard-riding association in Western Australia. My thanks also to the City of Mandurah for its support in helping to get this project off the ground. This is an example of a local Liberal Party commitment being funded out of the proceeds that will no doubt come from the Loan Bill that we are speaking to tonight.

However, I hope that a number of the other Liberal Party commitments that were made in the district of Dawesville will also be funded by the government—in a similar fashion to the shark barrier—as part of the \$11 billion that is being sought in this Loan Bill. These commitments include the upgrading of Mandurah Police Station, a commitment that was announced by the former Minister for Police and now Deputy Leader of the Opposition, which will see an additional 100 police officers based out of Mandurah Police Station and address the big concern in the community about crime.

Another commitment that was made by the Liberal Party was to implement a buyout of some of the commercial fishing licences of operators on the Peel–Harvey estuary. This is an important ecological issue for our region. A lot of communities rely heavily on the estuary. Many of those communities are in the districts of Murray–Wellington and Mandurah. This has universal support from members of the recreational fishing community and professional fishers. It will also have no impact on net debt and on the operating expenditure of the Department of Fisheries. The benefit will be significant for these two important groups, which prior to the election campaign had never come to the table together to talk about a voluntary buyout scheme of fishing licences and discuss the future of their industries.

I now want to address some of the other concerns in the community. Many of the people who no longer want to swim because of sharks also want a skate park in the region. During the election campaign, I made a commitment that I would fight to get a new skate park built in Falcon. The skate park is incredibly popular, and I was pleased to host the then Minister for Regional Development, the member for Warren–Blackwood, in my district during the election campaign. I think I was the only Liberal candidate who campaigned along with a National Party minister during the election campaign. The former Minister for Regional Development was very much in support of an upgrade to the Falcon skate park through the use of royalties for regions. That project is very important, and I hope to see that funded by the new Minister for Regional Development as part of the upcoming state budget.

Finally, I also made a commitment that I will fight to get a new estuary bridge built sooner rather than later. I know that is very close to the heart of the member for Mandurah, and he has spoken a couple of times in this place, and certainly he has asked many parliamentary questions, about the future of that bridge. It is an expensive project, but it is important to both our communities to see that bridge built sooner rather than later.

Dr M.D. Nahan: Is this the Mandurah bridge?

Mr D.A. Templeman: No. This is the new estuary bridge.

Mr Z.R.F. KIRKUP: This is the new old bridge. There is also a new new bridge!

Dr M.D. Nahan: He wants another bridge!

Mr Z.R.F. KIRKUP: Yes, a new bridge—\$18 million.

Several members interjected.

Mr Z.R.F. KIRKUP: A bridge too far! Right!

I may be new to this place, but I am not naive. I realise that because I am not in a Labor-held seat, it will take a lot of work to get these projects funded.

Several members interjected.

Mr Z.R.F. KIRKUP: Madam Acting Speaker!

Mr D.A. Templeman interjected.

The ACTING SPEAKER (Ms S.E. Winton): Member for Mandurah, settle down! Let us get on with this.

Mr Z.R.F. KIRKUP: Just like with the shark barrier in Falcon, I will work hard to ensure that we action these commitments on behalf of the community that I represent.

Importantly, one of the reasons we are being asked to vote on this Loan Bill is because during the election campaign, the Labor Party made commitments to the people of Western Australia worth billions of dollars. In the Peel region, a fantastic document was produced by the Labor Party. The document was 32 pages long, and it was called the “WA Labor Plan for Peel”. Mark McGowan, the now thirtieth Premier of Western Australia, called it a fresh approach with fresh ideas. The now Leader of the House, the member for Mandurah, made the comment in the *Mandurah Mail* that he wanted this plan to put a shine on the Peel region. As part of putting a shine on the Peel region, a number of projects were committed to by the Labor Party. Although we are being asked to vote on the Loan Bill—which we on this side will not stand in the way of—I want to remind members of the government of some of these projects, which we hope to see funded in the upcoming budget.

Another headline commitment that was made by the Labor Party for our region was a \$10 million redevelopment of the Mandurah eastern foreshore. This is to build on the iconic Mandurah foreshore to support tourism and local jobs. That project will be implemented, if it is funded in the upcoming budget, by the City of Mandurah, which did an excellent job on the first stage of the foreshore redevelopment. This project will help enrich our beautiful waterfront and showcase the estuary and the city of Mandurah. It will put a shine, as the member for Mandurah would say, on the Peel region. I understand, after discussing this issue with the City of Mandurah, that it will help create many local jobs in our community, which is something that I support and want to see happen.

Another Labor Party commitment, although not specific to the Peel but included in Labor’s plan for Peel, is the commitment to spend \$425 million over five years, I think it was, to promote and showcase Western Australia and, importantly, the Mandurah foreshore, our surfing beaches, Ravenswood, and the forests and waterways of the Peel region. This will be a significant boost not only for local tourism but also for small businesses in the Peel region, and I hope it will be supported by the state government in the upcoming budget.

The Labor Party also made a \$20 million commitment for a multistorey car park at Mandurah Train Station designed to encourage more people to use public transport, and to create local jobs. The car park has been spoken about for some time. I think it was first mooted during the by-election for the federal seat of Canning. It has been spoken about because it is sorely needed. I went to Mandurah station during the election campaign and spoke to people who wanted to get on the train but were struggling to find a car park. My fiancée is one of those people. She takes the train to Perth every day. People come from as far south as Lake Clifton to get on the train. It is important to make sure they can get a car park and get on the train as easily as possible.

Mr B. Urban: And from Darling Range.

Mr Z.R.F. KIRKUP: And from Darling Range—absolutely,

Mr J.E. McGrath: They come from Lake Clifton to Mandurah?

Mr Z.R.F. KIRKUP: They do, member for South Perth. I am pleased that the Leader of the House and member for Mandurah committed \$20 million during the election campaign for that project. It is something that I fully support. I hope that with the passage of this Loan Bill, which covers the forward estimates, those funds will be allocated so that work can start as soon as possible to get this project off the ground and to get locals into the construction jobs that are sorely needed in our community. The base of our local economy is not diversified enough. We need greater diversification to encourage new industry to come to the Peel region. Again, I am pleased that Labor's plan for Peel includes a \$4.5 million regional new industries fund to provide grants to support and accelerate new and emerging businesses in the start-up and gaming sectors, which will create jobs in the burgeoning —

Several members interjected.

Mr Z.R.F. KIRKUP: Madam Acting Speaker!

Several members interjected.

Point of Order

Mr S.K. L'ESTRANGE: Madam Acting Speaker, as we have heard said by the Speaker, a wall of noise is starting to develop, so could you offer some protection to the member on his feet?

The ACTING SPEAKER: Thank you, members. Could members please settle down, stop the interjections and let the member for Dawesville continue.

Debate Resumed

Mr Z.R.F. KIRKUP: It is important for all members in this house to recognise the commitments made by the Labor Party to ensure that this government is held to account in the upcoming state budget and in this Loan Bill for which we have been asked to vote. As I said in my inaugural speech, as part of the diversification of my region it is important that we support new and emerging technologies and ensure that this government has a flexible legislative environment in which start-ups can take hold in Western Australia and flourish.

Mr D.A. Templeman: Member, will you take an interjection from your very good friend the member for Mandurah?

Mr Z.R.F. KIRKUP: Sure, member for Mandurah.

Mr D.A. Templeman: Yes. You must have been disappointed that the federal government did not allocate the \$19 million that was requested as part of the Peel business park project. You must have been disappointed, as I was.

Mr Z.R.F. KIRKUP: As I understand it, member for Mandurah, that is still under active consideration.

Mr D.A. Templeman: We've heard that before!

Mr Z.R.F. KIRKUP: Indeed, but I am confident that the federal member for Canning will get a good result.

Mr D.A. Templeman: I hope so!

Mr Z.R.F. KIRKUP: I hope so, too.

Mr D.A. Templeman: Because a lot of love was shared!

Mr Z.R.F. KIRKUP: A lot of love, member for Mandurah!

Several members interjected.

The ACTING SPEAKER: Thank you, members. I am feeling the love up here too, but let us just enjoy the speech in silence please.

Mr Z.R.F. KIRKUP: So far —

Ms J.M. Freeman interjected.

The ACTING SPEAKER: Member for Mirrabooka, please.

Mr Z.R.F. KIRKUP: So far, as part of the Labor Party's plan for Peel, \$4.25 million is set aside for the promotion of regional tourism, \$4.5 million is set aside for the regional new industries fund, and \$20 million is set aside for the multistorey car park at Mandurah station, a not insignificant commitment so far. But the Labor Party's plan for Peel does not stop there. Importantly, there was a bipartisan commitment to the Peel region during the election campaign to fund the Peel Youth Medical Service health hub. PYMS is an important community development that saw \$4.99 million go towards the development of a youth health hub to help support and care for at-risk young

people in our community. The work of GP down south and PYMS need to be recognised in this place. I unite with the members for Mandurah and Murray–Wellington to applaud the efforts of Eleanor Britton, in particular, from GP down south for getting this project off the ground.

Mr B. Urban interjected.

Mr Z.R.F. KIRKUP: Sure. I do. The member is so new to this place.

This facility is vitally needed. The young people in our community are feeling the brunt of the pain of this economic downturn. As many members in this house would be aware, we have had a spate of youth suicides in the Peel region. A bipartisan commitment of \$4.99 million to help develop this health hub is sorely needed. I truly hope that this is included in the upcoming state budget with funding this financial year so that development of the health hub will occur, which is sorely needed. I truly hope that this is included in the budget with funding this financial year so that GP down south and PYMS can turn the sod and get this building underway as soon as possible. In addition to the \$4.99 million commitment made by the Labor Party in its Plan for Peel, \$400 000 was also set aside for GP down south to deliver the 3 Tier Youth Mental Health program, which would again provide services for those young people at risk in our region. A number of smaller commitments were also made by the Labor Party, which I expect to see funded in this upcoming state budget; indeed, so do the residents in the district of Murray–Wellington. We hope to see them built and funded quickly for the benefit of all in our region.

Smaller commitments made by the Labor Party in its Plan for Peel included \$2.5 million towards developing a shared sports facility at Lakelands Senior High School in the district of Mandurah and \$100 000 to repair and upgrade facilities at Pat Thomas House. I have already met with the team at Pat Thomas House and hope to leverage this funding that I expect to come from the state government and also use my private sector experience to try to find some cheaper facilities to get the upgrades underway. The Labor Party also committed \$1 million over four years to Allambee Counselling. Nicole Lambert and her team do amazing things in our community. Its counselling services, which I visited during the election campaign, are vital, and this commitment is so needed for our community.

The sum of \$50 000 was pledged by the Labor Party in its plan for Peel for Midway Community Care and also \$50 000 for Peel Community Kitchen. It does not stop there. The Labor Party's plan for Peel also includes \$350 000 to fund and install additional closed-circuit television cameras in and around Mandurah's war memorial.

Dr M.D. Nahan: Is there no end to this?

Mr Z.R.F. KIRKUP: There is no end, Leader of the Opposition. A total of \$100 000 was set aside for the development of the Pinjarra town centre and \$100 000 to upgrade facilities as part of the Dwellingup town square redevelopment. A total of \$100 000 was committed for a minibus to be used by the Shire of Murray; \$50 000 for repairs and upgrades at Preston Beach community hall; \$100 000 for the Waroona community men's shed to repair and upgrade its facilities; and \$20 000 for the Peel–Harvey Catchment Council to assist in catchment management projects.

Mrs L.M. Harvey: You're so lucky. They only promised to cut staff in my electorate.

Mr Z.R.F. KIRKUP: We are. Can we get Patrick Gorman down here? He can sign it off.

A total of \$10 000 has been set aside for the Peel Preservation Group to assist in its work to preserve the Peel environment. A total of \$1.5 million has been committed to develop a comprehensive estuary protection plan that creates an integrated approach towards catchment management and rehabilitation projects in the Peel–Harvey estuary. A commitment was also made by the Labor Party, although funding was not allocated, to employ an additional officer at the Peel Development Commission to drive the process of the rehabilitation of the Peel–Harvey estuary. It does not end there.

[Member's time extended.]

Mr Z.R.F. KIRKUP: Most of these commitments were made in the districts of Mandurah and Murray–Wellington. It is as if the party office knew something when it was making these commitments because the only commitment that we have for the district of Dawesville was \$60 000 for upgrades to two fire stations.

Mr D.T. Redman: Was that in Labor's plan for Dawesville?

Mr Z.R.F. KIRKUP: There was no Labor plan for Dawesville.

Mr D.T. Redman: Was that in Labor's plan for Murray–Wellington?

Mr Z.R.F. KIRKUP: It was. A total of \$30 000 each was set aside for the southern estuary districts and Falcon fire brigades to upgrade their facilities. I am sure they are waiting for this funding, Treasurer; they cannot wait. A commitment was also made by the Dawesville Labor candidate that was not in the Plan for Peel which included \$40 000 to go towards the Mandurah Wildlife Rescue service. It is a great service and it is run by a fantastic team. Unfortunately, the Mandurah Wildlife Rescue service has already contacted me as it is unsure how it will get this funding because all inquiries made thus far suggest that the funds will not be delivered. I am keen to find out as

part of this Loan Bill process and the upcoming budget whether the Mandurah Wildlife Rescue service will get its \$40 000.

Mr B. Urban: Are you going to match the funds?

Mr Z.R.F. KIRKUP: I hope so, member for Darling Range.

There were also a number of uncounted election commitments in the Labor Party Plan for Peel—commitments that did not have a dollar figure attached to them. They were extensive and included the construction of an urgent care clinic, which we built in the Peel region to support the Peel Health Campus emergency department, and a commitment to continue to invest in Nambeelup, which is something that the member for Mandurah was speaking with me about earlier, to ensure that this business park in the Peel region would develop and ensure that we attract more business and industry to our region. For those in this place who are unaware, Nambeelup is about 20 minutes east of Mandurah. It was planned by the previous Liberal–National government, announced by the twenty-ninth Premier, I think, and the former Minister for Regional Development to become an industrial precinct to serve the Peel region. This plan should see around 30 000 jobs created by 2030 and will inject \$1 billion into the local economy on fruition. I am really pleased that as part of the Labor Plan for Peel, at a time when our economy is in a downturn, the Labor Party has committed to supporting this vital precinct.

Mr J.N. Carey: “This paper is authorised by P. Gorman.”

Mr Z.R.F. KIRKUP: That is right. Thank you, member for Perth.

As you can see, Madam Deputy Speaker, the Labor Party plan had quite an extensive commitment to the Peel region. The Plan for Peel covered a range of areas that are vital and important to our community. On my analysis, around \$45.9 million has been set aside for these election commitments in the Peel region. We will call it \$46 million.

Mr B. Urban: And Darling Range.

Mr Z.R.F. KIRKUP: Indeed—and Darling Range. We should not include the uncosted commitments like an officer for the Peel Development Commission and an urgent care clinic. This clearly substantial figure has yielded good results for the Labor Party. We saw the new member for Murray–Wellington elected and the return of the member for Mandurah with what I think is the largest margin he has ever had. It is very clear and it should be clear to all in this place that the Labor Party has a mandate in our region. It has nearly \$50 million worth of commitments to the Peel. I am in support of seeing those rolled out as soon as possible in this upcoming state budget to ensure that we address the pressing issues in our communities. There are many projects and organisations like the Peel Youth Medical Service, the Peel Community Kitchen and those vital infrastructure projects like the Mandurah train station, which need funding in this financial year to have a great impact on our community. I hope they are included in this year’s budget because if they are not, I suspect that the future does not look good for these commitments. In my experience —

Ms J.M. Freeman interjected.

Mr Z.R.F. KIRKUP: That is right, member for Mirrabooka. In all my experience, I know that new things come along and there are new pressing issues for governments to address. I fear that if this nearly \$46 million worth of commitments are not funded and if the Treasurer does not acknowledge these commitments now as part of this debate and in this year’s budget, they will be added to Labor’s list of broken promises and, more importantly, I suspect the Labor Party will once again break the hearts and trust of the people of Peel.

MR P.J. RUNDLE (Roe) [8.10 pm]: I look forward to having a few words about our very light Loan Bill 2017. I note the comments earlier today of the member for Carine that, with a flimsy one-and-a-half-pager, we are expected to approve an \$11 billion loan bill. That concerns me, as the member for Geraldton pointed out earlier on, coming from a farming background. We are expected to do a farm budget, in which we look at all of our input costs and expected revenues and then organise a financial approach to it. It seems to me that the previous Liberal–National government was much more methodical. It produced four bills during its last term of government, with the last being for \$1.7 billion. To me, that is a much more measured approach. I am concerned about how the \$11 billion was decided on. How can the government arrive at this figure without attaching a budget, and are we expected to wait until 7 September? The Nationals have a plan to restore the state’s bottom line that will raise \$7 billion over the forward estimates. All members know about it; they have all heard about it before. It is fair and responsible. The people of Western Australia are doing their fair share of the heavy lifting, so why cannot BHP and Rio Tinto, who are reaping the benefits of our finite resources, do their fair share?

In a previous life, I was privileged to be chairman of the Great Southern Development Commission and also, as one of the nine development commission chairs, a member of the Regional Development Council, and a member of the regional development trust. The Regional Development Council took a look at the ground-level spending emanating from the regions, and we had the dedicated royalties for regions fund with 25 per cent of the iron ore royalties. It worries me that the pre-election Labor Party announcement of the \$2.3 billion cut to the royalties for

regions program will take effect in our regions and will be unrepairable. I am concerned about the mixed messages we are receiving from our Minister for Regional Development about the development commissions. Do we have chief executive officers, and are they in the regions or in the city? What impact will they have on our regions? Combined with the effect of slashing the \$2.3 billion from the royalties for regions budget, what effect will that have? I am also concerned with the comments of the member for North Metropolitan Region about petunias, when the vital investments in health, education, telecommunications and so forth are at risk. That rhetoric concerns me that we are leading up to something that will not be able to be reversed.

Yesterday, I was on the panel for the National Seniors conference in Katanning. The Regional Development Council, when I was a member, produced what I thought was probably one of the most important regional reports that I can recall. It has led to a fantastic use of royalties for regions money. This was the “Ageing in the Bush” report. The four planks of the report were creating age-friendly communities; developing age-appropriate housing; fostering the delivery of home care; and supporting access to residential care within the regions. I quote from the report —

The State Government understands the value of older residents to regional Western Australia. They have contributed greatly to our communities over many years and they love living where they live and we want to support them to remain in their community.

I can only emphasise that it is essential that our aged people stay in their communities, close to their families and friends, and live their lives out in regional communities. Part of that scenario is the independent living units, of which there are many throughout the electorate of Roe, and throughout the agricultural regions—to name a few: Wagin, Woodanilling, Tambellup, Cranbrook, Mt Barker and Kojonup. When I go doorknocking and see how happy these aged people are in their independent living units, I understand the importance of that royalties for regions project. I know of two other projects of a similar nature in the wheatbelt and great southern regions, and I want to emphasise the importance of those to the members of our communities. Another model I want to mention is the Karinya model in Narrogin—starting at the independent living units, then flowing on to aged care, respite care and then dementia care. I cannot emphasise too much the importance of that model. It is something we can work on in years to come.

I will also mention some of the fantastic education infrastructure that the royalties for regions program has introduced over the past few years. It has seen critical improvements to many schools around the state. A couple to mention are \$10 million for the Esperance Primary School and \$14 million for the Esperance Hostel, which has attracted and retained many of our regional students, rather than seeing those families leaving, or mums living with their children from the regions and so forth. The Esperance Hostel has been a great spend of \$14 million. The Katanning Senior High School has benefited by \$2 million. I draw the attention of members to the Carnarvon K–12 school, which has been on the backburner for many years. I know that the member for Cottesloe was a strong supporter of this, along with our previous regional development minister, the member for Warren–Blackwood. We have finally had a breakthrough, and got the wheels turning. I cannot overemphasise how important it is for the new government to continue with that investment in the Carnarvon K–12 school. I also mention the information and communication technology program which, as I mentioned in my inaugural speech last week, is an absolute key to our regional students, and we need to press on with it at all costs, because it brings equity. It gives those regional students the opportunity to have something equivalent to their metropolitan counterparts.

I also draw attention to some of the royalties for regions spend in our hospitals and health services in the regions, including the likes of \$19 million at the Esperance Hospital campus; \$35 million at Narrogin Hospital, which is currently in progress; \$35 million at Katanning Hospital, currently in progress; and \$6 million at Lake Grace Hospital. These hospitals are all vital components of the health infrastructure for our smaller regional communities, let alone our larger hospitals, such as Albany, Busselton, Karratha and Kalgoorlie hospitals, which are very important to the people of those towns.

The mobile telecommunications program carried out by the previous Liberal–National government is probably one of the biggest breakthroughs that we have seen in the last eight years and includes putting in place 113 mobile towers, with many more to come. I will mention a few of the communities: Darkan, Frankland, Woodanilling and Salmon Gums. I emphasise the importance to our agricultural participants, the farmers in the regions, who rely upon that communication. Of course, they also rely on many other forms of fixed telecommunications, and also the national broadband network in times to come. I cannot emphasise enough how important telecommunications are for guidance, technology and so forth.

In conclusion, the conundrum for me is that there is no revenue source, a woeful GST distribution, \$5 billion of election promises with nothing to cover them and a loan bill of \$11 billion with no detail. I look forward to the state budget.

MR J.E. McGRATH (South Perth) [8.21 pm]: I rise to speak on the Loan Bill 2017. In doing so, I am reminded of a line from a movie I saw a long time ago titled *Cool Hand Luke*. Has anyone seen *Cool Hand Luke*? The Treasurer would remember *Cool Hand Luke*.

Several members interjected.

Mr J.E. McGrath: *Cool Hand Luke* starring Paul Newman. He was the prisoner in the prison farm in the United States. He was very difficult to deal with and whenever they went to put him in the hole, the warder, who they called the man with no eyes, because he had sunglasses on, would call all the prisoners and say, “What we have here is a failure to communicate.” It is one of the great lines of all time in motion pictures. We have a government that went to the last election in opposition with no plan to reduce debt that now wants this Parliament to support a package and pass a bill to raise \$11 billion. The government did it without even putting to the Parliament a set of forward estimates to be covered by this \$11 billion. There has been no communication!

Amazingly—I do find this amazing—the government is basing the figure of \$11 billion on the forward estimates set out by the previous government. Here we have a Labor government asking us to pass a bill to raise \$11 billion based on Liberal policy. I find that very hard to believe. The Leader of the Opposition made an offer today; I heard his speech in which he told the government that we will support it in what it wants to do and this bill can go straight through tonight if that is what the government wants, but that we think it should be reduced to \$5 billion. This will enable the government to cover the next two budgets—that is, the budget this September and the budget next May—which will take it to the end of the 2018–19 financial year. We think that that is good governance, it is good policy and it will tide over the government and enable it to fund its commitments until the end of the 2018–19 financial year. It will be interesting to hear what the Treasurer says when he gets to his feet. Obviously, he will respond to the Leader of the Opposition’s offer today.

I will not take all night because I know other members want to speak, but I want to look at some of the hits and charges foreshadowed by the government since the election on 11 March. Some were not foreshadowed by the government, but they have been listed in the media and the government has not disputed them. The first is the property levy. *The West Australian* reported on 18 May —

People with investment properties in WA would be hit with a \$270 levy under a McGowan Government plan to raise revenue and fix the Budget crisis.

... the tax will be linked to water rates and apply to tens of thousands of investment properties with a gross rental value of \$24,000 or more.

As I said before, the government has not ruled out this levy. The article continues —

“All options are being considered as part of the Budget repair process,” a spokesman for Treasurer Ben Wyatt said.

“Any announcements regarding household fees and charges will be before July 1.”

The next day, *The West Australian* declared in its editorial that if this went ahead it “would be nothing less than a new tax” and “a broken promise”. We all remember that the Premier, Hon Mark McGowan, as Leader of the Opposition, on 1 July 2016, condemned increases in household charges.

The next rise is in electricity charges. The Minister for Energy, Hon Ben Wyatt, member for Victoria Park—my neighbouring electorate—and also Treasurer, indicated that household electricity prices could have to rise by up to 15 per cent within two years as part of moves to allow people to choose which provider they buy their power from as opposed to the current arrangement in which people have no option but to buy from Synergy. I think that that is good policy, but I remember that during the last election campaign—of course, many of our members have mentioned this because it was a huge issue in which way the election went—Labor was totally committed to its campaign of opposing the proposed sale of Western Power. Labor told people in my electorate that. People came to me and said, “You can’t sell Western Power because prices are gonna go up.” I am not sure whether they voted for Labor, but they were told that if they voted Liberal and Western Power was privatised, the price of electricity would go up. Now, the new government will have to tell people that the price of electricity is going up and it could be going up by 15 per cent. We think that that was a scare campaign during the election. It was very effective. I found it very hard to convince people, especially some of my older constituents, that the price of electricity would not go up if we privatised Western Power. The truth of the matter is that the longer we do nothing about Western Power, it will be worth less and less. The opposition, like the former government, supports full contestability in the power market as the best way to achieve the best value for Western Australians. However, the Premier’s claim that this necessarily involves a massive price rise is unfounded.

We believe the government should be looking to drive further savings within Synergy to reach parity pricing rather than simply burdening customers with higher electricity prices at a time when many families are already struggling. We all know that out there in the community there are tough times. There is a lot of unemployment and people are doing it tough. We say that an increase in power prices above inflation is a grab by the government to pay for its \$5 billion in election promises. The government went to the election with \$5 billion of promises, but no mechanism to reduce debt.

There was also a plan for major upgrades to school facilities. On 23 May 2017, *The West Australian* reported on the Department of Education's building inspection and assessment program, which was started in our term of government. That building inspection and assessment program identified the need to replace or repair ceilings in a number of schools following a series of incidents.

The former Liberal–National government took very seriously the Department of Education's appraisal of the required upgrades for various schools, and we initiated a plan to perform major upgrades to high schools around the state. These were schools that were built before 1985; the upgrades were going to be funded by the partial sale of Western Power. I think it was a fantastic commitment for the future. The sale of Western Power would wipe out \$8 billion of Western Power debt, but would also bring an estimated \$3 billion to the general government revenue account. On that note, yes, a loan bill would still be necessary at this point in time if we had retained government, but it would not have been anywhere near an authorisation to borrow up to \$11 billion.

As part of these considerations in the lead-up to the 2017 state election, the former Liberal–National government committed to funding of \$20 million each to two schools in my electorate. Unlike the member for Dawesville, I had nothing offered to my electorate by the now government. It did not even offer to do Manning Road, which is a great piece of infrastructure; but, by some quirk of fate, the government is now going to do it for me, and I am so grateful!

Mr S.K. L'Estrange interjected.

Mr J.E. McGRATH: It has not taken a high school off me.

I hope the Treasurer will come across the border with the Minister for Transport to open the new Manning Road ramp, hopefully during this term of government. I am sure it was something that was forced on them a bit by the federal government, because it put up \$20 million, which meant that the state government had to put up \$15 million. We went to the last election saying that we would put up the \$15 million; that was our election commitment. Good luck to the government —

Mr P. Papalia interjected.

Mr J.E. McGRATH: No, \$20 million for each school, including the school that used to be in the electorate of Victoria Park. I hope the Treasurer will look very kindly on my two high schools, one of which has always been in his electorate—Kent Street Senior High School, a school that is very close to his heart—and the other of which is Como Secondary College, which is another fine establishment. They are both in great need of repair. If the line of credit for \$11 billion is approved during this process, I will be approaching the Treasurer and saying, "What about a little bit over the border?" We will get some for Manning Road, but it would be nice to get a little for those schools.

I mentioned the Treasurer in a speech I made the other night. The Treasurer once mentioned to me that we should amalgamate Kent Street and Como Secondary College, and maybe build a brand-new school on the site of Curtin University. I was at a meeting with the board of Como Secondary College, and I just floated that idea with them, and they nearly threw me out of the room! There was no way they were going to look at any amalgamation, but I thought at the time that the idea was futuristic—a brand-new school to replace the two existing schools, on the campus of Curtin University. That looked quite futuristic. I believe that those school upgrades are very important. It demonstrates to me that the new government's opposition to privatisation is really going to prove costly to the people of Western Australia in one way or another.

Just quickly, another privatisation that was worked on for a long time by the previous government was the sale of the Totalisator Agency Board. Unfortunately, nothing has happened on that. The Premier has said that if we sell the TAB it will affect our AAA credit rating; I find it hard to understand how that could be the case. Certainly our Treasurer and Premier were never told that and were never given that advice by Treasury. Surely, if the TAB were to be sold, it would be money going into government coffers, but there would also be revenue coming in because whoever ended up owning or running the TAB would still be paying tax on wagering. I will be talking to the Minister for Racing and Gaming about that. I do not know what the plan is for the future of the racing industry, but I think we can all agree that if the value of the TAB is diminishing all the time, there is the proposed merger between Tabcorp and Tatts Group in the eastern states, which could have an impact on the contestability of the market if we were to sell the TAB. It is an industry that employs a lot of people. I am aware that the Minister for Racing and Gaming has already had some talks with the industry, and it is something to consider going forward. But as we see it, it would have been a privatisation that could have also assisted the government's bottom line. Our plan was to give the industry 20 per cent of any gross revenue out of the sale of the TAB. At the time we were doing the negotiations, that could have been \$100 million into an infrastructure fund. The racing industry needs something like that, but that is a discussion for another day.

In closing, the picture is quite clear: we went to the election with a plan to reduce debt. We did not win the election; we understand that. The government won the election, and congratulations to it. However, it is going to be interesting to see how this plays out and where the money that the government is going to get approval

from the Parliament to borrow is going to be invested for the infrastructure and needs of Western Australia going forward.

MR R.S. LOVE (Moore) [9.12 pm]: I was not quite ready to speak just yet, but it is best that somebody talk along the lines of this Loan Bill tonight!

The National Party basically supports the thrust of this bill because we are a responsible party and we do not want there to be any conjecture that the state might at some point not be able to pay its bills. As our spokesman for Treasury issues, the member for Warren–Blackwood, said earlier, we do not have a problem with the thrust of this bill, but we take issue with the quantum of money that is being asked for, which is \$11 billion. That is quite a nice-sounding figure—\$11 billion. I sometimes dream of winning Lotto and winning \$10 million, but \$11 billion sounds a fantastic figure of money to come to any organisation to ask for. It is a very large credit card, if you like, that is being sought, without any future reference to Parliament or the members of this house, for the Treasurer to be able to go and borrow \$11 billion. It is quite a tall order and quite frightening in its extent.

As other members in this house have already said tonight, one of the issues we face is that there seems to be a lack of transparency going forward. We have a situation in which the Treasurer comes to the Parliament to ask for money without having yet formulated a budget on the basis of an estimate that was put forward in the *Pre-election Financial Projections Statement* and does not take into account all the changes that the various parties had in mind to enact after the election. The Treasurer's party has come into government on a platform, it would seem, of having no new charges yet somehow maintaining services, paying off debt over time, and bringing the budget back into surplus. It is quite a fantastic magic pudding that must exist in that dream; unfortunately, I do not know that there is such a magic pudding anywhere in Australia.

Eleven billion dollars is a huge, huge commitment for Western Australia going forward, and I wonder how the government is actually going to repay this money. In recent times, we may have seen what might have to happen to repay this money. The Liberal Party went to the last election on a platform of the sale of Western Power. The National Party also had that sale in its book, along with a new revenue source. What did the Labor Party have when it won a majority in this house and won government? It came into this place apparently with a platform of no new charges and a very constrained approach to increasing costs and imposts on the mums and dads of Western Australia.

I am looking at the front page of Monday's *The West Australian*, which reads, "Going up: Power prices to surge." In the article the Treasurer acknowledges that he is looking to increase prices to get to "cost reflectivity"—whatever that may mean—and that that would mean increases of about 15 per cent in electricity prices. That seems to be a very large increase for a government that promised it would not be slugging Western Australian families. What did I say the increase would be? It will be a 15 per cent increase. That is quite extraordinary. I wonder what else the government has in mind. It said that it did not want to impose new charges, yet an article in *The West Australian* on Thursday, May 18, states —

People with investment properties in WA would be hit with a \$270 levy under a McGowan Government plan to raise revenue and fix the Budget crisis.

Hitting people who have the audacity to invest and to hold investment property in Western Australia is the fix for the budget, is it? Is that how the government will fix the budget? The government is going to charge small Western Australian investors, families and small business a \$270 levy. Apparently this is going to fix all our problems. This will be linked with water rates, so goodness knows what is going to happen to water rates as well. This is a new charge. We are not supposed to have new charges, but this seems to be a new charge. I ask the former Minister for Water whether there was such a charge before.

Ms M.J. Davies: No.

Mr R.S. LOVE: No. This is a new charge, is it not? I would say this is a new charge. This is a new tax. Hang on, this ABC news article from 21 February 2017 states —

WA Labor has pledged not to impose any new taxes or tax increases on West Australians if it wins government in next month's state election.

What is going on? That is a broken promise, is it not? How long has the Labor Party been in government? It has only been a few months? This is the second or third week of Parliament and we already have a broken promise. That must be a bit of a record. The article states —

Labor leader Mark McGowan made the commitment just 24 hours after announcing a tax hike on foreign investors buying property in the state.

He announced that he was not going to introduce any new taxes and then he actually introduced a new tax, and we are to believe that the government can be trusted with \$11 billion! That is quite a leap of faith. There is a whole lot in this article about other projects that were scrapped to make way for Metronet and the like, but I will not go

into all that because that is metro-centric and I do not really know very much about all that sort of stuff. I am much more interested in what is happening in the regions.

As my colleague the member for Roe outlined, he knows lots about royalties for regions. He was on a very important body that oversaw royalties for regions. As we know, royalties for regions is a statutory fund. It is supposed to represent 25 per cent of the royalties flow from Western Australia's mining industries, which is then put back into investments in the regions themselves, up to the value of about \$1 billion a year. Throughout my electorate, people who have been communicating with development commissions and with Labor parliamentarians report that the government is looking somehow to make savings in the royalties for regions program. I struggle to see how the government can make savings in a statutorily dedicated fund comprising 25 per cent of the revenue flow from royalties, with grants going back into projects that otherwise would not be funded in regional areas. Will the government put the funds back into other regional projects or where will it put them? What do members think? They will go straight back into the coffers of government for projects in the metro area. How can this government say that it is not raising new taxes and it is protecting royalties for regions projects when it is apparently actively looking for savings in royalties for regions? Where will those savings go? Will those savings go back into the regions or will they flow back into consolidated revenue? I suggest it is much more likely that those savings will go back into consolidated revenue.

I have seen reports in the media that the current Minister for Regional Development—whom I have a fair bit of respect for; she is a pretty impressive figure in some ways—lives in Perth. We have a person who lives in Perth working out what the best thing should be for regional WA—that sounds a bit familiar to Nationals, does it not? It sounds very familiar—city-based politicians who think they know what is best for regions.

Dr A.D. Buti: You've got city-based members too.

Mr R.S. LOVE: Yes.

Several members interjected.

Mr R.S. LOVE: Brendon was living in Karratha.

Dr A.D. Buti: He was living in Nedlands.

Mr R.S. LOVE: No, that is not correct. He is still living in Karratha today. That is a very unfair accusation the member for Armadale has made about someone who is a very important figure in the history of this state.

Mrs L.M. Harvey: Don't challenge Alannah!

Mr R.S. LOVE: I am not going to.

The DEPUTY SPEAKER: On that note, member, you have the floor.

Mr R.S. LOVE: I thank the Deputy Leader of the Opposition for her sage advice. I am not seeking to challenge anyone. As I said, I have a lot of respect for that minister, but she does reside in Perth and I question the ethos of a party that puts somebody who is city based in charge of regional decisions. This house alone has seven members who represent the Labor Party in the regions, including someone sitting back there from Bunbury who has been very much involved with regional development for many years. Why would the government put somebody who is not from the regions in charge of that fund if it truly believes in the benefits of regional development?

Ms M.M. Quirk interjected.

Mr R.S. LOVE: Thank you, but the member will have her say.

It is very disappointing to hear reports going around that according to the Labor Party, royalties for regions funds have been used only to grow petunias in main streets and that it has not actually been involved in real projects. I can tell members that there have been some very important projects throughout this state.

Mr V.A. Catania: You would have to go outside the metropolitan area.

Mr R.S. LOVE: Yes, indeed. The member for North West Central would know more than anyone, because his electorate was duded for many decades. The Gascoyne area, in particular, was forgotten by successive governments. It was only through royalties for regions that that has been overcome. We have a city-based government deciding what is best for royalties for regions, while at the same time seeking to make changes from a dedicated statutory fund. One-quarter of all royalties flow back into the regions. Where will the government make the savings and where will it put the savings? These are very important questions. I go back to the Labor Party's idea that royalties for regions has been used only to grow petunias. People are absolutely grateful for the changes that have happened in their communities to health, education, transport and aged care—a whole range of essential services that were completely neglected for decades. Now they are petrified that all those changes are going to be lost. The Southern Inland Health Initiative has been a hugely successful program. It was reviewed by the Auditor General and found to be successful in its aims. Stream 1 of this program is dedicated to paying incentives to attract general practitioners into regional areas where there were no general practitioners before. Prior

to that stream coming in, shires were spending hundreds of thousands of dollars of ratepayers' money—very scarce ratepayers' funds—to attract doctors to their town, often in competition with each other, because there is a limited pool of doctors who will go to the regions and practice. At the end of June, that stream will cease to be and many people throughout regional WA are very concerned that the Southern Inland Health Initiative and other streams will come to an end. They need a decision of government to reinforce and continue their great work in the regions. They are very concerned that that is coming to an end.

That will mean a situation like I am dealing with in the town of Kalbarri. It has had no dedicated local GP for many, many months. Kalbarri has a population of 1 500 people and the resident population swells to probably 8 000 to 10 000 people in holiday periods. There is no GP. Through the Southern Inland Health Initiative and the close on-call incentives that were made available, Kalbarri was able to attract a GP who had just committed to the town. I have now learnt there is a threat to that stream of funding and that person may not stay there. Can members imagine the despair of a community that is 570 kilometres north of Perth and 160 kays out of Geraldton? It is a fairly isolated town. I know members probably know Kalbarri. They probably think it is a lovely place to go. I was up there yesterday. I can tell members it is a fair haul from Kalbarri to get here to Parliament; I know because I drove it very recently. It is very, very worrying indeed that those people do not have a dedicated doctor in their town. Back in March, just prior to the election, there was a town meeting about this very issue and hundreds of people showed up to express their concerns. My concern is that this prevarication over the future of royalties for regions is leaving great uncertainty in not just that program, but also other programs. My electorate has a very important health program in a coastal strip from Wanneroo up to about Dongara where there are no medical facilities. There are very few doctors and the population is both growing and ageing. Just prior to the cessation of the former government's term, through the cabinet, the Minister for Health and the Minister for Regional Development, that government approved a scheme for royalties for regions money to be spent to improve health services in the area. There is now great uncertainty about whether that program will go ahead. It is serious stuff; it is serious to those people. It is not growing petunias. I have lived in the regions for decades. Apart from a bit of time at university here in Perth, I have spent pretty well all my life in regional areas. I know that these issues are absolutely important to people.

The previous government approved aged-care facilities but communities are now uncertain whether they will go ahead. The ability of an older person to live in the community they have lived in all their lives is something that other people take for granted. Members have to understand that it is a very, very long way for some of these people to go to live in a larger centre to get the services they need when they have lived all their lives in a regional area. The program that was put in place under royalties for regions provided a vehicle for people throughout the wheatbelt, the midwest and many other areas in the state to stay in their communities, within their districts and within the regions. Now, because of some prevarication and idea about repurposing royalties for regions funding, all of it is up in the air. I think it is an aberration of the whole Westminster system. The cabinet of Western Australia, regardless of whether it was Liberal, National or Labor, approved an expenditure. The ministers commissioned by the Crown approved an expenditure. We now hear that the whole thing is up in the air because the director general of the Department of Regional Development and the director general of some other department that might be involved have not signed a financial assistance agreement. That is just the mechanics behind the decision. The decision was already made and it should be respected.

What happened with Roe 8 is that the Labor Party won the election and made a change. I know many members do not support the change it made but it had a mandate to do it. However, I did not hear the Labor Party going around the regions saying that it would not build aged-care facilities, commit to the Southern Inland Health Initiative, commit to the Turquoise Coast Health Initiative or various education programs and small grants that the previous government made. They were approved by the Minister for Regional Development and, if necessary, the cabinet. I heard nothing about them. I heard about Roe 8, but I did not hear about the rest of the stuff the Labor government was going to backtrack on. The legislation states that royalties for regions, a statutory fund, is to be spent in regional Western Australia. There are no savings for the government to make unless it repurposes the funds and goes against the spirit of the whole royalties for regions program, spending on programs that would otherwise have been funded.

Out of the Australian Labor Party's 41 members in this place, there are seven regional members. There are many, many new members and I think the member for North West Central outlined their plight. There is no doubt that some of them will not be coming back.

Several members interjected.

Mr R.S. LOVE: I am sorry! I am sure that they are all very nice people, but I am also very sure that some of them will not be coming back! I say to the seven members who represent regional Western Australia: spend these four years wisely!

Several members interjected.

[Member's time extended.]

Mr R.S. LOVE: I am sorry. One of the problems of farming for 30-odd years is you go a bit deaf so when members all talk, I cannot hear any of them—one at a time or not at all! All you guys out the back here—you are mainly at the back, but the member for Armadale is out the back as well, but he is not regional —

Dr A.D. Buti: Armadale is pretty regional! There are kangaroos out there!

Mr R.S. LOVE: To the rest of you: spend your four years very wisely.

Several members interjected.

The DEPUTY SPEAKER: Member for Armadale —

Dr A.D. Buti interjected.

The DEPUTY SPEAKER: Member for Armadale!

Dr A.D. Buti interjected.

The DEPUTY SPEAKER: Member for Armadale, I call you to order for the first time. I have warned you.

Dr A.D. Buti interjected.

The DEPUTY SPEAKER: Member for Armadale, I have called you.

Mr R.S. LOVE: For the record, Armadale is a lovely suburb. I think it is a great pity it does not have that pioneer village out there anymore. I thought that was a great asset to Western Australia!

Several members interjected.

Mr R.S. LOVE: It is still there, is it? I thought it was gone! It was closed when I last went there.

Dr A.D. Buti interjected.

Mr R.S. LOVE: Right; okay—very good. I thank the member for Armadale for his interjections, but he has thrown me right off! I want to talk about a whole lot of other stuff.

Regarding Western Power, when the Liberal Party went to the election, it wanted to sell Western Power. The National Party agreed to sell Western Power.

Several members interjected.

Mr R.S. LOVE: Hear me out. In my electorate, in the election period, I thought the gods and Western Power were conspiring to have me thrown out of office because pretty well right through last summer, most of the communities in the midwest that I represent went without power. Some went without power for very long periods indeed.

Mr J.N. Carey interjected.

Mr R.S. LOVE: They are, indeed, coming to the view that the current system does not serve them well. A dedicated fund was to be put towards finding end-of-grid solutions if Western Power was sold. When we say “end-of-grid solutions”, we are talking about towns at the end of feeder lines that do not do much else except go to that town. Thanks very much to the former Minister for Energy, the current Leader of the Opposition, for his assistance in setting up a micro-grid program in Kalbarri. The program tried to island the town of Kalbarri and prevent it from undergoing the disastrous situation it went through in 2014 when the tourism industry pretty well lost its reputation. People were there in a very hot summer and, for a variety of reasons, the power was on and off for weeks. People left town and the motels, caravan parks and all the businesses in town suffered huge financial losses. This was all because power could not be provided in a reliable manner. This is not a criticism of any of Western Power’s people on the ground. It is just a fact of life that the system that pumps power, basically from Collie all the way around the south west of Western Australia into the midwest and out to isolated farms and isolated towns like Kalbarri, Mullewa and Perenjori, is inherently risky. We sought to address that risk and how to overcome some of that risk.

Last Friday, I was up at Perenjori for the dedication of a battery storage system. The current Minister for Energy was there. I thank him very much for coming and saying nice things to the people of Perenjori. It was very reassuring.

Dr M.D. Nahan: We committed to it.

Mr R.S. LOVE: I know the former minister was also very heavily involved in getting the project underway. I thank the former and current Ministers for Energy—one for starting it and one for coming along and opening it—as well as for understanding the situation people are in in those areas. We need more of that sort of thing, and we need to be able to innovate. My concern is that once we lock down that the state owns Western Power, the incentive to innovate and change will be lost altogether and we will go back to a business-as-usual model that really does not serve my electorate very well.

My electorate has areas where farm rationalisation has occurred—areas where there might have been farms that were 2 000 or 3 000 acres that are now 30 000 acres. I have people complaining because their farms have live energised lines running to houses that they own but have pulled down and are never going to use again, but they cannot get rid of the lines. That is interfering with their farming programs and adding to the burden Western Power has on its books, but those people have been told that there is no capital to pull the line out.

Things change. What were great things back in the 1950s, 1960s or 1970s to bring power, modernisation and the twentieth century to people who had been relying on kerosene lamps or 32-volt generators or whatever for many years are now in the past. I have a little block not far into my electorate, just up the road in Chittering. It is a bit far from the green thing that Western Power provided on the edge of the property. To bring the power up to where we want to put the house is actually more expensive than to put in a standalone solar battery with a bit of a generator backup system. We are certainly not going to invest in Western Power in the future. I think that is the way of the future. I want to see a system in place whereby we can continue to allow innovation to occur. I do not want to see a system whereby Western Power is locked into providing to areas that do not really want the power anymore in the way it was provided before.

The other benefit of the sale of Western Power would have been that it would have unlocked money for asset recycling. Although that is not part of the general government debt, it would have helped the net debt situation. The sale of Western Power would probably not have totally done away with the need to borrow \$11 billion, but it would have helped. It would have helped because the program the government wants to prosecute in the future would have been partly funded by the sale of Western Power.

That is not happening. The current government is looking at a situation whereby pretty well its only revenue sources are to go back to the poor old small businesses, the farmers and the families in Western Australia and ask them to contribute more. That is a bit unfortunate. The Nationals, as we know, went to the last election with a plan that at least recognised the need for a fresh revenue source, and that there was a need for a fresh approach to break the deadlock on the GST discussion with Canberra. Everybody in Western Australia agrees that the GST distribution is unfair. How do we break the deadlock? At the moment there is an inquiry underway. That is great, but we are going broke in the meantime. We need solutions; we do not need inquiries. We need action.

The former Leader of the National Party came to a few events in my electorate during the election campaign and explained to people very well exactly what the Nationals' proposal was all about. He said to people that we really need a new revenue source because of the cost to this state of providing for the expansion of the background to the mining industry. We provided for all that from our own funds, and we need some extra funds back to make that work. I know that is not very popular with members opposite; they seem to be very, very close with some of those mining interests. The retort of the Premier every time this question is asked in question time and every time the Leader of the National Party reminds him of the situation with that \$7.2 billion that would have been available is: "Why do you hate mining?" We do not hate mining. But my response to that would be: "Why do you hate average Western Australians? Why do you want to load them up with this bill?" It is just incomprehensible. That \$11 billion has to be repaid. The government is not identifying resources to pay that money back. That is why it is so worrying. There is no plan to pay any of this back, except to hit mums and dads. Because of that, the Nationals are very, very concerned about the current situation.

Amendment to Motion

Mr R.S. LOVE: I move —

That "now" be deleted and the following words be added after "time" —

only after the Treasurer agrees to amend the Loan Bill 2017 during consideration in detail to authorise the borrowing of \$3 800 000 000 for public purposes

The SPEAKER: Members, as a point of clarification, the member for Moore is proposing a reasoned amendment to this question in accordance with standing order 170, by deleting the word "now" and adding after the word "time" —

only after the Treasurer agrees to amend the Loan Bill 2017 during consideration in detail to authorise the borrowing of \$3 800 000 000 for public purposes

Therefore, the question now before the Chair is that the word to be deleted be deleted.

Mr R.S. LOVE: Do I have one minute left, or do I get fresh time to discuss the amendment?

The SPEAKER: You have one minute left.

Mr R.S. LOVE: Okay.

The government has asked for \$11 billion. I will very briefly explain that that \$3.8 billion, plus the \$7.2 billion that the Nationals' plan would have yielded to the state Treasury, would have meant that the government would really need to borrow only \$3.8 billion to fund the purposes of this state going forward. That is what we would

like to put to the government. That is the question we would like to put to the house. In the next few minutes I suspect the members of my party will outline why that is a really good idea.

MR V.A. CATANIA (North West Central) [9.07 pm]: The member for Moore has moved a very good amendment. We do not believe that this government has explored all the options available to it. The reason we say that \$3.8 billion should be the figure, and not \$11 billion, is that our policy would have raised \$7.2 billion. That would have saved the mums and dads and small businesses of Western Australia paying that \$7.2 billion. In the words of the Treasurer, everyone should pay their fair share. I say that everyone can pay their fair share, so \$3.8 billion should be the figure. That is being responsible, open and transparent: open, transparent and responsible government—something that you guys claim to be, but you have not explored all the options. The government does not want to explore all the options available to it. It is opposed to ensuring that everyone in Western Australia pays their fair share. We went to the election on a policy that would have raised \$7.2 billion, preventing government from having to tax the mums and dads.

Several members interjected.

Mr V.A. CATANIA: The new taxes that the government said it would not bring in, it has brought in. The government said that it would not raise energy costs; it has done that. Next will be water. When will it stop?

The government has four years to prove to the people of Western Australia that it is not the case that its financial plan involves taxing the mums and dads. That is its financial plan for the next four years. There are new members who are not speaking on this Loan Bill, obviously because they have been told that the government is up against time and needs to get this through. I know that. I have been there before. Members, stand up for all Western Australians! Ensure that everyone pays their fair share! This is the moment of truth for new members in this place. They are in this place to represent not only the constituency that elected them, but also all the people of Western Australia. It is an honour and privilege. That is why we say that \$3.8 billion should be the responsible figure.

Mr K.J.J. Michel interjected.

Mr V.A. CATANIA: Member for Pilbara —

Several members interjected.

The SPEAKER: Members, please let the member on his feet have his say in silence.

Mr V.A. CATANIA: Thank you for your protection, Mr Speaker, from the member for Pilbara!

Ms R. Saffioti: He beat you guys!

Mr V.A. CATANIA: As I said before, the member for Pilbara did not win. The people of the Pilbara lost. They lost the champion of regional development. The people of Western Australia lost a champion.

I think the behaviour of the Chamber of Minerals and Energy during the 2017 election campaign was a disgrace. It spent \$10 million to prevent BHP and Rio from paying their fair share. That just shows the influence it has on politicians like members opposite. Members opposite were too scared of the campaign. They have been burned before. I understand that.

Mr P. Papalia interjected.

The SPEAKER: Minister for Tourism, I call you to order for the first and second time.

Mr V.A. CATANIA: Thank you, again, for your protection, Mr Speaker. Can I just say that we are not captured by the resource sector. We will do what is in the best interests of Western Australia. Quite clearly, as the Treasurer said himself, he cannot compel Rio and BHP to pay their fair share. I disagree. We are the Parliament that represents Western Australians. We have every right to do what is in the best interests of Western Australia. We have a choice not to tax the mums and dads and to make sure that everyone pays their fair share. This amendment will ensure that the government has an alternative source from which to raise another \$7.2 billion —

Mr W.J. Johnston: It will not raise any money. The GST rips all the money out of this state.

Mr V.A. CATANIA: The minister needs to do his research before he speaks. That \$7.2 billion will remain in the coffers of Western Australia. The government has made the decision to support the federal government in taking away \$1.5 billion from the people of Western Australia, which the banks are going to charge all the people in Australia. The government supports that.

Several members interjected.

The SPEAKER: Members!

Mr W.J. Johnston interjected.

The SPEAKER: Excuse me! I am on my feet. Minister for Mines and Petroleum, I call you to order for the first time.

Mr V.A. CATANIA: One day the minister will know what it is like to really represent his constituency. The new members of Parliament may want to be smart and try to build favour with their peers, because they want to be a minister one day. They should stand up and deliver the right policy—a policy that will ensure that the mums and dads and small businesses of Western Australia do not have to pay for the broken way in which the GST operates. It is broken. The mere fact that no member opposite has the intestinal fortitude to stand up to BHP and Rio and the Chamber of Minerals and Energy —

Several members interjected.

Mr V.A. CATANIA: The member for Perth may laugh. I can tell him that the City of Perth is grinding to a halt. The mere fact that members of Parliament have been influenced by two of the biggest companies in the world I think is utterly disgraceful. They engaged in a \$10 million campaign to try to change public opinion and scare politicians. As I said, they have been scared before from taking them on, and they were too scared to try it again. I know that privately, a lot of members opposite agree.

Point of Order

Mr D.T. REDMAN: Mr Speaker, the Minister for Water just walked right past the member while he was speaking, which I thought was quite ignorant, and did not seek the support of yourself to allow him to walk past the member while he was on his feet.

The SPEAKER: Yes; it is a point of order. I missed it. But if the member wants to interrupt his own member's speech to do something like that, he is obviously not keen on his speech.

Debate Resumed

Mr V.A. CATANIA: The amendment moved by the member for Moore on behalf of the National Party is the right amendment. It is being responsible. It will ensure that there is accountability and transparency. There is no need to have an open cheque worth \$11 billion without doing a budget. The people of Western Australia do not know what the government is going to cut. However, the people of regional Western Australia know—royalties for regions and every royalties for regions project.

Mr W.J. Johnston interjected.

Mr V.A. CATANIA: You are the joke, son! If the minister comes to regional Western Australia, he will know that the people who seek —

The SPEAKER: Member, would you get back to the words to be deleted, please.

Mr V.A. CATANIA: I remember the member for Forrestfield always used to say, “Beetlejuice, Beetlejuice” whenever the member for Cannington stood up!

As I have said, the National Party has moved this amendment. This is an opportunity to do what is right. I hope all members, from all political persuasions, will stand up and represent Western Australia and send a message to the Chamber of Minerals and Energy and BHP and Rio that we will not be pushed around just because the National Party has a policy that the Labor Party does not like.

Mr D.T. REDMAN (Warren–Blackwood) [9.17 pm]: I also want to talk to the amendment moved by the member for Moore and make a couple of points. The first is the premise that state agreements should not be touched and we cannot change them without agreement. The point that the National Party is making today in this amendment is that there is an alternative option as a revenue source for the state.

Ms R. Saffioti interjected,

The SPEAKER: Minister for Transport!

Mr D.T. REDMAN: There are a couple of legacy state agreements that go back to the early 1960s that contain a clause that set a charge of 2s 6p a tonne as a special lease rental. The notion is that there is no clause in that state agreement that says it needs to come back to Parliament or is up for review, or anything that says we can go back and have a look at it.

Ms R. Saffioti interjected.

The SPEAKER: Minister for Transport, I call you to order for the first time.

Mr D.T. REDMAN: It actually questions the supremacy of Parliament. A point was made by the Auditor General, saying that we cannot shackle the decisions of Parliament.

Several members interjected.

Mr D.T. REDMAN: I will make a couple of points on this, if I can get a little bit of air time to do it. The first point is that the decision by the government to say that we do not support pursuing this as an option for a revenue source for the state assumes that we are happy for that measure to be there in 50 years' time.

Mr P. Papalia interjected.

The SPEAKER: Minister for Tourism, I call you to order for the third time.

Mr D.T. REDMAN: To not pursue the option that the Nationals have put on the table as a new revenue source says that we are happy for that to stay there in 50 years' time because there is no way the mining companies are going to walk in our door and say, "We want to pay more money. Where can we go to do that?" They are not going to do that. The notion of that is fundamentally wrong. The supremacy of Parliament and our capacity to alter those agreements is in question here.

Today the Premier made the point that there have been changes to state agreements. It is good that the member for Cottesloe is in the house now. He took up the anomaly of the charges for fines compared with lump ore. I cannot imagine that Rio Tinto and BHP walked through the then Premier's door and said, "We want to lift the rate for fines to bring it up to lump ore." They would not have done that. The member for Cottesloe took up the debate. He said, "I think this is wrong." He had a range of discussions. He brought that stuff back to cabinet and we changed it. We changed an anomaly that was sitting there in which the price of fines was easier to manage than lump ore, from what I understand. Bringing the royalty rate up for fines was only fair and reasonable. He did it.

There is no reason the Premier of this state cannot take up the debate or even have the discussion and say, "Why do you think there is an anomaly here that has not changed for 50 years?"

Mr D.J. Kelly: Why didn't you do it?

Mr D.T. REDMAN: I was not aware of it. It is not like we sit around and read the state agreements. The mining companies are not going to bring it to us. I was actually not aware of it. It is a good debate to have. It just happened to occur right at the end of our term in government. It would have been really interesting to have another couple of years up our sleeves on that one.

We did the right thing and took it to the election as the National Party. I believe it is possible to take up the debate with those mining companies to seek out a change to those agreements because I think it is fundamentally wrong. It questions the supremacy of Parliament if we do not believe that we can tackle a change to those state agreements that have been there for 50 years.

The point I am making today is that the government has some other choices. It is choosing to tackle the public servants. It is choosing to increase power prices. We have not seen an increase in water prices yet. I am sure the Minister for Water is having a discussion about what water prices are going to look like. My goodness, we are looking forward to that one! There will be new taxes, as the member for Moore highlighted. During question time and public forums, every time a minister gets rolled out to either respond to a Dorothy Dix in here or to issues out there in the public, the Labor Party is baiting up the public to some changes that are coming. Why? Because I see that the Treasurer had a little thought bubble over his head a second ago, saying, "I wish I had thought of that one" because from where he sits, he would like to see a change like that.

The government is starting to bait up the public and roll out changes that we are going to see in the budget in September this year. Even the Minister for Housing rolled out something today that was about two or three years old in state arrangements with the federal government on funds that went into remote communities—I would be a bit worried if I were the member for Kimberley sitting behind him—baiting us up to some changes that he will start rolling out in the budget because of the challenging budget circumstances that we are facing. We also see the Minister for Regional Development and review after review of all the programs that have been put in place, talking about paving bricks and petunias. I totally agree with the member for Moore: how belittling can we get for regional communities to talk about paving bricks and petunias being an investment that is not appropriate when the Mayor of the City of Vincent rolled out exactly the same issues as being fundamental to the revitalisation of the community that she was representing? I find it deplorable that the Labor Party can treat regional Western Australia with that sort of disclaimer.

Right at the core of people making decisions to live in regional Western Australia are the health services that they have. I know that the Minister for Health has probably already made decisions about some of the sky-high funding that is coming to an end in June. A decision would be needed to carry on those programs, such as doctors' incentives and some of the points made by the member for Moore. The member for Moore has moved an amendment. Clearly, we are going to lose the vote on the amendment with the extent of the numbers opposite, but we make the point that there are some other options here. We took the position that we would be prepared to support in opposition. The government is not prepared to pursue it. It questions, in my view, the whole supremacy of Parliament over state agreements, and to me it needs to be changed. Even if it is not \$5, it could be something entirely different from the agreement with mining companies. The government is making decisions every day to

support those companies and their activities. They will often come in the door and seek a change. We are saying that they need to get agreement with government. Why can we not negotiate in that environment?

Another thing that I saw going to the election that is quite interesting—I do not have my list here and I wish I had it—is the Labor Party plans for regional Western Australia. There is a plan for Albany. I am sure you are happy, Mr Speaker, that there is a Labor Party plan for Albany. I googled “Labor Party plan for Warren–Blackwood” and I could not find one.

Mr R.S. Love: Where is the one for Moore?

Mr D.T. REDMAN: I googled “Labor Party plan for Moore” and I could not find one. I googled “Labor Party plan for Central Wheatbelt” and I could not find one. I googled “Labor Party plan for Bunbury” and I found one. There is a Labor Party plan for Pilbara and one for Kimberley. I do not think there is a Labor Party plan for Dawesville. There are Labor Party plans for half the regional seats and no Labor Party plan for the other half of the regional seats. That is why the member for Moore and I both made the point that there are seven regional members of the Labor Party here; they have to go out and look their constituents in the eye. Every one has to look their constituents in the eye and tell them there is going to be a seven per cent increase in power prices. The Minister for Water will have to go out to his constituents and say something about an increase in water price that we have not seen. I am going to go back to *Hansard* and find out what he said about that.

The Labor Party, in our view, does not have a strong commitment right across regional development in regional Western Australia. We are concerned that the path that we are going down is a serious threat to royalties for regions, which has been the backbone in the shift that we have seen in the last eight and a half years that has fundamentally made a difference in regional Western Australia. We are making the point here that there is another option for the government and it is not choosing it.

MS M.J. DAVIES (Central Wheatbelt — Leader of the National Party) [9.27 pm]: I also rise to speak to the amendment. Clearly, our members have made the case over the course of the day about why we think the government is not investigating every option before it comes to this Parliament and asks for \$11 billion. It is irresponsible to ask everyday mums and dads, small businesses and pensioners to pay more when the government has not investigated every avenue. It will not even have the discussion.

Mr W.J. Johnston: We have.

Ms M.J. DAVIES: It has not. The Premier stood today in question time and said that no, the government will not have that conversation with the mining companies. He said that the government is not interested in having that discussion.

Mr W.J. Johnston interjected.

Ms M.J. DAVIES: He did not say that, member! In question time I gave him the opportunity to say whether he will sit down with the mining companies and he said that no, the government is not interested and is not going to go down that pathway, yet the government has come to this house and asked for the biggest Loan Bill in this state’s history. As other National Party members have pointed out, there will come a time when the Treasurer and other members go back to their constituencies and people start to ask, “Why should we, when we trusted you when you said no increases in taxes, no increases in water, no increases in power —

Mr W.J. Johnston: We never said that.

Ms M.J. DAVIES: The government did. It absolutely did. It said, “Trust us—we’re better than the other mob. There won’t be any of that.” Two months in and it is all out the window. People are going to come to these members and ask: Why? Why are our power prices going up? That is what government members are going to do. That is exactly what the Minister for Water will do, having spent—how long was he the shadow Minister for Water? Was it four years?

Mr D.J. Kelly: Eight years when you didn’t do anything about the issues you are raising now. I listened to you—eight years.

Ms M.J. DAVIES: You’ll keep, you’ll keep. Prices go up. “Why am I losing my job?” All those public servants who put their faith in Labor and Labor’s unions are losing their jobs. People are going to say to Labor members, “Why is there a new tax? Why did you say you would not do this before the election? We trusted you.” The members of the National Party quite rightly raised the point that we went to the election understanding that there was a serious financial challenge, so we needed to come up with a revenue stream so that we did not have to go there.

Mr W.J. Johnston: But you caused it.

Ms M.J. DAVIES: The member was not in the house when this debate was taking place. Why will the government not consider going to the mining companies and asking them to increase an existing tax-deductible charge still sitting in their state agreements from the 1960s, when it is asking everyone else to pay increased charges? People will start to ask that. Dale Alcock last week said that the housing sector was happy to share the burden, and happy

to see the \$15 000 grant to first home owners cut back to \$10 000. He acknowledged that there was still an incentive there for new home owners. He was happy to bear his share of the burden, but not happy that not every sector of this community is being asked, and the Treasurer knows that there will be more as time goes on. We took this new revenue stream to the election because we knew that the government would start to stick its fingers into royalties for regions, as it was too good an opportunity to use it to fund its election commitments. That is what will happen; we know that. The Minister for Regional Development is out there telling everyone that even projects that already have financial assistance agreements are being cut. People have been told that they are not even going to get those projects that have had cabinet approval.

Mr W.J. Johnston: That's not true; it's rubbish.

Ms M.J. DAVIES: Will the minister stand up and confirm that? The Minister for Regional Development in the other place will not confirm it.

Mr D.J. Kelly: Fully funded, fully costed—is that you?

Ms M.J. DAVIES: That is not what we are talking about, minister. We are talking about the government. Its grubby little fingers are going to get into royalties for regions to pay for the commitments it has made in the metropolitan area. That is exactly what is going to happen. I will tell members why we care about this. Some of the members who have spoken on this have spoken about the projects that are important to our communities—not the petunias, as the Minister for Regional Development so flippantly said. This is why the government cannot be trusted in regional Western Australia.

Several members interjected.

Ms M.J. DAVIES: In my electorate, petunias look like incentives that are paid to doctors so that we have a doctor in our town.

Mr W.J. Johnston: We're the party of the region; we're the biggest one.

The SPEAKER: Yes, and you also have a call to order for the second time, Minister for Mines and Petroleum. Let the Leader of the National Party have a say, please.

Several members interjected.

Ms M.J. DAVIES: I am happy to stand here all night, Mr Speaker.

Petunias in my electorate look like incentives for doctors, so that parents can get their kids to a hospital for care when they need it, without having to travel hundreds of kilometres.

Mr D.J. Kelly: I thought royalties for regions wasn't supposed to be spent on health care.

Ms M.J. DAVIES: It is coming up at the end of June, minister, and I hope the Minister for Health has had a briefing on the Southern Inland Health Initiative. I hope he has asked how we are going to make sure that we retain doctors in regional Western Australia because, for the first time in years and years, we managed to solve some of those intractable issues in attracting health professionals into our communities. I hope the Minister for Health has had that briefing, because the people in my electorate want to know whether they will have a doctor after June. It is also about having a state-of-the-art telehealth service right across the state, so that we are networked into Sir Charles Gairdner Hospital and Royal Perth Hospital, and to the experts in our tertiary hospitals so that, if we cannot make it and we need assistance, our nurses who are in a hospital without a doctor, which happens often, can tap into a system that gives them support. This helps us to attract nurses and primary health carers into our regions. We did that, and people are quite likely nervous that the funding for that will disappear, because that funding will be found in savings. I am not sure, as the member for Moore has articulated, how savings can be found in royalties for regions, but the Minister for Regional Development has quite clearly told people that that is what will happen.

Many projects in aged care were on the cusp and were waiting to be given the go-ahead by the previous government so that they could expand facilities to attract aged-care workers. It is about not only looking after the people who built our communities, invested their time and supported their communities, but also economic development. Regional development commissions—the member for Bunbury would know this—were asked to do regional development blueprints and to look at what differences or economic drivers existed in their regions that gave them a point of difference. In the agricultural region—or the wheatbelt—members would rightly understand that, of course, agriculture is always going to be the basis of that. However, in the wheatbelt it is also tourism and aged care. We have safe communities, with good facilities and with doctors because we invested to make sure that we have doctors; people look to move into communities in which they feel supported. The wheatbelt has the highest rate of volunteering in the state. People want to be part of a community in which they feel they belong. Investing in aged-care facilities allowed us to attract funding from the commonwealth to fund those services and to fund the people who provide the support services to the people who can then stay in their homes or stay in the high-end facilities that had never existed before. The previous Premier and I opened one in Kellerberrin. I never thought, and my grandparents certainly did not—they had to leave the district in which they had invested so much—that

there would be a high-end dementia-care facility in the eastern wheatbelt. We did that. That also attracted staff into our region; it is driving jobs and creating opportunities for people to create pathways where none existed, because they had to leave. All of that is at risk—and they are certainly not petunias. It is offensive to describe projects like that, which have made fundamental differences to our communities, just because the government wants to dismantle something that it considers is attached to the previous government and to the National Party. That is just grubby politics from that side of the house. It has fundamentally changed. Mr Speaker, I know you know that too.

Mr D.J. Kelly interjected.

Ms M.J. DAVIES: It is funny that the Minister for Water should interject because there is a project in his portfolio called Watering WA. It provides opportunities for regional communities in low rainfall areas to improve their self-sufficiency and to reduce the costs for ratepayers and for schools that have to pay for water out of their one-line budgets. If we can assist them to invest in water capture and storage to better utilise the water they receive from summer storms and flows off hard-stand areas in their communities, it will reduce costs for schools and communities and produce flow-on effects. It also allows us to push back investment in expansion of the water network, which, as the minister knows, is very expensive. I would be interested to know whether the minister has had a briefing on that and whether he intends to continue it, because that is making an enormous difference in our communities.

Mr V.A. Catania: He's getting one now.

Ms M.J. DAVIES: Yes, he is.

Mobile communications, investment in ambulance sub-centres, the State Emergency Service and supporting our volunteers are all things that the Minister for Regional Development considers to be petunias. I am reminded of the flippant comments of the then Minister for Health, Mr McGinty, running into the 2008 state election. He made a comment about the Royal Flying Doctor Service—what did he call it?

Mr C.J. Barnett: An interest group.

Ms M.J. DAVIES: He called it an interest group.

Ms S.F. McGurk: How long ago?

Ms M.J. DAVIES: He did.

Several members interjected.

Ms M.J. DAVIES: I tell you what, they did not like that much in the regions. That is what is happening now. That is the same level of arrogance we are seeing from the Minister for Regional Development—the Royal Flying Doctor Service is an interest group. We co-invested in a new jet for the Royal Flying Doctor Service so that now if a person is seriously injured in the regions in Western Australia, they are only three hours away from a tertiary hospital. We invested in that.

Mr W.J. Johnston: With whom?

Ms M.J. DAVIES: Royalties for regions invested in that. There are new jets, new doctors and new facilities.

Mr W.J. Johnston Didn't Rio buy it?

Ms M.J. DAVIES: I explained earlier, when the member was not in the house. I will clarify that the Nationals are not anti-mining. We understand the investment those companies make and that they provide jobs for people who live in the communities that we represent. We are talking about an outdated charge, set in the 1960s, that has never been increased. Like I said previously, I reckon we would all have a bit more money in our back pockets if we were charged water or power prices at genuine 1960s prices—we would! I have not heard an argument put forward yet by any member opposite or the Chamber of Minerals and Energy or the companies for why that charge should not be increased to reflect modern-day prices. Members opposite know that is right. That is why they resort to the rabble and the noise, the taunts and the petunias, and avoid the subject. They never answer the question. The Premier and Treasurer have never answered the question because they know it is not fair. They know it is not fair!

Mr D.J. Kelly interjected.

The SPEAKER: Minister for Water!

Ms M.J. DAVIES: I go back to my point that over the course of this year, as the government announces increases in water charges, increases in power charges, new taxes and all the things that will put additional stresses on businesses, mums and dads, and pensioners on fixed incomes, people will start to ask why the government is not asking those two companies to make sure that they are being the good corporate citizens with a social conscience that they purport to be. Why is the government not putting pressure on those companies to do that instead of just asking or pleading or making a speech to the Australian Petroleum Production and Exploration Association or the Chamber of Minerals and Energy?

This is very interesting. In an online ABC News article from 21 February Andrew O'Connor writes —

Mr McGowan said Labor would release all of its revenue-raising measures before polling day, but stressed people in WA were already paying enough tax.

“There will be no new taxes on West Australians, full stop. If we are elected, there will be no new taxes on West Australians or increases in taxes on West Australians. If we're elected, full stop,” he said.

That is definitely a broken promise. Not only is the government going to increase fees and charges, it has talked about the new tax.

Mr D.J. Kelly: Is that the secret plan?

Ms M.J. DAVIES: It is hardly a secret.

Ms S.F. McGurk: What tax?

Mr D.J. Kelly: What tax? Which one?

Ms M.J. DAVIES: The government has talked about the tax; it has been foreshadowed. If members do not know, honestly, it is the housing tax that the government has talked about—the investment property tax.

Several members interjected.

The SPEAKER: Leader of the National Party, can you have a conversation through the Chair. Minister for Water, keep your thoughts to yourself; at this late hour, a lot of people want to get this over and done with.

Ms M.J. DAVIES: A property levy or housing investment tax, whatever it is, has been foreshadowed and referred to in the paper.

Mr D.J. Kelly: You're making it up.

Ms M.J. DAVIES: I am absolutely not making it up.

Mr W.J. Johnston: It's in *The West*.

Ms M.J. DAVIES: That was the member's source of information for the last eight years, so I think it will be good enough for us, too. The Treasurer has also spoken about it. The government will do it because it does not have a revenue source. The government has no other avenue; there is nowhere for it to go. The government will have to put up charges, fees and taxes. That is what will happen and the people of Western Australia who supported and believed in the Labor Party will start to ask why they trusted the Labor Party. The government has broken their faith. We have moved this amendment to give the Treasurer the opportunity for a new revenue source. Just imagine what the government could do with \$7.2 billion. Just imagine what the Treasurer, sitting on that bench, could do. Instead of taking all the hard decisions, sacking all those public servants, breaking all the promises, having all the government's union mates feeling hard done by and ramping up, the government could just agree to the amendment moved by the Nationals and \$7.2 billion could be in the coffers to assist all Western Australians. It is very, very simple. We commend the amendment to the house and we seek the government's support. The government knows this is the right thing to do for the people of Western Australia.

MR B.S. WYATT (Victoria Park — Treasurer) [9.44 pm]: I have just been flayed by the Leader of the National Party for breaking a promise. Just so I understand the amendment, the National Party is saying that the Loan Bill 2017 should be amended to authorise borrowings of only \$3.8 billion and then the government should introduce a tax to raise the other \$7.2 billion.

Mr D.T. Redman: It is not a tax.

Mr B.S. WYATT: Sorry, the government should implement the National Party's policy to raise the other \$7.2 billion. I repeat it just so I understand.

Mr D.T. Redman: Yes.

Mr B.S. WYATT: We will not be doing that. I understand that the National Party is going through an intense period of grief. I understand that the loss of Brendon Grylls is causing an intense period of grief. There is something I want to put to bed now, because the member for North West Central in particular has said twice tonight that the member for Pilbara did not win. I just want to make it very clear to everybody in this house that he won. The member for Pilbara is not some aberration. The member for Pilbara went to an election in which this issue, despite what the Leader of the National Party says, was well discussed. It was perhaps the singular issue discussed, not just in regional WA but also in metropolitan Perth—that is, the National Party's proposed increase in the lease rental fee. The National Party now says that the people of the Pilbara were hoodwinked and voted by mistake for the Labor candidate.

Several members interjected.

The SPEAKER: Member for North West Central, you are on three calls. If you call out again, you will be on four and you will be going home.

Mr B.S. WYATT: The National Party says that the people of the Pilbara voted for the Labor candidate by mistake because they cannot possibly believe that Brendon would lose. That is the National Party's position. What a patronising, arrogant position to take about the member for Pilbara. I hear it now, with the National Party saying, "All these people were on the roll who should not have been, there were ads on TV and it was all unfair. Brendon lost; how could this have happened?" He lost. I understand that the National Party is going through a period of intense grief and I forgive it for that, but we will not support this amendment, because this core of fairness that is in the very being of the National Party, this reason for being, was never mentioned once when it sat in government for eight and a half years. The only time we heard about it was when the money was starting to run out. The government had spent so much and debt had got so high that the National Party started fossicking around looking for some more money. At the time, the National Party was finally starting to get some pressure from the Liberal Party about how it was spending the money and so it started looking around for another source. During the election campaign, I listened to what the National Party said it would spend the \$7.2 billion money on. It committed all this ongoing spending on a short-term revenue source. I am sure that we do not need to go through what happens with the royalty mining wealth. We do not capture it. The GST mechanism redistributes it. But what will happen after three years? There will be this locked-in permanent spend as the GST hole emerges to redistribute that wealth. That is the fundamental problem. This is simply a way for the National Party to kick things down the road and have another few years of spend. The Leader of the National Party went through a number of spending commitments that were important to her, which are so important that I note they were funded until 30 June this year and not beyond—that is how important they were. Now we have to do this, because the former government took this jam-jar approach to the finances, by which it focused on individual sections and was interested only in those sections because they were where it got its lolly from. It was not interested in broader issues around deficits, debt and things like that—the things that we will have to be interested in—because it was just looking at its lolly.

Those days are over; we have to look at the finances in their entirety and that is why locking away \$7.2 billion into a permanent spend off temporary revenue is a problem. The Leader of the National Party flamed me over breaking promises around taxes; we are not breaking this promise on tax. We are not going to accept this.

There is one final point I want to make, which has already been raised by the member for Moore.

Mr R.S. Love interjected.

Mr B.S. WYATT: There was one issue the member for Moore raised during the substantive debate. He made a point that a lot of other members have made tonight, and I think the National Party may seek to make an amendment around it during consideration in detail. The opposition claims we are seeking too much and that we want the whole term, but that we should be asking only for a year's authorisation, because apparently this is all very unusual. I want to remind the house of something for a moment, if I can. I sat over that side for a while and watched four loan bills go through this house, and I had a bit to do with those loan bills.

Mr R.S. Love interjected.

Mr B.S. WYATT: Yes, that is right. One over four years, but that was the intent of the previous government. In 2009 there was the first Loan Bill, when Troy Buswell was Treasurer, for \$8.3 billion. I will quote Mr Buswell from the *Hansard* of 14 May 2009. He stated —

This bill seeks a new Loan Act authorisation of \$8 316.197 million—sufficient to meet the planned general government purposes borrowing requirements until 30 June 2013.

Mr Buswell sought to borrow for the whole term. Unfortunately, members may recall expense growth at 13.1 per cent, and he had to come back and tap the borrowing markets early and so had to introduce in 2012 a bill for a further borrowing authorisation of \$5 billion, to get him through to 30 June 2016—a four-year period. Then in 2015 the now Leader of the Opposition sought borrowings of \$8 billion, again multi-year, through to 2017, but, of course, we now know about last year's infamous Loan Bill when he had to come back and tap us all for another \$1.7 billion.

I do not want the misconception to become embedded in members' minds that a government seeking authorisation to borrow for a term of government is unusual; it is exactly what the previous government did, or tried to do. Unfortunately, it had to come back early because of its spending problems and tap the Parliament again. There is nothing unusual about this. This is exactly what the previous government sought to do but, unfortunately, it could not manage its budget. That was its problem: it could not manage its budget and, as a result, it had to come back to the Parliament on two separate occasions, unusually, to top up its borrowing. That is the reality of what happened.

To come back to the amendment, the government will not support it. I daresay that we no doubt will, in due course, have this debate again when I assume the Liberal Party will move its amendment during consideration in detail.

Division

Amendment put and a division taken with the following result —

Ayes (5)

Mr V.A. Catania
Ms M.J. Davies

Mr D.T. Redman
Mr P.J. Rundle

Mr R.S. Love (*Teller*)

Noes (48)

Ms L.L. Baker
Mr C.J. Barnett
Mr I.C. Blayney
Dr A.D. Buti
Mr J.N. Carey
Mr R.H. Cook
Mr M.J. Folkard
Ms J.M. Freeman
Mrs L.M. Harvey
Mr T.J. Healy
Mr M. Hughes
Mr W.J. Johnston

Mr P. Katsambanis
Mr D.J. Kelly
Mr Z. R. F. Kirkup
Mr S.K. L'Estrange
Mr F.M. Logan
Mr W.R. Marmion
Mr J.E. McGrath
Ms S.F. McGurk
Mr D.R. Michael
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai

Mr M.P. Murray
Dr M.D. Nahan
Mr D.C. Nalder
Mr K. O'Donnell
Mrs L.M. O'Malley
Mr P. Papalia
Mr S.J. Price
Mr D.T. Punch
Mr J.R. Quigley
Ms M.M. Quirk
Mrs M.H. Roberts
Ms C.M. Rowe

Ms R. Saffioti
Ms A. Sanderson
Ms J.J. Shaw
Mrs J.M.C. Stojkovski
Mr C.J. Tallentire
Mr D.A. Templeman
Mr P.C. Tinley
Mr B. Urban
Mr R.R. Whitby
Ms S.E. Winton
Mr B.S. Wyatt
Ms L. Mettam (*Teller*)

Amendment thus negatived.

Second Reading Resumed

MR K.M. O'DONNELL (Kalgoorlie) [10.01 pm]: Before I start talking about the Loan Bill, and after listening to the member for South Perth, I wish to say that the Labor Party and I have something in common: it did not promise him anything in his electorate and I did not promise anything in my electorate.

Mr W.J. Johnston: We know you didn't!

Mr K.M. O'DONNELL: And I still won!

Mr W.J. Johnston: So which party did you defeat? Whose seat was it last time—the National Party's?

Mr K.M. O'DONNELL: Yes.

I really want the government to help the people in the goldfields and especially look at commencing a school of excellence in Kalgoorlie at the Western Australian School of Mines. This could transform universities in Australia. We could be recognised worldwide for this. I hope the government gets on board and gets involved.

I would like to see the refurbishment of the Coolgardie post office. The first stage was done with the assistance of royalties for regions, but the second stage needs commencement. Coolgardie is a small town, and we cannot forget the small towns in our regions; they, too, should be looked after. Coolgardie does not ask for much and, at this stage, it is still not asking for much. This refurbishment would transform the old sergeant's quarters at the post office into a drop-in and education centre for Aboriginals. The jail yard would be transformed into a cafe and museum, and a multipurpose function area and two mini galleries to assist with arts would be created. One large retail shop would then be refurbished and there would be three smaller pop-up shops. A shared business hub would be created, with meeting rooms and amenities; the quarters would be converted into three residences for lease; and new travellers' facilities would be installed, with showers and universal toilets.

I would like the government to continue to invest in the outback highway. Sixteen hundred kilometres are still unsealed. It goes from Winton in outback Queensland to Laverton. This would completely open up Australia. With \$400 million, the job would be done. It would help create tourism throughout the interior of Western Australia, the Northern Territory and South Australia. Jobs would be created left, right and centre. As I said in my maiden speech, this is a great opportunity to bring the Aboriginal communities in on the outback highway, not just because the road would go through and past their communities, but also because they would contribute to the making of the highway.

I hope, Minister for Regional Development, that as royalties for regions evolve, and there is talk about jobs when utilising it, money can be allocated to the prison and all the prisoners can be taught how to use the equipment. I do not mean to go on about this, but this is one thing I firmly believe would really help the Aboriginal community. The funding could then increase to enable Aboriginal people in the communities who are not naughty and do not go to jail to also get good training. The passionate Patrick Hill, the shire president of Laverton, has been behind this idea for many, many years. I am behind him and, hopefully, the government also will get behind him. The

Labor government promised a half a billion dollar feasibility study into solar panels for the goldfields. That is a great idea and I hope it comes to fruition.

We need to keep people in not just the goldfields but also the regions. If we keep doing things to discourage people from going to the regions such as cutting government departments, moving heads of government departments, and raising taxes and levies left, right and centre, people will go back to the city. We have to provide incentives for people to go to the regions. I know people who hire staff throughout the goldfields. They say that people want jobs but they change their mind when they find out that the work is in Kalgoorlie.

We need direction and leadership and we need to maintain investment in the regions. I commend the government for stating that royalties for regions will continue, even though it is still evolving. I have no problem with the government focussing on funding alongside jobs, as long as it is within the regions. But I implore the government not to forget to contribute to infrastructure within the regions. There are some areas called “ribbon cutting” and “paving bricks and petunias” and we occasionally need funding for those things as well.

I would like also to say—I do not mean to be disrespectful—that to me, Mandurah is not a region.

Mr D.A. Templeman: I liked you when you first came in here.

Mr K.M. O'DONNELL: I am sorry. I was sitting in Kalgoorlie and I could not believe that Mandurah wanted a greater share of royalties for regions. I have driven to Mandurah; it is a continuation of Perth.

Several members interjected.

Mr K.M. O'DONNELL: When I look up the forecast, I see that the temperature in Perth is 30 and it is also 30 in Mandurah.

Mr D.A. Templeman: It is always cooler in Mandurah. You've blown me out of the water. I can't believe it!

The SPEAKER: Member for Mandurah, I will blow you out of the water in a minute!

Mr K.M. O'DONNELL: We know that governments can obtain loans as can the ordinary person but not without meeting certain criteria. People cannot just say that they want a loan and that is it. I would have liked to see the budget come out. However, I know that the government needs to borrow funds to maintain the consolidated account. I am aware that our party will agree to a \$5 billion loan.

I have talked about how royalties for regions must help provide jobs. There are bowling clubs in not just our region but also many places throughout the state, some of which have been there for 50, 60 or 70 years. Some of them need improvements. They cannot attract young people. Royalties for regions money should be spent on refurbishing them to help them survive and continue to function.

I note that the Labor government pledged \$425 million over five years to promote WA tourism; the member for Dawesville mentioned this too. That is fantastic and I hope it continues, especially in the areas the government has mentioned, including Rowles Lagoon, the Gwalia outdoor museum, Lake Ballard and the Gorman installation.

I also wish to mention some of the Labor government's promises for my region, and I support these. We have quite a few revheads in our area. The government will invest \$2 million to develop a motorsport complex in Kalgoorlie–Boulder—the speedway—and a “Street and Strip” car club. However, this has been promised in the past and people have reneged on it, even from my own party.

The Labor government pledged to contribute \$600 000 over three years towards the establishment of an arts and cultural trail in the goldfields. It will provide more opportunities for visitors to interpret and enjoy the unique features of the region. I also applaud the government for promising to build the step-up, step-down mental health subacute facility to help people released from prison. Like other regions, we have issues with methamphetamines and this pledge by the Labor government to put in place the step-up, step-down program is another step closer to helping our people in the community.

The government will invest \$1.6 million in a new visitor centre in Norseman. It was promised by the Liberal government, and the Labor government has since promised it, which is fantastic for the people of Norseman. It is the gateway to the Nullarbor. The centre will provide an introduction to the region, its Indigenous culture, and its natural environment such as the Great Western Woodlands. It will also be a display space to showcase local arts and crafts.

The Labor government will also invest \$20 million over five years into an Indigenous ranger program. My friend and Labor candidate Darren Forster —

Mr W.J. Johnston: An excellent candidate!

Mr K.M. O'DONNELL: Yes, but the better man won, my friend, even though Darren is a good man!

I had not heard about the ranger program and when I found out about it, I said to him that if I was elected, I would help to push it because it is a good thing. It will help to provide Aboriginal people with real jobs in remote and regional Western Australia. I thank the government for that. It will also improve community wellbeing and reduce poverty in regional and remote communities. I thank the government.

The government will also spend \$100 000 to purchase a tram for the Golden Mile Loophline Railway. I thank the government for that; we need it. I hope it will come out in the government's first budget. The tram drives around the city of Kalgoorlie–Boulder and tourists hop on it to go all over the place. They go around and they love it. When the tram stopped, members would be surprised how trade plummeted for many businesses because people were not being couriered around the city of Kalgoorlie–Boulder. I hope for and will push for that.

The Labor government promised to invest \$3 million towards the purchase and installation of an MRI scanner. I thank the government. We would appreciate it if the government could get that, too, in the budget for the first year. Many people in the goldfields have to go to Perth—myself included—to get magnetic resonance imaging scans. For some of us, it is quite easy, but many have to travel from Eucla on the border, Tjuntjuntjara in the remote areas, Warburton and everywhere. I thank the government; the quicker it gets that for us, the better. I do not mind if the government does not put the big, high-cost things in the budget, but for these smaller ones, yes, go ahead.

Mrs L.M. Harvey: They need to fulfil all their commitments, member!

Mr K.M. O'DONNELL: I am sorry, member for Scarborough. That was remiss of me, but I know the government will do it within the four years.

Mr D.A. Templeman interjected.

Mr K.M. O'DONNELL: Yes, I have written it down.

Mrs L.M. Harvey: He has more faith in you than we do, member for Mandurah.

Mr K.M. O'DONNELL: Sorry, member for Scarborough; I have come in with an open mind and —

Mrs L.M. Harvey: A kind heart.

Mr K.M. O'DONNELL: Yes.

The SPEAKER: Member for Scarborough, can you let your member do his speech without you interjecting? He is doing a very good job without your help.

Mr K.M. O'DONNELL: I realise this is a honeymoon period for me. I wake up every day and cannot wait to get here—I really cannot! If the government said, “We’re going to sit Friday as well”, I’m here!

Mr D.A. Templeman: The way you’re going, we might still be here on Friday!

Mr K.M. O'DONNELL: I know you say on honeymoons, “Oh babe, is this going to be like this forever?” Yes—no, I know members opposite are going to come at me with everything! I know that one day it is going to come.

Dr M.D. Nahan: How long will it take?

Mr K.M. O'DONNELL: Hopefully a long time, leader.

I also applaud the government for allocating \$250 000 to install facilities for dental care at two aged-care homes. It was brought to my attention by the dentists, not so they can make money, but they said, “We need this and we will help do this without charging” because I was a bit hesitant.

Dr M.D. Nahan: What—dentists not charging?

Mr K.M. O'DONNELL: No; like Labor, they have promised they will not charge —

Mr D.A. Templeman: Are you sure the former member for Darling Range–Kalamunda is not up there?

Mr K.M. O'DONNELL: No. I found out about this. I did not realise this dental issue in aged people. I do not know if members are aware, but a lot of people in aged-care homes are not mobile. Their gums and teeth start to deteriorate and then people wonder why they are not eating. Next minute they are on a drip and there are issues. They pass the point of no return. This would help along the way. They are in the home with them so they can do it. Basically, that is another little one I am sure the government can squeeze in for me.

Mr D.A. Templeman: You are pushing the boundary now!

Mr K.M. O'DONNELL: Is that enough?

Mr D.A. Templeman: Yes; we cannot believe how much we gave you!

Mr K.M. O'DONNELL: When the bell went at six o'clock for dinner, I turned to our Whip and asked, “Am I talking tonight?” She said, “Yes!” I said, “Really?” I know she sent me a message earlier but I did not see

the email. During dinner, I quickly rang my wife and my research officer at home, who was feeding her kids, and said, “Quick—give me some things.” I have rushed this, and I do not want to keep members.

Mr D.A. Templeman: I will charge you overtime!

Mr K.M. O’DONNELL: Please, please, keep our heads of agencies in our regions. The staff at the Department of Aboriginal Affairs are worried. They do not know what they will be doing as at 1 July. I hope they already know and everything is good. That is another request. I know it is a Christmas wish list. Please try to keep that one. Thank you very much, Mr Speaker.

MR P.A. KATSAMBANIS (Hillarys) [10.17 pm]: I rise to speak on the Loan Bill 2017. As others have pointed out in the debate, this is a very, very small bill. As I pick it up, I do not know what it is about. It seems extraordinarily innocuous. As a supporter of small government, usually when I see a small bill I think: fantastic—less regulation, less red tape. There should be more bills like this one with effectively one substantive page. However, as always, the devil is in the detail. This tiny, little bill commits the taxpayers of Western Australia, every resident of Western Australia, to further borrowings by its state government of \$11 billion for public purposes. All well and good; it is easy to say \$11 billion—\$11 000 million—and for public purposes. There are plenty of public purposes. Some of my colleagues tonight have pointed out some of the public purposes they would like to see those funds put towards and some of the purposes that this government committed to putting funds towards. At last count I believe it was around \$5 billion of additional commitments that the new government made during the election campaign over and above what had been previously committed and allowed for. I will get back to that in a moment because I think that is critically important. But this Loan Bill is unprecedented in one particularly important way. All other loan bills brought in in the recent history of Western Australia—I have not had the opportunity to go back over 180 or so years—so in the last 20 or so years, have clearly been brought in by a government that has set out its economic program, its spending program, and then calculated the amount it thinks it needs to borrow to fulfil that program.

Mr W.J. Johnston: And then come back and borrow again!

Mr P.A. KATSAMBANIS: I will pick up on that interjection from the Minister for Mines and Petroleum. I picked up earlier today, during question time, the Minister for Tourism putting out that unique economic concept that the forward estimates are so set in stone that, really, governments should make one budget, go away and for four years expect that budget to be unassailable in that things do not change. Circumstances change. Circumstances change all the time. Government members on the other side shaking their heads will realise that, especially when they are in the spending department and start rolling up to the Economic and Expenditure Reform Committee every now and again and are being told how quickly circumstances change.

So, of course, things change. But I would suggest that a starting point for a loan bill would be a government’s own economic program—a government’s budget. I would particularly think that a government coming into its first term—its first year—may, correctly, seek an interim period when it seeks further supply, as this government has done and rightfully so, and seek an interim loan bill to cover off the period between now or between 1 July. I will reference the Treasurer’s second reading speech, in which it was made clear that the current borrowing requirements as approved by this Parliament will see us through till 30 June and beyond. But even if that be the case, the government can seek some form of interim solution until it finalises its economic plan and brings down its budget. That would make sense. That would be prudent. That would be something that would be good economic management. But instead this government comes into this place with an unprecedented \$11 billion borrowing requirement, without having set out its economic plan in government, without having brought down a budget, without having even factored into the forward estimates —

Several members interjected.

Mr P.A. KATSAMBANIS: I again thank the Minister for Tourism. He talked about the forward estimates without having factored into the forward estimates the government’s own spending commitments. People who pay attention to these things, as I do, can see it in the second reading speech. It is on the fourth last paragraph of the second page —

The borrowings authorised by the current bill were reflected in the 2016–17 *Pre-election Financial Projections Statement* and there are no additional costs in excess of the approved forward estimates associated with the passage of this authority.

The Treasurer wants us to give him carte blanche for the entire four years of the forward estimates, before he has even gone in there and put his own touch on it—before he has dealt with the additional commitments that the other members in this place talked about today. Importantly, what the Treasurer does not say is that built into the forward estimates of the previous government was a concrete plan to pay down debt.

Mr W.J. Johnston: No, it wasn’t.

Mr P.A. KATSAMBANIS: That concrete plan was opposed up hill and down dale by the current government, to the extent that it made it its mantra at the election campaign not to accept the program to pay down debt.

Mr W.J. Johnston: That's rubbish!

Mr P.A. KATSAMBANIS: It is not rubbish, Minister for Mines and Petroleum. The minister was at the forefront of claiming that the poles and wires monopoly should not be privatised. The minister was there, flying the flag. We took a clear plan to the public of Western Australia that debt would be paid down. That would have formed part of the borrowing requirements as we worked through the forward estimates. As I said earlier, the forward estimates are not set in stone.

Mr P. Papalia interjected.

Mr P.A. KATSAMBANIS: The Minister for Tourism may scoff. He will find this out. He is in a spending portfolio. He will find this out. Every time he goes to the Economic and Expenditure Reform Committee, he will find this out. What the Labor Party did instead was pull a confidence trick on the public of Western Australia. It said to the public of Western Australia—I am basically quoting this verbatim—"We have a plan to pay down debt. We will pay down debt slowly, like a mortgage."

Mr D.C. Nalder: It was interest only!

Mr P.A. KATSAMBANIS: The member for Bateman may well say that! What the Labor Party did not tell the public of Western Australia is that the mortgage it was talking about is an interest-only mortgage where it never pays down any debt! So far in its period in government, this government has introduced no plan to pay down debt. It did introduce a plan during the election campaign. That was a magic pudding debt payment scheme. It was based on iron ore prices reaching \$US85 a tonne and on our GST share as a state reaching 65 per cent. That is magic pudding economics! We know that as sure as night follows day, if the iron ore price ever reached \$US85 a tonne again, the Commonwealth Grants Commission would come along and our GST share would plummet back to the depths it was at last year and the year before, and to what it is this year. That is an absolute fact. So what the government did was pull a confidence trick. As the Leader of the Opposition said, it lasted about one day. It took about one day for the media and the public to scrutinise it and realise it was a false promise. It was something that would never be achieved in practice. It is like throwing a bone to a dog to stop it from barking for a while. When that was exploded, this new government had absolutely no plan to pay down debt—none whatsoever! Instead of coming up with a plan of its own to pay off debt, this government has come into this house with a request for \$11 billion of borrowings. Interestingly, the government says this is the amount to cover what is required in the forward estimates. What the government does not say, and what the government does not commit to saying, is that this will be the only loan bill that it brings in between now and the expiry of the current forward estimates. The government does not do that, because again it is pulling a confidence trick, in the same way that it pulled a confidence trick during the election campaign. The government thinks it can come in here, under the cloak of darkness, and bring in this bill and expect the public to swallow the fact that this will be the only borrowings that it will have over the next four years. They are not prepared to give that commitment.

Mr J.R. Quigley: One thing that wasn't done under the cloak of darkness is your phone calls!

Mr P.A. KATSAMBANIS: They are not prepared to take on that commitment.

Mr J.R. Quigley: "Oh, Rob."

The SPEAKER: Attorney General, I call you to order for the first time.

Mr P.A. KATSAMBANIS: I might pick up on that interjection in a minute. We will see how far we get into this. I am having a bit of fun.

Mr C.J. Barnett interjected.

The SPEAKER: Member for Cottesloe.

Mr P.A. KATSAMBANIS: If this government were serious, if it really stood by what it is claiming to be doing here rather than what it is actually doing, it would hold its hand on its heart and say, "This \$11 billion will see us through for the next four years; we give you an ironclad guarantee." That is what it is trying to pass off to the public of Western Australia but it is not doing that, because it knows as well as the people of Western Australia know that it has absolutely no idea what it is doing. It is hoping to squirrel away \$11 billion to spend like a drunken sailor for a while—to start working through its promises electorate by electorate. In a couple of years, it will come back in here and ask for more. It will be on its head that it is asking for more because it will not be prepared to accept the fact that the only party that had a legitimate and genuine plan to pay down debt going into the last election was the Liberal Party.

The Treasurer knows it is the right thing to do but for political purposes—for political gain only—it was prepared to sacrifice a pathway to debt reduction; a pathway that would have protected the public of Western Australia,

which currently owns a degrading asset that will need significant investment in an ever-changing market. The public of Western Australia is carrying enormous risks—not just the risk of transmission and the lights going out but all the financial risks associated with holding that asset in this tumultuous time as energy markets change. Instead of recognising that this asset would be better managed in private hands, this asset has been privatised, irrespective of political flavour or colour in almost every other state in Australia and in many countries around the world. The government did not have the guts to embrace that policy so instead it is lumbering the people of Western Australia with \$11 billion of debt now and more debt to come.

On the topic of energy, earlier today we had the spectre of the Minister for Energy; Treasurer not being able to say how the renewable energy targets will be funded. Given that the ownership of Synergy remains in government hands, there are only two ways that the renewable energy targets will be funded over the next few years. There is possibly a third when we do a combination. The first way is to charge the taxpayer directly as a consumer of electricity, as the costs of electricity go up and up and up as a result of the unrealistic renewable energy targets that this government will commit Synergy to. Or the government could borrow the money. There is no bottomless pit of money. It could borrow the money and gift it to Synergy or allow Synergy to borrow it on its books. Either way, it will be lumbered onto the public of Western Australia. The third way is to do a combination of both and try a bit of smoke and mirrors and hope to goodness that the public does not find out. That is probably the pathway it will go down—bump up the prices a bit, borrow a bit and off it will go into the wilderness hoping nobody will notice. That will add significantly to the debt burden of every Western Australian.

Mr D.J. Kelly interjected.

Mr P.A. KATSAMBANIS: Last I looked, this is a loan bill and I am speaking about the Loan Bill.

The SPEAKER: Minister for Water, I call you to order.

Mr P.A. KATSAMBANIS: In the fullness of time we will see whether in practice this government sticks by its pretend commitment that this is somehow a debt bill or a loan bill that will cover us off for the entirety of the forward estimates, or whether this is just one interim step, whereby it is trying to shove away a big pile of money now: “Blame it on the other mob, and we will shove it away now, and then we will come back later and ask for more.”

The right thing to do by the Western Australian public, the right thing to do by Labor’s own government, would have been to sort out its budget first. Yes, I understand that it might take till September. I do not begrudge that. I do not think that is an inordinate amount of time to wait. The government should get its Supply Bill and interim Loan Bill in place and then front up to the public of Western Australia and say, “This is our four-year plan. These are our forward estimates. This is what we are planning to do. This is how much we are going to spend. This is how much we are going to tax”—because we know Labor are great at spending and at taxing—“and this is how much we believe we ought to borrow on behalf of Western Australians and this is how much debt we are going to lumber the Western Australian public with.” The government has not done that. It has not even pretended to do that. The government has just hoped to goodness that it can bring in this bill and blame it on the other mob.

Let me tell members that this is not some sort of game or charade. Labor members are no longer just yelling across the chamber, as they are really good at doing—as we all are. It is a bit of a case of the pot calling the kettle black. Labor members are sitting on the treasury bench and they are the custodians of the financial future of the public of Western Australia. The quantity contained in this bill indicates that this is a horrible start of that custodianship. I hope to goodness that the government improves, because if it continues down this way, it will be a slippery slope that gets worse and worse. I hope that I do not have to stand in this Parliament and speak on another loan bill in this place in the next four years, because this government has told us that we will not need another one. Unfortunately, I think we will.

MR D.C. NALDER (Bateman) [10.38 pm]: I stand to reinforce a lot of the commentary that has been provided by my colleagues this evening on the Loan Bill. Firstly, this bill is extraordinary. Although the Treasurer tried to proclaim that there is nothing unusual about this bill, I want to reinforce that it is for one particular reason; that is, the budget has not been presented to the people of Western Australia, yet here we are going to the public and saying that we are going to allow the government to borrow \$11 billion. People say that managing money is no different for an individual, a corporation or a government.

Mr D.J. Kelly interjected.

The SPEAKER: Minister for Water, please let the member speak.

Mr D.C. NALDER: It is no different when we are managing finances. I do not know anybody who could go to a financier and request a large loan without taking forward a plan, including their budget. I have never heard of it before in my life, yet here we are supposedly supporting the government to try to borrow \$11 billion for a plan that we have no clear sight of. I think that poses an extraordinary question for this government. We should be considering it very seriously.

There has been a lot of rhetoric over the last couple of months about the government trying to put the current financial position on the former government. It has really been interesting to listen to these arguments. It reminds me of one of the early speeches I made in this Parliament, which was my budget debate contribution. I sat and listened to Labor Party members, then in opposition, criticise the government for its spending, yet every member provided a wish list of what they wanted done in their electorate. On the one hand, they were criticising the government for its level of spending and on the other they were saying that they wanted to spend more. It was really interesting that members opposite have been critical of spending by a government that found itself with a rapidly increasing population and an urgent need for infrastructure spending.

In reflecting on what the Labor Party was like in 2014, I thought I would go back over the last three elections, since Labor was last in power, and have a look at what the Liberal Party committed to at each election and the impact on net debt and compare that to what the Labor Party committed to at each election and its impact on net debt. I will start in 2008. The cost of the Labor Party's commitments in that year totalled, over the forward estimates, \$2.118 billion; those of the Liberals totalled \$1.56 billion. The Labor net debt impact in year 4 of the forward estimates, 2011–12, was \$11.23 billion, and that of the Liberal Party was lower at \$11.139 billion. We could argue that they are nearly the same. I now move to the 2013 election. For the benefit of members opposite, I am taking this from the Department of Treasury's costings of state election commitments. For the 2013 election the total cost of Labor's commitments over the forward estimates was \$1.7 billion, and for the Liberal Party, \$1.2 billion. The impact on net debt of Labor's commitments in year 4 of the forward estimates, 2015–16, was \$25.363 billion, while that of the Liberal Party was lower at \$24.885 billion.

That is the first two elections, and now we get to the third one, 2017, when it gets really interesting because this is when the Liberal Party, which was in government at the time, made a commitment to focus on reducing debt. It put its election commitments up for costing by the Department of Treasury. For the first time over these three elections—at one point, the Liberal Party was in opposition and Labor was in government—although the Liberal Party put its commitments up for costing when it was in opposition, in 2017 the Labor Party chose not to put forward its commitments for costing by the Department of Treasury. The Liberal Party committed \$2.417 billion. Admittedly, \$848 million was contingent on the partial sale of Western Power. However, following the sale, net debt would have been reduced by \$12.3 billion. Now we look at Labor, which committed somewhere around \$5 billion in the election campaign, but would not submit its commitments for costing by Treasury. Now members opposite stand there and take the *Pre-election Financial Projections Statement*, which shows that, over the forward estimates, the state's requirement for general sector debt is \$11 billion. However, that has not taken into consideration Labor's own election commitments. Not only has the government not produced a budget so that we can understand what its plan is, but also it has not put its costings into its requirements for this net debt. We do not know because they have never been costed by Treasury and Labor has never made them available for full assessment, yet now the government is applying for a debt for a four-year period utilising the *Pre-election Financial Projections Statement*. When we went into the election phase, we made commitments beyond the *Pre-election Financial Projections Statement* and subjected them to a costing process. The Labor Party chose not to do so. Looking through all this, we have to start questioning the process that the Labor government is now following.

We have to ask whether due process is being followed. How can the Treasurer state that this is in the best interests of Western Australia when there is no transparency around the budget? The government is saying that we have to trust it; that it knows what is best for Western Australia. Can we trust it? This is when we start to strike at the integrity of government, because we have to ask that question on behalf of the people of Western Australia. At the election, the people of Western Australia put their trust in the Labor Party to govern this state for all the people of Western Australia. As part of that, the government should make sure that the people can trust it to do the right thing by them and by this state over a four-year period. Labor stood up at the election—it might dismiss this at this point—and the Premier made an election commitment that there would be no tax increases under his government. Two months down the track we see that it is putting a new levy on houses or is looking at 15 per cent increases in power prices over two years, when in July last year the Premier referred to the former government as stingy and not caring because it increased power prices by three per cent. There is inconsistency across the government.

This is important, particularly when the media and others want to understand what this debt will mean. When we often talk about the net debt for the state we look at the net debt for the total public sector, yet this Loan Bill is for the general public sector. It is sometimes confusing for people to understand what is going on, because when we talk about current consolidated accounts in this state, we are talking about the general public sector, which refers to a spend of around \$30 billion a year. The total net debt refers to the total public sector. It is interesting that when we talk about net debt for the general public sector going up by \$11 billion, over the same period total net debt is going up by only \$8 billion. That means that everything that sits outside starts to reduce. This is why people sometimes get confused about the financials. A lot of people might be surprised that the total public sector spend is around \$50 billion; it is nearly \$1 billion a week now. It is an interesting fact that our total public sector spend has increased over time, but that population growth has been unprecedented in this state's history. The

Western Australian population increased by Tasmania's total population over eight years, and to deliver the required infrastructure, it made sense for the government to make the investment that the state needed to make.

However, as I pointed out earlier, if we look at each of the last three elections, the Labor Party committed to a greater spend than the Liberal Party. It talked about managing the state's finances, but it cannot demonstrate in any way possible that it will manage the state's finances any differently from how we managed them. That is really interesting. We went to the election and I acknowledge that the Labor Party won and have the right to go ahead to govern, but it has a responsibility to the people of Western Australia to be transparent and honest, and to justify the trust that has been given to govern this state. The government is putting up a bill of \$11 billion over the next four years without a plan and without a budget.

There is no doubt that when we went to the election, we went with the sale of Western Power. We did not win the election and Labor has the mandate to govern. However, I put on record a concern I have, and it is something that may come to bite at some point in the future—that is, Western Power does not have the flexibility to evolve with technology. We have an asset that is worth something today that carries \$8 billion of state debt. During the election one of the arguments put up was that Western Power provides a revenue stream for the state. Looking at Western Power over the last 10 years and what has been put into it and taking away what it paid back as a revenue stream, we see far more has gone into Western Power than has ever been delivered back to the state. It is an asset that carries \$8 billion of state debt. If Western Power devalues over time because it does not have the flexibility to evolve with technology, as we see a continual move to solar on roofs with battery storage advancements, we have the potential for the transmission of power in the old sense being diminished in value. That is the concern I have for Western Australia regarding Western Power.

Several members interjected.

The SPEAKER: Members!

Mr D.C. NALDER: I put that on record so that is there for the future and so the people of Western Australia can understand that the decision the government is taking is about an asset that under government hands does not and will not have the flexibility to evolve.

Mr D.J. Kelly interjected.

The SPEAKER: Minister for Water!

Mr D.C. NALDER: I am talking about a government that has won the trust of the Western Australian people to govern this state, and the government has a responsibility to honour that trust. A government honours that trust by being true to its election commitments and ensuring that there is due process of government. We call on the government to ensure that it is true to the people of Western Australia. Last week, I flagged—this concerns me a great deal—that we have seen not only backflips on taxes, movements much higher than inflation on power prices and so forth, but also the government talk about contracts that have not gone out to tender. I want to reiterate that this is a slippery slope. Last week, the Premier used Berkshire Road, next to the Gateway project, which had an underspend of \$50 million out of a billion-dollar project, as justification to shift funds from a project down south to a project in the northern suburbs—a completely different project that has nothing to do with it—without a tender process. How is that due process? How is that something we can put our hands on our hearts and say we know is the right spend and we are doing the right thing? The responsibility is on the government to ensure that it upholds proper process and the commitments it has made to the population of Western Australia.

I have touched on a few points on this bill that I wish to mention. A lot of speakers have covered a number of the points I have made, but I want to reinforce that our major concern with a loan bill of \$11 billion—we understand the requirement to get a loan bill through Parliament and get the supply bill through to ensure that government can continue—is that due process would be that we cover it for a reasonable time, until such point as the government can deliver its first budget. We have not even seen the budget. The government did not get its election commitments costed by Treasury and we have not seen its first budget, yet it is trying to make a loan to cover four years. We believe that that is highly unusual. We cannot find any record of it occurring in history. When the Treasurer states that there is nothing unusual about that, we refute it and say that it is highly unusual and that it is important for proper process to be followed. We believe that enough funds should be provided to cover through to mid-2018 to allow the government to deliver two budgets. We think that would be a generous outcome. We find it disappointing that the government has not been willing to engage with us about that matter, hence our requirement to ensure that it is properly understood by this house that we are very concerned about the process that the government is following. We know the government has the numbers in this house to push this bill through regardless, but we feel it is incumbent on us as an opposition and as a responsible party to insist that the government reconsider and look at an appropriate loan amount that then allows the government to prepare its budgets and present to the people of Western Australia what its commitments and obligations are. I am going to wind it up there, but I implore the Treasurer and the government to consider what they are proposing in this Loan Bill and do something that we believe is reasonable and appropriate.

MR B.S. WYATT (Victoria Park — Treasurer) [10.55 pm] — in reply: I thank all members for that wide-ranging debate on the Loan Bill 2017. Debate on a loan bill is of course general, so debates generally are wide ranging. They certainly were when we sat on the side of the house dealing with the previous four loan bills under the term of the previous government. I must admit I was surprised at how surprised some members on the other side were when they looked at the Loan Bill and saw how small it is. Members were stunned at how small it is, and they are quite right, because it is only a small bill that simply authorises a figure. I am stunned that nobody took the time to read the last four loan bills, which totalled some \$22.1 billion, during the term of the previous government.

Before I go through a number of specific issues raised by members of the opposition I want to make the point that any sale of Western Power would have had no impact on the requirement of this Loan Bill—zero, none whatsoever. I will explain why that is the case. Some members of the opposition went as far as the member for Churchlands to make the point that if the Liberal government had sold Western Power and got \$11 billion, there would be no need therefore to borrow \$11 billion in this Loan Bill, which just showed a complete misunderstanding. The shadow Treasurer outlined the difference between general government debt and total public sector debt. Of course, the sale of Western Power, assuming it had been done in the way that the opposition indicated it was going to be done, would not have reduced the requirement for this Loan Bill by one dot. The sum of \$8 billion would have reduced total public sector debt, but would have had no impact on the requirement of general government. Then there would have been some spend of the rest of the money. There would have been \$1 billion into schools and TAFEs, \$1 billion into public transport and roads, \$150 million into improving electricity reliability —

Dr M.D. Nahan interjected.

Mr B.S. WYATT: This is the Liberal Party's statement.

There would have been \$150 million going into improving electricity reliability. Then there was another multibillion-dollar commitment to give everyone a battery. The Liberal Party would have spent more than it was going to receive. That is what the Liberal Party was going to do, so let us not think for a minute that selling Western Power would have resolved the requirement to bring in this Loan Bill—it would not have by one dot. Even given the \$8 billion that would have been taken off the total public sector debt, which I concede, a Liberal government would have spent all the money—plus \$1 billion, plus \$1 billion, plus multi billion dollars, plus \$150 million. Do not think for a minute that the sale of Western Power was going to resolve a Liberal government's problems. It still would have come in here looking for a loan bill as it was selling Western Power. That simply is the reality.

Several members interjected.

Mr B.S. WYATT: All I am going from is what was said by the Liberal Party; I am sorry if what the Liberal Party said is not relevant. I note that the fully funded, fully costed component of 2013 in the end was not relevant, but that is the reality of the sale and what the Liberal Party intended to do with that money.

Dr M.D. Nahan: That's fictional reality.

Mr B.S. WYATT: I know the Leader of the Opposition does not like it, but unfortunately he made the commitment to go and sell—to go and spend all that —

Point of Order

Dr A.D. BUTI: During this wide-ranging debate the Treasurer sat there and did not interject on the other side. He sat there respectfully and listened to their debate. He is now on his feet, and members opposite have had hours and hours to make their point. I feel that their interjections should be taken into account.

The SPEAKER: It is not a point of order but, members, I must admit that the Treasurer did keep very quiet when you made your speeches, so I think you could return the favour.

Debate Resumed

Mr B.S. WYATT: Thank you for your protection, Mr Speaker, now that I have made that point!

There are a few issues that I want to re-emphasise. The member for Churchlands is not here, but with some apology in case I misled him in an interjection earlier, I think the question was put: over what period of time is the Loan Bill for? I said it takes into account the *Pre-election Financial Projections Statement*. What I did not go on to say—I do not want to mislead him, of course—is that it also takes into account the new out year of 2020–21, with an allocation of \$1.2 billion for borrowings for 2020–21. I just want to clarify that point now.

I note some members were surprised at how small the bill is. Of course, it is administrative in nature, a point that has been made in every second reading speech for the last five loan bills, including this one. Some concerns were raised by the member for Moore and others about the “blank cheque” that is being written and that there is no transparency and no accountability. Of course; that is what the budget is for. The budget is the process through which the opposition will have the opportunity to cross-examine ministers over how the money is allocated across their portfolio areas.

I think the Liberal and National opposition has already moved an amendment for a one-year allowance, and a number of members made the point on a number of occasions that it is very unusual for a government to seek authorisation for the term of government. Of course, that is not correct, and I have made that point already during debate on the amendments. As I said when we debated the amendments, Troy Buswell, the first Treasurer of the previous government, introduced a Loan Bill on 14 May 2009 for the term of government. I quote Mr Buswell from the *Hansard* of 14 May 2009 —

This bill seeks a new Loan Act authorisation of \$8 316.197 million—sufficient to meet the planned general government purposes borrowing requirements until 30 June 2013.

That is, after the next election was due. The previous government's spending problems have been well reported. It had to come back early for another \$5 billion and then the same thing happened again in 2015 and 2016, with the top-up that was required. That is history; it may not be particularly attractive for the opposition, but that is the history of this, and that is why, as Mr Buswell did in 2009, we are seeking authorisation for the term.

I will go through some of the specific issues raised by the member for Hillarys. He asked whether I would guarantee that this will never be required again. No, I am not going to guarantee that, simply because it is impossible to make that guarantee. I have made that point and I am not shying away from that position. I am just saying no, of course I am not, because I saw the various top-ups of the previous government, and I am not going to make that commitment.

Even though the Liberal Party talked about its “grand plan” for debt, I have already made the point that it would have made no impact on the requirement for this Loan Bill—zero impact. Simply, all it does is take into account the forward estimates as projected by the previous government. Some members have asked where it is all going. I can tell them right now, based on this, that some \$3 billion is just covering the previous government's deficits. The previous government left us a lot of deficits, so we have to borrow to cover those deficits. There is also no reference to the sale of Western Power, which I found curious because I remember taxpayer-funded ads telling me that the government was selling Western Power. I remember those ads, funded well by the taxpayer, yet there was not one reference in the final government financial document of the previous government. I remember those taxpayer-funded political ads of the former government and how outrageous it was that it was spending taxpayers' money on a Liberal Party advertising campaign.

Mr D.C. Nalder interjected.

The SPEAKER: Shadow Treasurer!

Mr B.S. WYATT: That is what it did, yet in the final government book, it was not mentioned at all.

There are a few specific issues that I will go through. The Leader of the Opposition again confused general government and total public sector net debt when he said that if we sold Western Power, we would not need this Loan Bill. That is incorrect. The Deputy Leader of the Opposition said that we should take responsibility. We are taking responsibility; hence, we have introduced very clearly the requirement to borrow and authorise over the forward estimates.

I liked the comments of the member for Warren–Blackwood when he said that this is a just-in-case card apparently. I am not sure that that is how I would describe it, but, ultimately, as I said, this is what the previous government has given me and this is what we have to go forward with. Of course, we had the debate with both the member for Warren–Blackwood and the Leader of the National Party on the amendment that was moved, and I think I have already fleshed out our response to that. The member for North West Central started by making the point that the day a party wins government is the day it is closer to opposition. He is probably right. I dare say that it probably all peaked on election night; it is just a matter of when the decline ends. That is just the reality of modern politics; at some point, of course, governments change. I have already taken umbrage at, and responded to, the member for North West Central's particularly arrogant and patronising position that the current member for Pilbara did not win his seat. I am looking at him and he won it well, so I do not think that is a position to be taken.

The member for Churchlands, the manager of opposition business, embarrassingly confused the *Star Wars* movies. Jar Jar Binks, of course, was never in a movie with the ewoks, but so be it. That tended to be his focus. He made the point in particular that the Western Power sale would raise \$11 billion and therefore we would not need an \$11 billion Loan Bill. I have outlined that and the complete misunderstanding of the public sector and general government sector of the finances. Interestingly, he critiqued the issue of value capture. I am curious about the critique of value capture. I note that Mathias Cormann is particularly fond of value capture, as is the Prime Minister. I would have thought that, on its pure definition, it would be a particularly Liberal policy; that is, when public investment in an asset creates broader uplift of value to other people, the taxpayer should get a return on that investment. I thought that that would be something that the Liberal Party would embrace, but so be it; it does not. The member for Carine was particularly poetic. He spent his time giving me advice, some of which was useful. It was similar with the member for Nedlands.

The member for Vasse made a point about the first home buyer grant boost, and she is right. I did not have any intention of removing it. Unfortunately, faced with the circumstances that I have had to face, I have had a look at policies that perhaps are not delivering what they should or what was said they would deliver and have made the sorts of decisions that we had to make. I want to emphasise this for the member for Vasse, because she was particularly critical of the flagging of the 15 per cent increase in power bills over the next two years. Obviously, the Liberal Party's budget had an increase of 14 per cent over the next two years, so it is really the status quo position that she is particularly critical of.

The member for Geraldton raised a range of concerns that he has with rumours he is hearing about the sale of a range of assets, including Horizon Power and regional ports. The member for Dawesville spent some time attracted to the Labor Party position on its plan for Peel. He concluded with some flourish by saying that if we do not deliver on that, we will break the hearts and the trust of the people of Peel. Hopefully, we do not break their hearts or their trust, member for Dawesville, over the coming four years. The mining tax also was a particular focus. He referred also to aged-care facilities, which I understand. I want to raise one point that the member for South Perth, "Cool Hand Luke", made; namely, the Premier's point about the sale of the TAB. The advice from Treasury is that the TAB, regardless of its sale value, has significant moneys—\$2 billion or \$2.5 billion—coming in and going out. If we were to sell it now, it would have about a five point increase in the net-debt-to-revenue ratio because of the impact on its revenue. However, in my view that revenue is not available for debt servicing or general spend, so we are now liaising with the credit rating agency, because it is my view that if the agency understands what has driven it, a five point increase in net-debt-to-revenue ratio is unlikely to cause it concern. That is my view, member for South Perth, but I am happy to report back once I get that feedback from the credit rating agency.

The member for Moore moved an amendment and I dealt with that. The member for Kalgoorlie made an outrageous slur on the regional status of the City of Mandurah, about which he will no doubt have to deal with the member for Mandurah in due course.

The member for Hillarys, who perhaps did not pay attention to the previous four loan bills, showed surprise at the size of this bill.

Mr P.A. Katsambanis: I wasn't surprised; I was surprised at the concept of the legislation.

Mr B.S. WYATT: It is certainly small, but how that money is called upon and allocated is through the budget process. The appropriations bill will be a much more significant document, which members will all get an opportunity to go through.

I think I dealt with the issues raised by the shadow Treasurer at the beginning of my comments.

One final point, member for Hillarys, is the renewable energy target, which we will have to deal with. Questions were asked on that earlier today. It is a challenge we will have to deal with pretty soon. I look forward to, hopefully, working with the shadow Minister for Energy on that, because it is a challenge for the state and it is something we have to manage.

I hope I have dealt with all the issues raised; if not, please feel free to raise them and I will try to deal with them in consideration in detail or during the third reading debate. With that, I commend the bill.

Question put and passed.

Bill read a second time.

House adjourned at 11.13 pm
