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Hon Ken Travers; Hon Simon O'Brien; Hon Matt Benson-Lidholm; President; Hon Norman Moore; Hon Jon Ford; Hon Ljiljanna Ravlich; Hon Phil Edman

#### STATE DEBT, AND INFRASTRUCTURE PRIORITIES

Motion

HON KEN TRAVERS (North Metropolitan) [10.04 am] — without notice: I move —

That this house expresses its concern at the Liberal–National government's inability to rein in state debt and calls on it to prioritise essential basic infrastructure that is key to the future development of this state, rather than indulgent projects like the Premier's new palace.

Yesterday, a very interesting article appeared in *The Australian Financial Review*. The article was written by Peter Kerr, who I am sure is known to many. The article highlights the way in which state debt is progressing in Western Australia. It also highlights the number of the projects that were listed as election commitments by this government that still have not been funded. The article does not highlight the fact that the cost has blown out for many of the projects in which this government is engaged. Those increased costs have not been incorporated into the budget. Hopefully, when the budget is handed down this afternoon, we will find that those figures have been incorporated. However, I am concerned that when those figures are incorporated, the figure that the Barnett government has set as its limit on borrowings for the state—namely, \$20 billion—will be well and truly exceeded.

It is important for members to understand, just as a bit of background to this debate, that the net debt figure that is always quoted by the Barnett government is the figure for total public sector debt. That figure is \$19.886 billion. That sits just below the self-imposed cap that has been set by the Barnett government of \$20 billion. What is more interesting is that in 2013–14, net debt will be \$21.364 billion. That is about \$1.5 billion more than the headline figure that is often quoted. That figure of \$21.5 billion is the figure that will be used by the rating agencies and by Treasury when they do their calculations on some of the key aggregates that they use in the budget forecasts. The net cost to revenue ratio and the net financial liabilities to revenue ratio use the figure of \$21.5 billion. However, the only way we can ever get that figure out of the Barnett government is by pursuing it through questions and through the estimates committee. That figure of \$21.5 billion is the real debt that will need to be repaid by us and future generations of Western Australians—our children and our grandchildren—as a result of the spending binge of the Barnett government.

It will be interesting to see, when the Barnett government brings down its budget today, whether projects such as Roe Highway stage 8, which is listed in the budget at a cost of \$550 million, will still be listed at \$550 million, or whether it will be listed at \$700 million, which is the cost that Main Roads has given to this government for the construction of that project. The Barnett government has run around and talked about the gateway project being worth \$600 million, yet we know that the Barnett government has known for many years that it is not worth that amount. I had a briefing probably 18 months ago during which I was told that that figure was not accurate, and that, as I understand it, the real figure is closer to \$950 million. The problem that we then face, of course, is that the Barnett government asked the federal government for \$480 million, or 80 per cent, of that \$600 million, and the federal government promised that amount. However, one of the arrangements with the federal government is that—the Howard government was far worse on these matters—once a figure is asked for and granted, the state government has to pick up the excess costs. Therefore, why did the Barnett government ask for 80 per cent of \$600 million if it knew that the cost was going to be \$950 million? The state will now have to pick up the other \$470 million. Will that be shown in today's budget papers?

An article in yesterday's *The Australian Financial Review* listed other projects such as Royal Perth Hospital and the Museum that have not been factored into the costs, but, more importantly, on top of all of those things, we now see a massive build-up, a backlog, of basic infrastructure in key areas across the state that is not being funded by the Barnett government.

What are the government's priorities? What is it actually spending this money on that has resulted in this \$21.5 billion state debt as of the last budget? I suspect that by this evening we will be talking about at least \$25 billion worth of state debt. The Barnett government is spending it on political projects that get it a headline, such as the new palace and new ministerial offices, which, when tallied up, will cost almost \$100 million. The Barnett government is spending it on projects like the Oakajee port, which it need not do: the private sector said that it would build the port and hand it back to the state of Western Australia at no cost to the state; the state would still own the port, but the private sector would fund it. Nevertheless, for political reasons, and no other reason, the Barnett government decided to throw money into that port. It is not throwing funding into the proposed port at Anketell, which the private sector will build. We have been told that the private sector will build the Esperance port expansion. However, that will not happen at Oakajee, and this is so the Premier can make a political point. As an aside, in my view the Premier has completely stuffed up and delayed the Oakajee project because of the changes he made to the agreement reached between the previous state government and Oakajee Port and Rail. He has actually made it harder for that project to go ahead, but that is a debate for another day.

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That is another project that has blown out. I do not know whether we will see that recorded in today's budget papers, or whether we will get this game that the government plays; that is, it says that it has not formally made a decision in cabinet, so the project is not incorporated into the budget papers. But we all know the cost of that project will be higher than the \$600 million-odd that has already been committed. That money will be used for purely political purposes.

If all the rumours are correct, and I believe they are, another example of the Barnett government's intention for political reasons to spend more money on a project than is required is the football stadium. This is an endeavour to try to score a headline and to differentiate this government from the former Labor government for political reasons. Everyone agrees that we need a football stadium, but why would the government put forward a proposal that will cost us 50 per cent more to build than the other two other options? If the government does not want to go to Subiaco, it can go to East Perth. The East Perth proposal will cost 50 per cent less than the expenditure on the Burswood option for no net gain other than trying to play politics.

The Barnett government's funding of all these projects will crank up a massive amount of debt that Western Australians will have to pay off for years to come. This government has taken state debt from \$3.6 billion, and it will now be paying a yearly interest bill of \$2 billion as a result of the debt that it is wilfully incurring and cranking up. I could understand it if the debt were being incurred to build the basic infrastructure that a growing state like Western Australia needs. I recently heard a presentation that Bernard Salt gave at the Australian Council of Public Accounts Committees conference that highlighted the growth that is occurring in places like Western Australia. It is worth members who were not fortunate enough to have attended that conference getting a copy of that Bernard Salt presentation because it highlighted all the demands we face. A major cohort of young children will pass through our education system in Western Australia over the next 10 years, and new primary schools will be needed, but they are not being built. Instead, a new palace is being built for the Premier; \$500 million more than is needed is being spent on a football stadium; and \$500 million of state money is being spent on Oakajee, although it will probably be closer to \$1 billion by the time it is finished. The Roe Highway stage 8 project will now cost \$700 million; once finished, that will not do anything, as the government's own modelling shows, to fix the traffic problems in the southern suburbs. Nevertheless, the government undertakes these projects because it thinks it is a smart political move and because it thinks it is good politics.

Several members interjected.

**Hon KEN TRAVERS**: The government will somehow try to run a lie to the people of Riverton that this project will fix their traffic problems. Show me the modelling that shows it will fix the problems. I do not know what the noise from the other side is, but it is mumbling again.

Several members interjected.

The PRESIDENT: Order! That noise is unruly and out of order. That will be the standard for the rest of this debate.

**Hon KEN TRAVERS**: The other project, of course, is the Perth foreshore project. The government has put forward a plan that will cut off Riverside Drive, and it will cost the state an absolute fortune to fix that problem. That is being done, again, just so that the government can be different and it can play politics. That proposal will cost us an absolute fortune, but the government will not release its traffic modelling and it will not tell us how much extra it will cost to fix the problems created by its foreshore development.

Those are all sexy, headline-grabbing issues, but what about the other issues? I have talked about primary schools that need to be built. Let us see whether they will be included in the forward estimates of the Barnett government today. In the meantime, debt skyrockets through the roof.

Let us talk about the basic things like water. Let me make this very clear, because I warned the government about trains two years ago, and I am going to warn members two years in advance about water: if this government has not committed to stage 2 of the desalination plant at Binningup in today's budget, we will be on water restrictions in two years unless God intervenes and it rains again. The government's only chance is to gamble that it will rain. If the long-term weather forecasts floating around at the moment are correct, we will be on water restrictions in two years. If this Barnett government was acting responsibly, it would bring in water restrictions. That will be necessary because it did not make the decision to commit to stage 2 of the desalination plant in this budget. The government will make a commitment to build a new palace for the Premier and new ministerial offices across the road that all up will cost in the order of \$100 million.

Perth's population is growing at two to three per cent a year, and the Public Transport Authority's estimate is that there is about a four per cent growth in public transport use every year. Even though the PTA warned the government two years ago that new rolling stock would be needed, did it provide it? No. In March this year, did

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we see overcrowding on our trains? Absolutely. What was the government's first defence? It denied it even existed. But when it became impossible to deny it anymore, it suddenly found four extra rail carriages in the back shed. Has the government ordered new carriages? No. Even if it ordered them through the budget today, it would be two years before we would see the first of those carriages on the Perth rail network. I hope that it is in the budget today, but if it is not and the government has included in its budget its sexy and fancy projects to get a headline, the government will have let down the people of Western Australia. We need to order those railcars today, because the first one will be delivered in two years and the rest may take up to five years to be delivered.

The Minister for Energy appeared before the Standing Committee on Estimates and Financial Operations and talked about power in the Pilbara. There will be a shortage of power to service the communities of the Pilbara in 2013.

Hon Simon O'Brien: This government won't run out of power like yours did.

Hon KEN TRAVERS: The reason we ran out of power was that the Liberal government failed to invest in power in the 1990s, and this government is doing the same thing. The problem with the Liberal Barnett government is that it does not understand that a lot of basic infrastructure requires the government to think beyond tomorrow's headline. If there is a problem with water today, it is not because a decision was not made yesterday but because a decision was not made two or three years ago. If there are not enough trains on the railway line, it is not because a decision was not made yesterday but that a decision was not made in 2008 when the government was told that it should have bought more. The electricity network failure and the lack of power in Perth and the Pilbara are not the result of a decision not made yesterday; they are the result of the government not making the decision to invest in upgrading and maintaining the network between two and five years prior to that. The Minister for Energy knows that BHP Billiton will end its contract with the government and he knows that it needs a new power station. Let us see whether that project is in the budget this afternoon and will drive up state debt. The former Minister for Transport had a fixation on building Roe Highway stage 8 because he thought it would be a smart political move.

**Hon Norman Moore**: You sound just like a typical North Metropolitan Region member who doesn't know anything about the South Metropolitan Region. That is your problem.

**Hon KEN TRAVERS**: I know that the Leader of the House's favourite electorate is the South Metropolitan Region.

**Hon Norman Moore**: Get on the highway sometime and have a good, hard look. You don't know. It is typical of a northern suburbs member.

**Hon KEN TRAVERS**: I put a challenge to the Leader of the House. Does he think Roe Highway stage 8 is more important than fixing the Nullagine road?

Hon Norman Moore: Get off the grass! They both need to be done.

Hon KEN TRAVERS: Which has the highest priority? I reckon we need to fix the Nullagine road. Maybe if the Leader of the House worried more about his electorate than the electorate he lives in, he might realise that fixing the Nullagine road needs to be a priority. I believe that it is important to fix the roads around Port Hedland and Karratha and I thank the federal government for funding those projects. Where is the money for the Eelup Rotary that this government promised it would provide to build a flyover at Eelup? The government has come up with a cheap solution. It will not even spend the \$30 million that it promised to spend during the last election to build the roundabout. I cannot wait to see whether the government will deliver on its election commitment regarding the Collie Coalfields highway. That is basic infrastructure for regional Western Australia. I can talk about the projects in not only the North Metropolitan Region, but also across that state that I believe should be a higher priority than the Roe Highway stage 8 project and will actually do something to fix the road issues. Let us talk about making Gnangara Road a dual road, or putting a second lane on Reid Highway between Beechboro Road and West Swan Road. The Labor government completed the first stage of extending that from West Swan to Great Northern Highway. The next stage is to take it from West Swan through to Beechboro Road.

Several members interjected.

**The PRESIDENT**: Order! There will be speakers later in this debate who will expect to be heard in silence and have every right to be heard in silence. They should pay the same courtesy to the current speaker.

**Hon KEN TRAVERS**: This government has two problems. The first problem is that its priorities are wrong. It has invested its infrastructure money in the wrong projects and is building up massive state debt. There are plenty of projects that we need to build, and I accept that we need to borrow money. However, we need to borrow money and invest it in the right projects that will grow and advance the state rather than in projects that will grab the government a headline for a day. That is the first problem with this government. The second

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problem is that this is an uncaring government. It will try to make a song and dance today in an effort to present itself as a caring government, but it will still be the government that cut the Redress payments and got rid of paupers' funerals. That is the sort of government this is, and it knows it. Its priorities are wrong and it does not care. That is dangerous for the people of Western Australia.

Hon Michael Mischin: What about prison vans? Tell us about the penny-pinching that went on there.

## Point of Order

**Hon ED DERMER**: I have been sitting here listening. I understand the value of interjecting when a member makes a point and the speaker either responds to it or chooses not to. However, there is a distinct difference between an interjection and a member who tries to deliver a speech from his seat. About half a dozen members opposite are trying to deliver a speech from their seat. They are forgetful that they will have the opportunity to respond when the current speaker sits down. I, for one, am having difficulty hearing Hon Ken Travers because of the noise coming from the other side.

**The PRESIDENT**: Hon Ed Dermer makes a fair point, when one reads the standing orders. It is my job as the Presiding Officer to interpret and conduct the debate according to those standing orders, and that is what I will do without fear or favour. It does not matter whether it is Hon Ken Travers or another member on his feet; the debate will be conducted courteously and without unnecessary interjections.

#### Debate Resumed

Hon KEN TRAVERS: I want to highlight one final area in which this government has resolved to borrow up to its limit to pay for unnecessary projects such as the Premier's palace. Recently the government decided to lease 500 new houses for Homeswest. Why is it doing that? It is because it does not have the money to build new houses. The government must fudge the books. That will mean extra houses in the short term, but the net long-term cost to the state will be higher. This government is imposing yet another impost on future generations to try to hide its mismanagement. If the cheapest option, as the Premier said, is for the government to own Hale House, why is it not the cheapest option to own Homeswest housing? The Premier is absolutely right. If we are to have the Premier's palace, we should own it. He does not want to own the Homeswest homes.

**HON SIMON O'BRIEN (South Metropolitan** — **Minister for Finance)** [10.27 am]: I do not support this motion or the glib one-liners behind it. Later today I will have the very great privilege of delivering a speech on the 2011–12 budget. Members will then see examples of fiscal responsibility and good management. I will be addressing questions that relate to state debt and infrastructure spends and a range of related matters. That is for later today. In moving his motion, Hon Ken Travers seems determined to have a trial run of what he thinks will be in the budget and is testing some of the lines the opposition has been rehearsing in the back rooms. I hope by this afternoon or next week, when the opposition gives some sort of response to the budget, that it will deliver a better response than it has delivered so far. When the member criticises the government and offers it gratuitous advice, he exposes his own naked throat. Even the most superficial example of Western Australian political history and state government economic management makes that very, very apparent.

In touching on questions of debt, the fact is that debt is going up in this state at this time. It is increasing under this government for some very good reasons—it is paying for a significant part of the state's large asset investment program; the rest of which is being paid for by operating surpluses. We believe that the people of Western Australia deserve to have the infrastructure they need to function well as a community and as a wider economy. We are not shirking a responsibility to make sure that that infrastructure is provided. In the Labor years, when it was enjoying unexpected multibillion-dollar surpluses for several years running, did it invest? I do not think so. In order to get its headline, their one day of publicity, what the former Labor government announced was something in the future by saying, "We've put some money in the forward years to pay for it." The funding was not provided in that current year to deliver it then, but on the never-never. When we came into government and looked at some of the proposed asset investment programs, we found they were all grossly underfunded. It is not right for the opposition of today to turn around and say it had all these programs funded. Why have they not been delivered? The previous Labor government did not fund them, it did not start them and it did not deliver them. We are the government —

Several members interjected.

# Point of Order

Hon NORMAN MOORE: Following the example of the Whip from the other side, I suggest the interjections are out of order

**The PRESIDENT**: You are quite right. You are as right as Hon Ed Dermer was in raising that point of order. As I explained, everybody will be treated the same.

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### Debate Resumed

**Hon SIMON O'BRIEN**: We are investing. We are picking up the fragments from the former Labor government's infrastructure policies that should have delivered a heck of a lot more than it did, but in fact raised expectations that are very, very expensive to deliver.

I remind the house that the sorts of cost blow-outs we were seeing in major projects with the former Labor government often exceeded 100 per cent. In fact, the average cost blow-out was well over 100 per cent for major projects. Have a look outside at Perth Arena down the road. There are any number of projects where we can see massive blow-outs that are directly attributable to the fiscal mismanagement of the Carpenter and Gallop governments. In contrast, we have reined in that pattern of mismanagement. We have realistic figures in our budgets, and we are delivering. That is why, in pursuing our policy of delivering the infrastructure that Western Australians need, there is a rise in state debt. We make no apology for that. Substantial investment in infrastructure reflects the very important role that the public sector's capital spending has in supporting WA's economic and social development, and ultimately in generating jobs.

The question of net debt is something that is probably not very well understood, but the government has had a clear policy, since we adopted it in the 2009–10 budget, of maintaining net interest costs on our debt below 4.5 per cent of the total non-financial public sector revenue. A key part of our policy is to maintain the AAA credit rating—the AAA credit rating that a former Labor government lost, the AAA credit rating that a former Liberal—National government regained and the AAA credit rating that this Liberal—National government is also determined to retain. The AAA rating was lost in the wake of the infamous mismanagement and corruption-riddled WA Inc era. I am sure members opposite do not want to be reminded of that! But the ratio of net interest costs to revenue was above five per cent during the early 1980s when we came into government. If we can maintain a 4.5 per cent ratio, we are well inside the AAA benchmark that was restored, as I say, during the time of the Court government in the mid-1990s. That achievement is demonstrated in the midyear review, which clearly shows that our overall debt levels are well under the 4.5 per cent upper limit. If members want to look at the 2010–11 government *Mid-year Financial Projections Statement*, on page 36 they will see the graph that clearly shows we are well under that criteria of manageability, and indeed members will see this afternoon that we intend to stay there and are doing the things necessary to stay there.

Hon Ken Travers: All your blow-outs.

Hon SIMON O'BRIEN: I have already addressed the question. Blow-outs are the Labor Party's province. We have brought infrastructure spending and project management under control. If Hon Ken Travers wants to debate the Labor Party's record versus what we have achieved in the past couple of years, and are continuing to achieve, I will debate that with him any time he likes. I am more than happy to do that. We are doing it against a very challenging financial background, with a decline in a number of parts of state revenue collections, as Hon Phil Edman has helpfully brought to the house's attention through some of his very perceptive questions.

Let us look, though, at the investment side. Let us look at what we are actually getting for the money because this is a point that was not really alluded to very much; that is, whether we are spending on the right things and whether we are spending enough. The former Labor government's average spend for its infrastructure program was \$3.2 billion per annum. Hon Ken Travers and I were both here for all those years. This Liberal–National government will spend an average of \$6.6 billion over six years. That figure is taken from the midyear review; it is not a leak from this afternoon's budget, I might add. We plan to continue to spend a very significant amount of money as part of our asset investment program. We are doing it not as Hon Ken Travers was trying to glibly entertain with references to palaces and so on in his remarks, but on the assets that Western Australia really needs, such as an all-time record investment in hospitals.

Again, looking back at the midyear review figures, members will see that we spent \$4.3 billion on improving, expanding and maintaining the state's electricity infrastructure, and \$3.8 billion on our wastewater and drainage services including works on the Mundaring water treatment plant and the southern sea water desalination plant, which I will admit was one thing the former Labor government got right in going down that path. We will spend massive amounts, well over \$3 billion, on the construction of public housing and other dwellings, and the development of land throughout the state so that people in the private sector can also get on. Yes, significant amounts will be spent on public transport, roads, public schools and a range of other projects, including, significantly, over half a billion dollars on port infrastructure. Labor's challenge, I guess, is to nominate which public investment projects it recommends we cut.

Hon Ken Travers: I have given them to you.

**Hon SIMON O'BRIEN**: How about the school projects? Which schools does Hon Ken Travers want us not to go ahead with? Which transport projects does he want us to discontinue—the Broome boating facility perhaps,

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the Baldivis secondary school? Any number of a huge number of projects are at the opposition's disposal. We want the opposition to get up and say to the community, "Here's where we would slash these funds. Here's how we're going to cut \$20 billion debt: by simply slashing expenditure projects on capital." That is the prospect Hon Ken Travers was advancing. Show us the shopping list of \$20 billion worth of projects that the Labor Party, if in government, would get rid of.

Hon Ken Travers: I gave you heaps.

Hon SIMON O'BRIEN: He told us about one which is funded; not notional ones where funding has not appeared in the budgets yet, like stadia and what have you, but ones where it has appeared. We are doing something about Hale House. Perhaps the opposition would just leave it to rot; perhaps it would not maintain that heritage building in the parliamentary precinct. That is the big thing the opposition wants to seize on. That is about a thousandth of the expenditure the opposition would have to find to meet the targets it is pretending it might have. Mind you, it does have some form in cutting expenditure for infrastructure projects. To use Hon Ken Travers' pet project of the Coalfields highway, I recall that when the Gallop government came to office, the Court government was halfway through a two-phase project to upgrade the Coalfields highway. The first phase had been completed. The second phase was funded and ready to go, like the Nullagine road, the Wiluna–Meekatharra highway and all the other projects the Labor government and its Treasurer, Mr Ripper, summarily got rid of when they came to office. Our government is now investing in the continuation of the upgrade program for the Coalfields highway, when the member's government did nothing. A story by Calla Wahlquist on page 7 of the *Bunbury Mail* of 20 October 2010 was headed "We dropped the ball on Coalfields: Labor". That quote was attributed to Labor. The opening words of the story were —

SHADOW transport minister Ken Travers admits that Labor dropped the ball on the Coalfields Highway when in office ...

Hon Ken Travers now has the gall to get up and start berating us.

Hon Nick Goiran: Can I frame that?

Hon SIMON O'BRIEN: It certainly needs to be remembered.

Several members interjected. **The PRESIDENT**: Order!

Hon SIMON O'BRIEN: Members opposite want to talk about the Premier's new palace. That is juvenile stuff. Hale House does need attention. It is right over the road from Parliament—it is part of the parliamentary precinct. The government has to deal with the issue of maintaining that heritage building and making sure that it is available for good public uses. The government is exercising its responsibility to do just that. If the opposition wants to do something else with the building, it should tell us what it would do. It can take the money allocated to that and apply it notionally to something else if it wants to. The opposition does not want us to spend money on Hale House. It would not want us to do that twice. Why do we not do it 40 or 50 times, because that is the amount of money Labor wasted in government on failed capital projects, as it drafted them, such as the Office of Shared Services? That is another problem we have to fix. Before members opposite start glibly talking about these matters, they need to look to their own record, because people will there find the real story and will see through this very hollow rhetoric.

HON MATT BENSON-LIDHOLM (Agricultural) [10.43 am]: I congratulate Hon Ken Travers for bringing this issue to the house. The most significant point that has been raised thus far is that of state debt. The minister can denounce that statement as much as he likes, but I will put one very important figure in front of members: if state debt blows out to something in the order of \$20 billion to \$22 billion over the next couple of years, that equates to an increase in our state debt of \$11 million or \$11.5 million per day over the past four years. The Minister for Finance says that that is all right, there are very good reasons for that and we do not have an issue. Debt is going up, but that is all right! In the same breath, the minister is not prepared to even acknowledge that there is the capacity or that there should be the capacity for some sort of fiscal restraint. That is the sort of thing a Minister for Finance needs to be looking at, in my humble opinion. That is the sort of thing he needs to be stating. It is all very well to say that we need to improve Hale House. That is fine. The government is entitled to have a policy, but the Minister for Finance should not come to us and say that we can afford \$11.5 million a day and that he, as Minister for Finance, does not have anything to worry about because it falls within the 4.5 per cent, so everybody is happy.

Hon Simon O'Brien: That wasn't exactly the turn of phrase I used.

Hon MATT BENSON-LIDHOLM: I will stand corrected by looking at Hansard later.

Hon Norman Moore: You've got to do something about him; he is just hopeless.

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Hon Sue Ellery: You do something about him!

The PRESIDENT: Order!

Hon Norman Moore: Your bloke takes a point of order all the time over any interjection. It is just pathetic!

Hon Sue Ellery interjected.

**The PRESIDENT**: Order! The tone of the debate was set by a couple of points of order. That is the way it will be run. If members do not wish to have debates run that way, there are other alternatives. I try to run the debate according to the mood of the debate and the mood of members. This mood has been set by those points of order. That is the way it will be.

Hon MATT BENSON-LIDHOLM: Thank you, Mr President. This issue of state debt blowing out to \$20 billion or \$22 billion over the next year or two, to my way of thinking, underpins this motion. It is a very serious motion, particularly as we approach the new Treasurer's first budget. Repayment of that debt is something that we are going to have to factor in sooner or later. No-one can tell me that the mining boom will continue ad infinitum. If and when that boom ceases to exist, we will still be faced with a massive debt. It is increasing by \$11.5 million per day now; what is it going to be in two, three, four, five or 10 years' time if we continue this fiscal irresponsibility? This underpins Hon Ken Travers' excellent non-government business motion.

Another issue the minister perhaps needs to take on board is that of the GST take, which is something a previous conservative government orchestrated on behalf of the people of Western Australia. The only thing that seems to be saving us at this point in time is the royalties taken from the mining industry, but as I said, the mining industry and the boom associated with it will not last forever. Anybody who thinks it will is dreaming.

A number of other issues underpin this motion, one being the big range of human infrastructure issues around the state. I recently was in Geraldton to note the significant issues associated with hospital staffing problems at Geraldton Regional Hospital. All the local member could say was that it was Labor's fault. There is a staffing formula in our state hospitals. That is very much a human infrastructure issue that needs to be addressed. That is the sort of thing I would like to see in this year's budget. Many other issues underpin this motion, but those few, in my humble opinion, encapsulate the issues we have.

I will move on and look at some of the issues associated with what the government is spending its money on. People are debating Hale House, but the other significant concern mentioned by Hon Ken Travers is the spending on Oakajee. The completion of this project seems to be going out by almost the day or the month. It is going further and further down the track. The Chinese want that project to be delivered now. They do not want it in 2014, 2015 or 2020—they want it now. The way things are going with the interference of the Premier, that is not going to happen. If that is the case, it is going to be a sad indictment of the Western Australian government and, indeed, of Western Australians by association.

The other excellent point Hon Ken Travers made was about the football stadium funding. If the government wants to save money or wants to look at where else to put the money, particularly in response to human infrastructure problems, it should have a look at the blow-out in the anticipated spending associated with the football stadium—an extra 50 per cent over and above what might apply for better and more appropriate sites. That is a huge issue for members on this side of the house. The state needs and, indeed, must have a skilled workforce, and there are significant issues with that human infrastructure aspect. Fairly obviously, if we are to maintain growth in the mining sector, issues such as a highly productive, efficient, technologically advanced and mobile workforce that is educated is going to be an enormous prerequisite. While I am on the issue of education, I note that one of the comments made by the Minister for Finance was that Labor did not invest appropriately. The minister did happen to mention education.

Hon Ljiljanna Ravlich: Sixty-five schools.

Several members interjected.

The PRESIDENT: Order!

Hon MATT BENSON-LIDHOLM: Members opposite should look at that figure. There is no better example of investment in human and social infrastructure, together with the associated physical infrastructure, than that which occurred in the education system under Labor in its eight years in office. The education building program that this party put in place when it was in government makes any other investment by the conservative government pale in comparison. Members should look at the schools that were built and at the investment made during the years that Labor was in power.

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There are also other physical infrastructure issues that the budget needs to address. Given that I have only a couple of minutes remaining, I do not intend to go down that particular path. Fairly obviously, the point I am trying to make is that Hon Ken Travers' motion refers to physical and human infrastructure issues.

I do not have a lot of time left so I would like to mention one of my pet concerns—that is, the provision of a better, more sophisticated and bigger capacity energy infrastructure system for Geraldton and the Mid West. I would love to say later on today that the minister has got it right and has decided to spend money to put the 330-kilovolt line from Eneabba all the way through to Geraldton, with its capacity to then sustain the Mid West, but I do not like my chances. That is the one infrastructure issue that this government could put in place to ensure the economic future of the state. Again, that is what this non–government business motion is all about—the future development of the state. The state's Mid West is the place to be; it is the place to invest. Without a 330-kilovolt powerline all the way through to Geraldton, the capacity to develop Geraldton as the renewable energy region of Western Australia represents a lost opportunity of enormous proportions. There is so much potential there. There is also the commitment to the people who have already made investments and have moved to that particular part of the world to set up new industries and to invest in people, land, factories and the like. A big problem occurred in Geraldton last Christmas. Geraldton nearly ran out of energy. In some respects people did, because power supplies were cut on a number of occasions. Industry managed to survive, but if industry is going to develop and is going to deliver for the people of Geraldton and the Mid West, and, indeed, the whole of Western Australia, this particular project is a must.

I also would like to have talked about issues such as tier 3 railway lines, but I see that my time has come to an end. I once again commend Hon Ken Travers for an excellent non–government business motion.

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [10.53 am]: It is interesting that we should be debating the budget ahead of the budget being delivered, so I suggest that this debate is slightly premature—by about three hours. However, that is not to say that the opposition is not entitled to raise these matters at this time. I would have thought that opposition members would save their arguments until they know what is in the budget, as opposed to adopting the strategy of Hon Ken Travers, which is to predict what might be spent and what might not be spent and then start making judgements about that. For example, he talked about an extra \$500 million for a football stadium. I do not know of any decision that has been made to build the stadium in any particular location, but the honourable member obviously knows more than I do.

Several members interjected.

The PRESIDENT: Order! The rules do not change; they are the same for everybody.

**Hon NORMAN MOORE**: On that matter, Mr President, I think it is a very sterile place when there are no interjections. I give a commitment that I do not intend to take points of order as I did today. I did that today only because the Labor Party Whip does it all the time. If he wants this to be a chamber in which nobody interjects, that is his business. I will not take the same view again. It is ridiculous to keep doing that.

Hon Kate Doust: You do it when it suits you.

**Hon NORMAN MOORE**: I have never done it before. I did it today because the honourable opposition Whip decided to do it to one of our members.

I want to take a couple of moments today to talk about hypocrisy. This motion refers to the so-called Premier's palace, which I always find quite amusing.

Hon Kate Doust interjected.

The PRESIDENT: Order!

**Hon NORMAN MOORE**: It is a similar argument to the one we heard a long time ago about the belltower. The funny thing about the belltower is that everybody says that we should have made it bigger and louder and that we should have spent more money on it. That is what they all say now. However, the Labor Party ran a campaign —

Hon Kate Doust interjected.

**Hon NORMAN MOORE**: Hang on! Ed, would you please take a point of order on your deputy leader, and save me doing it!

Hon Ken Travers: Can I take a point of order on the leader for interjecting on himself?

**The PRESIDENT**: Order! I agree with the Leader of the House that some interjections are fine during debate, but when the standard is set, I have to apply those standards across the board in an even-handed way. We will continue this debate under those same conditions.

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**Hon NORMAN MOORE**: The leading protagonist in the argument against the so-called palace is Mr McGowan, the member for Rockingham. As a matter of interest, Mr McGowan was a minister in the previous government who discovered that the office he was being given in Governor Stirling Tower was not quite up to the level of refurbishment for, and expectation that he had as, a minister, so he had his office refurbished—for \$700 000! That was at a time when I believe the government of the day knew it would be moving out of Governor Stirling Tower because the lease had expired.

Hon Ken Travers interjected.

The PRESIDENT: Order!

Hon NORMAN MOORE: By way of contrast, the then Attorney General, Mr McGinty, refurbished the office that I now have. I think he got the furniture from Ikea for about half that price, because it is a reflection of that price. It is pretty average, but it is better than I used to have so I am quite comfortable. I am not complaining. Mr McGowan would have us believe that doing up a heritage building, and ultimately saving \$1.2 million a year in rent, is somehow or other a bad deal and will be a palace. It is in fact fixing up a heritage building that should have been fixed up a long time ago. We fixed up the other part of the Hale school site and made it the Constitutional Centre. People said that that was a very good thing to do. Making Hale House into a place that the people of Western Australia can be proud of is a good investment, but it is a better investment because it actually saves rent of \$1.2 million. I say to Mr McGowan that when he wants to get on the high pedestal that he has put himself on, he should reflect on his own expenditure —

Several members interjected.

**The PRESIDENT**: Order! I am sorry, but I have to apply the rules.

**Hon NORMAN MOORE**: I say to Mr McGowan that when he wants to take the high moral ground on these sorts of matters, he should look at his own behaviour as a minister and look at how he blew \$700 000 on his own office refurbishment when he knew that the government would have to move out of the building in a couple of years.

I want to mention a couple of other issues very quickly. I advise Hon Matt Benson-Lidholm that the problems at Oakajee are not being caused by the state government. Indeed, the contribution that we have agreed to make, along with a similar contribution by the federal Labor government, which also sees it as a good public investment, is not the cause of the problems; the problems are the result of the bidding process that was introduced by the former Minister for Planning and Infrastructure, who set up this competitive arrangement that eventually came down to a Japanese versus Chinese competition. The problem with Oakajee is trying to get all the different pieces of the jigsaw puzzle to come together at the same time and some of the difficulties with the Jack Hills mine. Do not try to blame the state government for this. Our contribution, matched by the federal government, is a significant investment in public infrastructure, because Oakajee will not just be a private port; it will be a port available to anybody who wants to use it. That is why we have made an investment and that is why it is a very good decision.

Hon Ken Travers interjected.

The PRESIDENT: Order!

Hon NORMAN MOORE: Hon Matt Benson-Lidholm also raised the issue of mining royalties and how they will not always be there, and the member is quite right. However, instead of telling us about mining royalties in this place, the member should send a letter to the federal Treasurer who, first of all, had the bright idea of a mining super profits tax, which just about drove everybody offshore. That idea was applauded by the Canadian Treasurer who said it was the best decision ever made for the Canadian government. Canada is our main competition for resources funding. And we still have the mining resource rent tax hanging over our head. Those decisions made by the member's federal government are more likely to have an impact on the mining industry than anything else I know of. Therefore, members opposite should be very careful about blaming people; they should look to where the fault actually lies.

Another point that I will quickly make is to reinforce the views expressed by the Minister for Finance about Labor's commitments to future asset investment. The classic example is the Perth Arena. I do not know how many times over the original budget that project is now. I think it was originally about \$150 million and now it is something like \$450 million.

Hon Simon O'Brien: It is \$483 million.

**Hon NORMAN MOORE**: It is \$483 million. I thought it was a good decision to make that investment. When I was a minister last time I hoped to build a soccer stadium on that site, which the then Gallop government could

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not deliver. However, that is another story. A decision was then taken to build the arena there and I thought it was a great idea. However, it has blown out from \$150 million to \$483 million and it is still not finished. It is as though somebody is making it up as they go along. It is like a great big jigsaw puzzle and people are trying to find the pieces to put in. It is a classic case of the complete mismanagement of the asset base of this state by the previous government and we are wearing the pain of that by having to find the money to fund the arena.

Hon Ljiljanna Ravlich interjected.

The PRESIDENT: Order!

**Hon NORMAN MOORE**: Finally, the Office of Shared Services—what an absolute disgrace that was! For Hon Ken Travers to get up in this place —

Hon Ljiljanna Ravlich: You should fix it—you've been in for three years!

The PRESIDENT: Order!

**Hon NORMAN MOORE**: The viewpoint was that we are so far in that we just cannot get out. The previous government blew hundreds and hundreds of millions of dollars.

Hon Ljiljanna Ravlich interjected.

The PRESIDENT: Order!

**Hon NORMAN MOORE**: I can understand why the member is trying to defend it because it was a friend of hers who came up with the bright idea. It was an absolute disgrace and it still is.

Hon Ljiljanna Ravlich interjected.

The PRESIDENT: Order!

Hon NORMAN MOORE: The previous government left this government with some seriously hard decisions to make about that, yet members opposite get up and start giving us lectures about financial management. In the short time that I have had, I have given just two examples of the previous government's absolute total incapacity to deal with the state's finances—just two of them! If I had about an hour and a half, I could fill it up quite comfortably with the rest of them. Therefore, this motion deserves to be tossed out and consigned to the scrap heap where it belongs.

**HON JON FORD (Mining and Pastoral)** [11.03 am]: I congratulate Hon Ken Travers for bringing on this motion as well. Before I start my contribution, I will comment on a couple of things that the Leader of the House just said.

I will start with the Office of Shared Services. Not one contemporary business anywhere in this country would tell members that bringing together common services is the most inefficient way of delivery. The companies I worked for in the private sector constantly looked at ways to build efficiencies for common service delivery in areas such as information technology, human resources and supply. It is a bit rich for the government three years into its term to lay the entire blame for the way a system has been delivered at the feet of the previous government. It is a bit rich that the government suddenly announced that just prior to the budget three years into its term, but that is another issue.

Sure, the investment in Hale House may be a great investment in time, but the issue at this moment is whether the state can afford it. As Hon Ken Travers and Hon Matt Benson-Lidholm mentioned, we have ballooning debt. In simple terms, the more debt we grow, the less we can invest strategically in infrastructure in the future, particularly in operational expenditure—related structures—that is, more police, more staff for hospitals and more teachers. That is the problem we have.

I will talk not in my shadow role but in my role as a local member, particularly for the Kimberley and also the Pilbara. I will give members examples of some of the problems we get in not picking winners in necessary basic infrastructure. Last week I was in Kununurra and I met with the Ord River co-op. We have heard a lot in this house about the expansion program and what is going on in the Ord River region. We are glad that the current government is building on the investment that the Gallop and Carpenter governments put into that area—that is great. However, I will tell the house what is wrong. During the last wet season, the area was locked out; it was not only landlocked but also locked out by the ocean. The only way to get supplies into Kununurra was with aeroplanes and the area was locked out for a substantial time. Do members know why? The state ship had broken down, and no ships could get into the port. The ship is so unreliable in delivering bulk, such as superphosphate, that people actually pay for trucks to bring it up because they cannot rely on the ship at the moment to bring the super up for the agricultural region. Therefore, they are just topping up by using trucks, which tells us that something is basically wrong with the prioritisation of the government or that it has not even noticed. We are

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talking about a huge expansion. We hear federal people talking about the region being a food bowl and we talk about extending it across into the Northern Territory, but we cannot deliver basic commodities into the town in a consistent and reliable manner.

The Pilbara has the same situation. I raised the matter when we were in government, but the situation is still the same three years into this government's term, which, with the royalties for regions program, should have no problem resolving the simple matter. Great Northern Highway is the main road into the Pilbara. About 140 kilometres south of Newman is a roadhouse called Kumarina. It is on an island; it is actually in the fork of a creek. We need only have a widdle in that creek and it floods. I was trying to think of a parliamentary term to use for that.

Hon Simon O'Brien: That's a pretty impressive widdle, I have got to tell you!

The PRESIDENT: Order! I think that is nearly unparliamentary.

Hon JON FORD: It does not have to be at Kumarina; typically, it is further out in the desert, and it regularly happens. Although that area provides the state with huge economic investment and return, in the last wet season roads were cut off from the north, south and east, so it was landlocked. This is without doubt the biggest economic area in Australia. It is as simple as putting a culvert, about the length of this Parliament, across to fix it. Still, nobody has done that. Therefore, we end up with cars being trapped in there, and with the roadhouse being isolated. I have been at the roadhouse—it is a funny place to build a roadhouse—when people have had to carry fuel from the roadhouse in 20-litre, 40-litre or 60-litre plastic drums because it has been isolated from the road.

**Hon Ken Travers**: And the Leader of the House says that we should build Roe 8 and forget about this major highway!

Hon JON FORD: That is right. The former Minister for Transport has talked about how important the Nullagine–Newman road is from the government's perspective. However, whenever we have raised the issue of safety on that road, he has given us the department's reply, which is that that road is generally fit for purpose. I can tell members that that road is not fit for purpose. During the recent rains, the one single ribbon of tar that goes up the centre of Great Northern Highway became the main artery for every truck, vehicle and courier van that was going to the north west because they could not travel on the Nullagine–Newman road. The Nullagine–Newman road is now the main artery to get to Cloud Break and Roy Hill. It is also the back road into Yandi and Munjina—BHP will tell us that it does not use that road, but it does—to get to mining area C. As a local member, when I am flying to Port Hedland, and particularly to the Kimberley, I actually fly right over Newman, and I am able to get a good aerial view of that road. That thin ribbon of black is absolutely dotted—it looks like a dashed line—with truck after truck after truck, coming and going both ways. Even though the wet season has been finished for some time, most of the traffic is still being pushed onto that road. But all it takes is a slight amount of rain and that road has to be closed, even to light vehicles. I was talking to the Kennedys just this week. They are concerned about the impact of even slight showers. Also, the mustering season is coming up at the end of this year, and that will add another dimension with road trains with cattle on them.

Hon Ken Travers: And the Leader of the House says we should build Roe 8 before we fix the Nullagine road!

Hon JON FORD: That is right.

The PRESIDENT: Order! I think that what I have said about interjections applies to interjections from the member's side as well.

**Hon JON FORD**: I will finish by talking about Pilbara Cities. I heard a report on radio today about a boost for housing in Port Hedland. I think the government was talking about 130 houses. What the Pilbara, Port Hedland and Karratha need is thousands and thousands of houses. The problem is that the Pilbara is running out of water. I am waiting to see what is in the budget about the provision of water for the Pilbara. That is only for the current population. It is not for the expanded population under the great Pilbara Cities vision. It is the same with power.

We hear a lot about the training opportunities in the Pilbara. The simple fact of the matter is that young people who want to be apprentices in the north west cannot do that unless their parents have a house, or a job that comes with a house, in that district. That means that a huge number of training opportunities are not available to many young people, and adult trainees, in Western Australia because no housing is available.

HON LJILJANNA RAVLICH (East Metropolitan) [11.12 am]: I, too, want to support this motion and put on record my concern about the Liberal-National government's inability to rein in state debt, and the fact that this will be an enormous problem for future generations of Western Australians. I find it incredible that this state government has managed to get itself into a position in which it looks as though—all will be revealed this afternoon—state debt will exceed \$20 billion. It has been projected that state debt may be as high as \$23 billion,

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or around that ballpark figure. Why does this state government have a projected debt of that magnitude, when the national debt is only \$50 billion? I cannot work that out. There must be something wrong with—definitely not me!—this government and the way it is managing the finances of this state. The total debt level of the federal government, which has to implement policies and programs and develop infrastructure across the whole nation, is \$50 billion, and it has been absolutely caned for it. It therefore does not make sense to me that this state government can get to a debt level of upwards of \$20 billion, on its own, with no effort from anyone else. I hope there is a good reason for that. There is no doubt that revenues have been coming in for the state government from royalties, and from robbing the people of this state through incredibly insensitive price hikes in utility charges. Power, gas and water charges have been going up, and we know they will go up again in the budget that will be handed down this afternoon.

The Leader of the House has talked about the mismanagement of the finances of this state by former Labor governments. I want to put this on the public record, and I want the Leader of the House to listen to this very carefully. The biggest mistake that was ever made by any government in the history of this state was made by the Court government. I will tell the Leader of the House why I say that. Richard Court took himself to Canberra, as the Leader of the House knows, and he signed up to the goods and services tax package. He did not know what was in that package—he had no idea—because the details were going to be worked out after he had signed it, and this state has been robbed!

**Hon Norman Moore**: But you were opposed to the GST! We would not have had the GST at all if you had been in government! There would have been no money for the state at all from the GST if you had been in government! You cannot have it both ways!

The PRESIDENT: Order, members!

**Hon LJILJANNA RAVLICH**: The Leader of the House should not talk while I am talking, because I listened to him, and he should listen to me.

The PRESIDENT: Order, members!

Hon LJILJANNA RAVLICH: If ever there was a case of total incompetence, that is it! It would be like signing a major contract without actually reading it! Who in this house would be stupid enough to sign a major contract without reading it? When Richard Court signed that contract, he made sure that every Western Australian, every year since then, has been missing out on major revenue for this state.

**Hon Norman Moore**: You opposed the GST! This state would not have had any of that money at all! Your memory is failing you!

**Hon LJILJANNA RAVLICH**: That is a major opportunity cost for the people of this state. However, we never hear the Leader of the House talk about what Premier Richard Court did to this state, and about his lack of understanding of the impact that would have on this state.

I do not have a lot of time. There is no doubt that this level of debt is not good for the state. As I understand it, the debt equates to about \$8 000 for every man, woman and child in this state. It is not as though this growing debt is being used to fund infrastructure. Therefore, we need to know what it is being used to fund. We know that infrastructure projects will not be funded, and yet there will be increased debt. There will be no freeway expansion; there will be no foreshore development; there will be no sports stadium; there will be no Royal Perth Hospital rebuild; there will be no upgrades to the power facilities; and there will be no strategy for water.

Hon Norman Moore interjected.

Hon LJILJANNA RAVLICH: I doubt that very much; there have not been any so far, so we can only live in hope, Leader of the House.

Hon Norman Moore: You'll have to wait until this afternoon!

**Hon LJILJANNA RAVLICH**: No new houses will be built for the thousands and thousands of people on the waiting list. There will not be anything for them. There will not be anything for my people who desperately need housing.

Hon Simon O'Brien: In Cottesloe?

The PRESIDENT: Order!

**Hon LJILJANNA RAVLICH**: That was a very cheap shot! **Hon Simon O'Brien**: That was a very expensive shot!

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Hon LJILJANNA RAVLICH: That was a really, really cheap shot that was below the belt and totally unwarranted!

Several members interjected.

**Hon LJILJANNA RAVLICH**: There will not be any additional moneys to build infrastructure to deal with the whole issue of mentally ill people who need accommodation.

Hon Simon O'Brien: Won't there?

Hon LJILJANNA RAVLICH: There will not be any investment in mental health facilities.

Hon Simon O'Brien: I'm going to be looking you in the eye when I'm doing some speaking this afternoon!

**Hon LJILJANNA RAVLICH**: The minister has put on the public record that by 2013, 67 000 skilled migrants will be coming to this state and moving into the regional areas up north and all around, and they will be accompanied by their families in many cases; we know that no special provision will be made in those places and that there will not be an upgrade of transport, no additional housing will be built, and there will be no investment in additional schools and so on and so forth. But at the end of the day, Hale House is being refurbished, and that seems to be important.

**Hon Norman Moore**: Is that the only thing in the budget?

**Hon LJILJANNA RAVLICH**: That will be in the budget. It will be interesting to see whether the panic room will be in the budget.

Hon Adele Farina: The panic what?

Hon LJILJANNA RAVLICH: The panic room. For members who have not heard, a part of the original plan was a panic room.

Several members interjected.

Hon LJILJANNA RAVLICH: Will Hon Norman Moore go into the panic room?

Hon Ken Travers: No, the Premier will when Hon Norman Moore turns up!

Hon Norman Moore: I spend a lot of time in there when I hear you start talking! That is what it is for—to give us a bit of relief!

The PRESIDENT: Order!

Hon LJILJANNA RAVLICH: This is very, very serious.

Several members interjected.

The PRESIDENT: Order! Look, it is becoming a chat now between members across the benches, rather than a debate.

**Hon LJILJANNA RAVLICH**: I will be looking very, very carefully to see whether additional funding has been allocated for Hale House, and I will be interested to see whether any moneys have been allocated for the Premier's panic room. It would be good to know why he actually needs one, given that he has done so little.

**HON PHIL EDMAN (South Metropolitan)** [11.23 am]: I just wanted to add something very quickly in relation to the neglect of the previous government.

Several members interjected.

The PRESIDENT: Order! Hon Phil Edman has about two minutes.

**Hon PHIL EDMAN**: I just wanted to add to this debate by mentioning the neglect of an area by the previous government. The Town of Kwinana was neglected for some 30-odd years, and only recently, under the Barnett government, are we finally putting the necessary infrastructure into that area, at a cost of \$6 million.

Hon Simon O'Brien: We are revitalising the whole town centre.

Hon PHIL EDMAN: We are not only revitalising the town centre, but also putting money towards a youth centre and a knowledge centre. There has not been anywhere for not-for-profit organisations to be based, and they have had to work out of homes in places like Medina. Kwinana has been pretty well neglected. I live in that area, and I am pretty proud about the amount of money that will be put into that area for those types of initiatives. The point should be made that it does not matter which electorate in Western Australia we are talking about, at the end of the day the Barnett government is really trying to make a difference in everybody's lives in this state.

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Hon Kate Doust: They are; people can't pay their power bills! That is a pretty significant difference!

**The PRESIDENT**: Order! Several members interjected. **The PRESIDENT**: Order!

**Hon PHIL EDMAN**: But most importantly—we will see this at two o'clock—the Barnett government is making Western Australia an even better place to live.

Government members: Hear, hear!

The PRESIDENT: Order! The mover in reply has five seconds.

**HON KEN TRAVERS (North Metropolitan)** [11.24 am] — in reply: I would love to! The Nationals will help the government spend it, but the government is left to defend it! Well done, the Liberal Party!

Hon Ljiljanna Ravlich: Good finale—strong finish!

The PRESIDENT: Order!

Motion lapsed, pursuant to temporary orders.