

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 23 May on the following motion moved by Hon Simon O'Brien (Minister for Finance) —

That pursuant to standing order 68(1), the Legislative Council takes note of tabled papers 4536A–F (budget papers 2012–13) laid upon the table of the house on Thursday, 17 May 2012.

HON MIA DAVIES (Agricultural) [12.07 pm]: I rise this afternoon to speak to the state budget papers and in particular in relation to the Agricultural Region and the communities within that region. It has been an interesting process so far listening to the Labor Party discuss this year's budget, telling the Parliament where we got it right, on occasion, and where we have got it wrong. Words like "trickiness", "deceitfulness" and "cunning" were thrown about by Hon Ken Travers on Tuesday. However, I am very clear about the purpose of, and the outcomes sought by, this budget. The Treasurer has delivered a surplus. We have shown net debt peaking and we have created a future fund. That was touched on earlier today with the fact that it is important to create the future fund. Things like that can always be deferred to future years, but it is important to create benefit for future generations.

We have done all that and still managed to deliver \$1.1 billion in expenditure through royalties for regions in this financial year alone, and we have also supported expenditure in the metropolitan area. I am not sure whether Hon Ken Travers thought he was landing a blow during his address on Tuesday when he said that the National Party did not support expenditure in the metropolitan area, because he is right. In the run-up to the 2008 state election, we were incredibly vocal about our opposition to the Mandurah railway line, the Perth Waterfront development and the new museum. But the difference between then and now is that the Labor government's regional investment fund was a piddling \$70 million or \$80 million over four years. This year, the Liberal–National government is delivering \$1.1 billion in one financial year through royalties for regions, and that does not include the expenditure we are making in the regions through other key departments. It is worth noting that from 2011–12 to 2015–16, this government will have spent \$5.6 billion in the royalties for regions program. Therefore, from the beginning of this program in 2008–09 to 2015–16, into the forward estimates, this government will have delivered \$6.5 billion to reassure communities. So, no, I am not worried about the development of the Perth foreshore or the development of a museum. They are good things to do, because we are not about holding the government to ransom, we are not about stifling development in the metropolitan region, but we are about getting a fair share for regional WA. Certainly, the comments made about us being opposed to that development in the run-up to the last election are absolutely correct; we were, but there was nothing going to regional WA under the previous Labor government—Hon Ken Travers was spot on. We complained bitterly about the city-centric focus of the previous government. In fact, we actually made advertisements about just that and we made sure that everyone knew where Labor's priorities were, which was marginal metropolitan seats, not the regions, and I am afraid to say that not much has really changed. But that is okay, because we understand that is how it will always be; it cannot be any different. The majority of the members of the Labor Party are from metropolitan area. There are more metropolitan members than there are from the regions, and that is reflected in the focus of the Labor Party and through the statements it makes at the moment.

I really feel for the Labor candidates who have gone through the preselection process and are ready to represent their regions. If they are successful at the next election, when they come to Parliament they will be disappointed about the level of interest in their region. I managed to find a section on the Leader of the Opposition's website titled "Regions", was amongst a number of other things. If that section is meant to represent Labor's understanding of regional Western Australia's needs and wants, quite frankly, it is pitiful. Aside from the issues that are listed on half a page—there are not many—nearly every sentence starts with "opposed", "pressured", "criticised" or "condemned". What is Labor's plan or vision? I do not think it has one, because the focus of the current opposition is still firmly on the metropolitan area. In direct contrast, when the National Party was in opposition, we set about selling a vision. We were proactive in our policy development and arrived at royalties for regions. It is worth taking a moment whilst discussing the last budget before the next state election to reflect on that iconic program, which has delivered \$1.1 billion this financial year. One of my colleagues calculated that that \$1.1 billion a year equates to \$114 000 an hour, every day. That means that royalties for regions is delivering more in a week than the previous Labor government spent in a year under its regional investment plan.

Turning to the Agricultural Region, I would like to highlight some of the benefits that royalties for regions is delivering. This year there is the continuation of money from the country local government fund. In the wheatbelt alone, that program has delivered more than \$47 million to local governments and communities; that is \$47 million that local ratepayers have not had to find towards key infrastructure in their communities. It is defined by local decision making. If members go through the programs and expenditure that it has made, the CLGF has assisted with the delivery of affordable housing, upgrades to sporting and recreation facilities, roads—

Hon Ken Travers talked about roads this morning—community halls, main street upgrades, footpaths, drainage, water tanks, airport upgrades, new health facilities and much, much more. Such is the large number of projects that this program has delivered, there are far too many to go through. It remains a key part of the royalties for regions program. Again, it is underpinned by local decision making. If members are interested they can read exactly how each council spent its 2010–11 allocation in the publication “Royalties for Regions: Progress Report July 2010–June 2011”. In addition, the Agricultural Region continues to benefit from funding directed to the upgrades and extension of community resource centres throughout the state.

I refer now to the Country Age Pension Fuel Card and the Boarding Away From Home Allowance. The Country Age Pension Fuel Card is, without doubt, one of the most successful programs we have delivered with this funding. Not a week goes by when either I or the staff in my office do not get a note or a comment about the benefits that that card brings to individuals throughout the regions. They talk about being able to attend medical appointments and being able to keep in touch with their families. It has made a huge difference to people who live outside the metropolitan area.

On a broader scale, the royalties for regions program continues to invest in upgrades to affordable housing in the region—something we know is very important—and there have been improvements to the regional mobile communications network, regional health and regional schools. I will take a bit of time to flesh out the commitment to regional health and education in the Agricultural Region because those are two issues in which I have taken a keen interest since becoming a member of Parliament. I will start with the southern inland health initiative, which was announced in last year’s budget, and which continues to be rolled out. Members might recall that a couple of weeks ago Ministers Hames and Grylls announced that a significant milestone had been reached through the program. The region now has 24/7 doctor coverage in emergency departments in four of the hospitals that are impacted within the southern inland health region. Three of them are in the Agricultural Region—Northam Hospital, Merredin Hospital and Narrogin Hospital. If they do not have actual doctors on call, they have doctors within 10 minutes of the hospitals. In the past there have been times when there has not been a doctor available between Perth and Kalgoorlie. There has been no doctor on call and no doctor in some of the towns. If there was a motor vehicle accident or a member of a family felt sick and needed urgent medical attention, prior to the introduction of this funding there were occasions when ambulance drivers would have to hop from town to town or shoot straight through to Perth—which is no mean feat if you are coming from Westonia—thereby wasting valuable time and delivering poor outcomes for people living in the bush. The new district network model that has been made possible with this funding delivers a far better work life for doctors who signed up to the incentives paid for by the state government, which means that it is more likely that they will remain in the communities in which they are now serving. One of the biggest challenges facing a single doctor in a town is that often that doctor suffers from burnout very quickly because he or she is on call 24/7. This new networked model allows doctors to participate in emergency department rosters. They are given professional development opportunities, feel supported by their colleagues and are able to go on leave knowing that their patients will not be without a doctor for a period of time. It is a key milestone being able to announce this massive spend in one year under the southern inland health initiative. We have a way to go, but I certainly welcomed that milestone.

Other milestones in the region include the appointment of an emergency department nurse who is based at York Hospital. She also services the surrounding district. That is a step towards not only attracting doctors, whom we call out for all the time, but also creates strong allied health and professional health services around those doctors to enable them to provide the best service. It needs to be noted that this program is picking up the slack left by the federal government. It is absolutely woeful that such a critical responsibility has been abandoned by the federal government. It is completely distracted at the moment and unable to focus on the business of running the nation. If members opposite are serious about regional development, they would be in the ears of Tanya Plibersek and her colleagues telling them that the health delivery model does not work in regional WA, particularly in the Agricultural Region, and it needs to be fixed. We need more doctors, which is a federal government responsibility. Let us be very clear that this state government has picked up the slack because that is what needed to happen. We know we need doctors in our communities. We will continue to roll out the southern inland health initiative. Every hospital in the region has been audited with a fine toothcomb. The status of every hospital in the region has been looked at. The government will now prioritise where the next tranche of funding will go to ensure we have quality health facilities in the regions so that the doctors and nurses coming through the system have somewhere appropriate to work.

We have made huge inroads in education. Under the regional schools plan there has been an unprecedented capital works program in Merredin, with one about to commence at Northam Senior High School. Merredin College has been created with the amalgamation of two public primary schools onto the senior school campus. The funding has allowed for the construction of early childhood to year 7 classrooms, a new covered assembly area, canteen, music room, a dental and medical clinic, and a waiting room. It has also allowed for an extension to the library and new accommodation to accommodate the increase in teaching and administration staff. The

existing onsite high school buildings are being upgraded and refurbished—indeed, they desperately need it. The classrooms have all received new boards, carpets and other equipment. When it is completed it will accommodate about 600 students. It will be an absolutely fantastic asset for not only the Merredin community, but also the surrounding region. To complement this there has been an investment in the residential colleges. Quality residential accommodation and facilities are absolutely key to keeping kids in the region. In Merredin \$7 million has been spent—again, royalties for regions funding—and the old dormitories at Merredin Residential College have been completely demolished. There are two new 24-bed, single room accommodation blocks and four new staff units. It is very close to being open. Each room has a king single bed, a built-in wardrobe, a study desk and reverse-cycle air conditioning. I did my schooling at a private school in Perth and those facilities are better than the ones I had when I went to boarding school. For members who have not visited the residential college, the old dormitories had two to four students in each room. There was no, or limited, investment in that facility for many, many years. It was pretty dismal. Despite the fantastic pastoral care they got, I cannot imagine that it was the best place for parents to be sending their kids in the hope that they could do their best at school. There are always going to be parents who choose to send their children away from the regions to schools in Perth. That is a choice that they have to make. What we are doing is making it a real choice. Those people who want to educate their kids locally will no longer feel like their kids are missing out or getting second best, because Merredin College, along with the upgrade to Merredin Residential College, is going to be class A. None of the kids who go to that school will feel like they have missed out on anything. Subsidies are available to parents whose children are sent away from home to board, including the Centrelink assistance for isolated children scheme and the student boarding away from home allowance. If a family is entitled to the maximum amount under all the subsidies and allowances, the \$17 000 cost of boarding at Merredin Residential College, which is considerably less than it costs to send kids to a private boarding school in Perth, can be almost covered—it will cost almost nothing to send kids to a fantastic school and residential college right in the Agricultural Region. For the first time in many, many years we have quality education and residential facilities that will serve that town and the region and give kids and parents a real choice when it comes to secondary schooling.

The added benefit of boarding at a country residential college is that kids are able to return to their communities on the weekends. A lot of these kids go back to surrounding towns and play footy, netball or hockey and get involved in community events. They are much closer to their parents. We all know that if we can keep kids in the regions and provide them with quality education and a job pathway, they are far more likely to stay there and build and give back to their communities. Parents are voting with their feet on this one. Merredin Residential College is now full for the next two years. We are going to struggle to keep up with demand. It will be interesting to see how that goes into the future. Improved facilities also assist in the attraction and retention of staff to these schools. I guess it also gives parents the confidence to keep their kids in a local school if they feel that they are not missing out on specialist education. Teachers are going to look for a supportive school structure, good facilities and a strong team. I know that that is being built at Merredin College, building on what was already there.

Under the plan, Narrogin, Northam and Katanning Senior High Schools are also due for upgrading. I met with the principal of Northam Senior High School on Friday last week to look at the plans for their school. They are very exciting. Funding of \$10 million has been allocated under royalties for regions for Northam Senior High School, which will provide new teaching blocks and a new drama and arts centre. That new drama and arts centre will also be available for the community to use. We all know that it is incredibly important to have integration between schools and the broader community to encourage people to be involved. It is going to be a fantastic resource for Northam. As the funding under the residential college upgrades is rolled out, I will certainly be arguing that Northam Residential College should be on that list so that the same sort of package deal that has occurred in Merredin is developed as we go through the regions.

One of the other projects I talked about that is really making a difference is the regional mobile communications project. This involves funding of \$40 million across the forward estimates to increase the number of mobile phone towers across major regional highways and to provide arterial road coverage in regional areas. It will increase the availability of high-speed wireless broadband in regional areas. I was delighted to see that the wheatbelt was identified as one of the priority areas through this process, because I cannot tell members how many complaints have come into my office about poor mobile phone coverage! There will be 113 new mobile phone towers rolled out over the next three years. The work has already started. We have already announced that Narembeen is up and running. A number of others have been announced as well throughout the Agricultural Region. It is about much more than being able to chat on the phone, which is something we take for granted when we are in the Perth metropolitan area. A good mobile phone signal is important for police and emergency services, as it enables them, for example, to remain in contact with their base if they come across a motor vehicle accident and to be in communication with a hospital as they arrive. If there is a black spot and they cannot do that, it jeopardises the health outcomes of the people they are helping or the entire outcome of what they are

trying to achieve. Some members of the house know that I fell victim to a mobile phone black spot earlier in the year. My car conked out between Northam and Goomalling. There was no mobile phone signal. It was pretty hot as it was the middle of January. I was unfortunately on my way to a funeral in Dowerin. I had no mobile phone signal, so I had to stand on the side of the road. I was very lucky; the local Coke representative was going past. I thought he looked like a fairly safe fellow so I jumped in the car with him. He kindly gave me a lift. He was on his way to Mukinbudin and dropped me off in Dowerin. I went to the funeral and then set about trying to find my way back to where I had started and organised to have my car towed. It is probably not very acceptable to be hitchhiking as a young woman when there is no mobile phone access. I could not call anyone to even tell them my car had broken down. These are the sorts of things we take for granted in the metropolitan area—being able to call the RAC or a family member. We are hoping that the mobile phone program is going to be able to assist with that. On a more serious note, because obviously that all turned out okay—I managed to get back and I got my car back—the applications of this program include our fireys being able to download details of fire fronts in real time during bushfires, police officers having surveillance video feeds while at a crime scene, and medical services remotely accessing the materials they need and transmitting medical information in real time. They are all benefits that will be delivered through this program, in addition to those for businesses, tourists and everybody who lives in the regions and who expects to have a reasonable mobile phone service. It is an initiative I would like to see extended. We have started with 113 towers and we are working our way through it, but I would like to think that once we have the major arterial coverage sorted, we will start extending that coverage further.

I would like to finish by highlighting the individual projects that have made a difference throughout the Agricultural Region. Rather than me singing praises, as I have done for the last few minutes, I will read into the record some of the stories we have received from people who have received funding or are in the community and have received the benefits of funding. I will start with one sent through to me from Meredith Wills, who is the director of the Geraldton Universities Centre. She said —

Royalties for Regions has been ensuring the continuation and expansion of opportunities for university study in the Mid West through grants to the Geraldton Universities Centre (GUC).

The GUC is an independent, not-for-profit centre, supporting delivery of university courses from a number of universities throughout Australia.

As it is not a campus of a university, the GUC attracts no Commonwealth operational funding.

Recognising the importance of local university study, Royalties for Regions, through the Mid West Development Commission's Regional Grant Scheme, has issued two grants to the GUC, providing more than \$244,000 to support GUC initiatives.

The funding has allowed for delivery of face-to-face tuition at the Centre, something vital to the success of local students and a core principle of delivery for all courses at the GUC.

It has also provided the funds to increase staffing and marketing to aid course development. As a result, the GUC now offers degree programs in early childhood and primary teaching, nursing, accounting, business management, human resource management, psychology and journalism as well as a bridging program to provide an alternative entrance pathway into university study. A feasibility study into the introduction of an engineering program for 2013 is also underway.

Providing additional marketing funds has allowed the GUC to attract students to new programs in record numbers with some 90 people starting bridging or first year programs this year.

Increasing student enrolments is key to the long term sustainability of the GUC ... Royalties for Regions has put the GUC on target to achieve this goal.

I am the deputy chair of the Rural and Remote Education Advisory Council. One thing we spend a lot of time talking about is how we can deliver higher education more effectively into the regions. It is quite clear that on top of the good work that has been done at GUC, royalties for regions funding has allowed students to have face-to-face tuition. Hon Brian Ellis and I have heard that face-to-face tuition is required by tertiary students. There are many ways in which people can get a degree online these days, but face-to-face tuition is still a very important part of the success of a student.

The second story I would like to read is from Greg Shea, the president of the Merredin Repertory Club. He wrote to us about the Cummins Theatre in Merredin. He says —

Prior to the Royalties for Regions funding being provided to Cummins Theatre, the facility was almost unusable. The traditional hemp rope pulley system used in the fly tower was decaying and incredibly unsafe. We had a number of near misses and had to decrease the Theatre's use. People who had previously come to see shows now had to travel to Perth to do so.

Thanks to the funding from the shire, Royalties for Regions and the Federal Government, we have replaced the old decaying pulley system, making the fly tower functional again. We have also been able to improve the theatre experience with new air conditioning and a refurbished bar.

Cummins Theatre now also provides a conference centre for large groups to meet and enjoy the facilities.

... We can put on shows that are reversing the trend; people are travelling to the country to see shows of the standard that people in the country should have access to.

The next story is from the Avon water re-use project. This one is particularly significant for the Northam–Avon region. This was written to us by Paul Tomlinson, who is the chief executive officer of the Avon Community Development Foundation —

The Avon Community Development Foundation, in partnership with the Wheatbelt Development Commission, the Northam Race Club and the Shire of Northam, received Royalties for Regions funding for a project to enable treated effluent from the Water Corporation's Wastewater Treatment Plant in Northam to be used for community benefit. This will significantly reduce overflow into the Avon River and provide benefits to the local community.

The Shire of Northam currently uses the waste water in the summer months for irrigation of parks and ovals, the Northam Senior High School grounds and the Trotting Club. This resource is lost in winter due to overflow into the Avon River. The project involves construction to upgrade the system to transfer the winter waste water from the Wastewater Treatment Plant to the Northam Race Club for re-use. This will allow more areas to be irrigated using waste water in summer.

This project is providing significant investment in the local community. Five tenders were open for the \$3.59 million project to ensure maximum participation from local businesses.

As an aside, that is exactly what Avon Community Development Foundation is about; it is about maximising the benefits for the local businesses when things like this become available. He continues —

The first contract was let to Blackwell Plumbing to construct a new pump station and storage tanks. This will enable the Northam Race Club to irrigate the track using recycled effluent, harvested storm water and scheme water, which may be used as a last resort in periods of drought.

The second stage is the construction of a large ... dam, due for completion in mid-April.

This was obviously written a little while ago —

Yarnell Contractors Pty Ltd are undertaking this phase at the Race Club.

...

This project assists the local community by maintaining and contributing to various public amenities and improves the health of the Avon River due to the reduced nutrient loads from the Wastewater Treatment Plant.

A wide range of outcomes have come from that funding, from improving environmental outcomes to providing ongoing benefits to local businesses that have been involved in some of the construction work.

I want to mention the York Antique and Collectors Fair. Tanya is the person who manages this. Anyone who has not been to the York collectors fair or the gourmet food and wine festival should make a point of doing so. They are absolutely fantastic events held in the Avon. Tanya writes —

The York Antique and Collectors Fair has been in operation for 27 years. We took ownership of the event three years and grew attendance from around 500 to 3000 people. This year, with the help of this Royalties for Regions, the event numbers swelled to nearly 6000 adults and around 1500 kids.

Royalties for Regions funding allowed us to market the event more widely and to introduce some value added concepts like wine tastings, —

This is for the antique and collectors fair —

markets, entertainment and a cuddly animal farm.

With the assistance of Royalties for Regions this event has had an enormous social and financial impact on our town and region, with immeasurable flow-on effects.

We think Royalties for Regions is a fantastic initiative and commend those involved. ...

The final story that I would like to read is from Sheenagh from Hyden about the Camm River paleovalley rehabilitation. Royalties for regions in this case has contributed towards the Camm River paleovalley

rehabilitation around Wave Rock, a very important tourist site for the region. It certainly has many visitors going through on a daily basis. Sheenagh writes —

The Wave Rock Precinct was becoming badly affected by salinity and many of the 80,000 trees planted around the salt-affected area died due to saturation during the 2000 floods.

Bunding around existing vegetation, increasing the area and protecting the fragile environment, has seen new vegetation where there was once a salt lake. Bulldozer and front-end loader work has constructed waterways, directing surface water into the existing lakes to keep them full and reduce saturation.

This is an enormous project stretching 27kms, but the Hyden Lions Club in conjunction with Wave Rock Enterprises have completed 3km of the worst section. It is anticipated that future generations will carry on the project. With the current rate of revegetation, it will be possible for the salt-affected area to recover and with planting of native species, restore large parts of the 27kms.

This project has helped the Wave Rock area by restoring large areas of land previously salt, wind and water erosion affected. This will protect the area and keep it in good stead for future generations to build on tourism, thus supporting local businesses and residents.

They are firsthand accounts of the benefits that royalties for regions has delivered in addition to some of these massive infrastructure and service projects—some of the smaller grants that are really creating some fantastic flow-on effects right through the region.

There are simply too many projects that I could highlight that have been made possible by royalties for regions. Members may not have had the opportunity to look through the latest progress report, which I held up earlier. It lists all the regional grants scheme funding, the country local government fund expenditure and major strategic projects—the lot—for 2010–11. It is a really good resource.

I go back to the Labor Party's regional development statement from the Leader of the Opposition's office. It is a half-pager. I have a book here of projects the Liberal–National government has delivered with its regional development policy in just one year. I think that the opposition is really going to have to do a bit better than a half-page policy on the leader's website to convince regional Western Australians that it is dinkum about regional development. Remember that \$1.1 billion is going into regional development this financial year. That is \$114 000 an hour a day. That is more than the previous Labor government spent in a year under its regional investment plan. We are going to continue to roll out royalties for regions right across the state in a way that means every regional community benefits, not just those that generate the royalties, as I have heard the Leader of the Opposition state—every regional community. Not only do we continue to deliver great outcomes for these communities, but also we have put some funding away for the future.

The future fund is going to benefit future generations of Western Australians. We are living in a time of unprecedented growth in the resource sector. We all know that these resources are finite. We all talk about leaving a legacy for future generations once these resources are depleted. We could talk about deferring it and deferring it, and then we will find that the boom or these times have moved on and we will have missed our opportunity. The Liberal–National government has done this with the creation of the future fund. I think people like the thought of us thinking beyond the next election cycle and even the one beyond that and the one beyond that. I like the thought of a future government in 20 years being able to rely on a funding stream that we created during these times to ensure that its infrastructure requirements can be met. I would like to think that the funding will be spent in the regions, but that is a debate for another day. We will have legislation in front of this house at some point. It will be a very interesting debate to see where the opposition stands. I commend these budget papers to the house.

HON PHILIP GARDINER (Agricultural) [12.38 pm]: I rise to address the budget papers. In doing so, I would say that the budget describes the very strong financial position that Western Australia is in. It also describes a lot of the spending that will occur to strengthen us even more. The budget also has a number of various interesting elements to it, in particular the future fund, which is something that has been close to my view for a long time. The example of Norway is a wonderful one to follow. Hon Mia Davies has done a very good job describing in a detailed way some of those aspects of where the money has gone and is going, especially into regional Western Australia. I will keep my remarks to a more macro context.

It is quite hard to find the figures for the gross state product in the budget papers. In fact, I did not find it in the budget papers; I found the percentages. The gross state product of Western Australia is \$187 billion for 2010–11. It is about 14 per cent of the gross domestic product of Australia—a big chunk.

We are certainly important to the rest of the country. Our expected growth is 4.7 per cent in the financial year of the budget—2012–13—and it will fall, but only by a small amount, to 4.25 per cent in 2015–16. That is very healthy growth. We are undoubtedly one of the wealthiest parts of the world at the current time.

Our unemployment rate is down to 4.25 per cent, and it is projected to go down to four per cent in 2015–16. We are working towards a strategy of training people in this state so that more people will be gainfully employed and we will be able to reduce the long-term unemployment level—which is built into our system and will still be inbuilt in 2015–16, but we will be working on it.

The financial strength of the state is best determined by two measures. One is interest expense to revenue, and that is about 2.4 per cent for 2012–13, rising marginally to 2.9 per cent for 2015–16. Those are low percentages for interest rate cover when the ceiling is about five per cent—that is when the rating agencies, for what they are worth, will get worried—but it is well within those confines. Our net debt will rise from \$18.5 billion in 2012–13 to \$23 billion in 2015–16. I know that our state borrowings have risen markedly since the Liberal–National Party alliance has come into government, but that has been essential to finance the required infrastructure that to some extent was deferred by the previous government. That borrowing has become quite essential. But that has a financial liabilities to revenue ratio for the state of about 72 per cent in 2012–13, rising to only 74 per cent in 2015–16. Those are also well below the 90 per cent level at which the rating agencies might become more concerned.

It is interesting to look at revenue. The revenue that we get from tax—that is, from payroll tax, transfer duty, land tax, and gambling, insurance and motor vehicle taxes—is \$7.7 billion, or about 30 per cent of our total revenue of \$25 billion. But one of the problems in looking at that revenue is that payroll tax is the biggest component. We all know what payroll tax is about—it is a tax on the labour unit of businesses. We know that payroll tax was supposed to be removed in return for the agreement that was struck by the federal and state governments on the goods and services tax. But the major increase in taxes in the budget between 2011–12 and 2012–13—from \$3 billion to \$3.4 billion, an increase of \$400 million—will come from payroll tax. That is, of course, because of the high employment rate in this state. But it is a worry that that is where that revenue comes from. We want to improve our employment level as much as we can. I am not sure that an unemployment rate of four per cent is the true level of full employment. When I was doing economics at university, we used to think that an unemployment rate of 1.5 per cent was the level of full employment. But somehow there has been a change in the numbers, and I have never fully understood that, I am afraid. Some of the commentators reckon that we have an unemployment level across the country of about nine per cent, including underemployment, and that is a high number. It is a worry that a major part of our tax revenue still comes from payroll tax.

It is interesting that commonwealth grants comprise 24 per cent of our revenue, and the goods and services tax comprises 11 per cent. That is 35 per cent in total. The biggest proportion of our total revenue comes from the commonwealth. Commonwealth grants comprise both general purpose grants and specific purpose grants. What is so important about GST is that it is totally discretionary—the state government can determine how and where it wants to allocate it. Specific purpose grants are more targeted and therefore more constraining; therefore, they may not be based on an understanding of the real needs in our economy. The point that Hon Mia Davies made is that we believe that the authority to spend money should be delegated to local governments and to development commissions. That is because they know the needs of their communities, and they have the capacity to identify how the money can be spent and how quickly it can be spent. That delegated authority is important, and that is one of the main reasons that GST is an issue. I think we would all be prepared—probably—to accept a ceiling on GST and forgo some of the commonwealth specific and general purpose grants for that reason alone. There is no doubt that there is an aggregate number of \$8.9 billion from the commonwealth, and that can be jiggered any way.

Royalty income comprises about 19 per cent of revenue, at \$4.8 billion. The state government's review of royalties is very good, because royalties are meant to be based on about 10 per cent of the mine head value, and the mine head value is the price of the first stockpile of the mine. However, mostly that is not reviewed for, I think, 10 years after that time, and with the changes in the prices of commodities and minerals, that will be put out of kilter from one year to the next, almost. So I think there needs to be a much more flexible adjustment for these kinds of royalties.

I want to now put a bigger perspective on this budget. We hear a lot now about how this state is being hard done by and how the commonwealth is taking us to the cleaners. But we are part—we should not forget this—of a bigger nation. It is very easy to come down on the parent, or the commonwealth. But there are serious implications if we want to go to the extreme of doing it on our own. I am also very familiar with the Sydney–Melbourne–Canberra axis. The people in those cities bump into each other, because they are travelling between those cities all the time, and they can bump into federal parliamentarians much more easily than we can. I know from when I was working in those environments how they looked in a funny way at Western Australia and the success that we were having, even back in the 1980s. So that is something with which we have to deal. But I am

concerned that we are becoming too focused on our own particular interests, when we are one of the wealthiest parts of the world currently. I just do not think that is healthy. We have to think more broadly than just about our own self-interests. This comes back to the horizontal fiscal equalisation issue. The worst thing about the horizontal fiscal equalisation issue—which is a very difficult issue when we think of what it is aiming to do—is that it does not reward efficiency if anyone achieves that. That is the hardest part. But it is the same for a government department. It is the same for anything that does not have a revenue component, because we have no benchmarks. I lived with that when I was a board member of the Australian Wheat Board. That was a single-desk operator, and costs were the key thing we had to keep down to generate the outcome that we wanted. But that was a monopsony—not a monopoly, but a monopsony—because it acquired everything, but it competed, when it sold into an international market.

There was a competitive comparison relationship between the price of wheat of a similar quality as Australia's that was being sold out of the United States compared with the price for the same quality wheat being sold out of Australia. That is based on the calculations that I examined. In that case, the Australian Wheat Board had a superior price of between \$4.50 and \$10.00 per tonne for the comparable quality of wheat sold in the United States between 1989 and 1993. Australia had a superior price for wheat compared with the United States because of the way we dealt with the customers and managed the product.

The problem with horizontal fiscal equalisation is always making sure that each state is efficient. I will go through this issue because it is worthwhile reminding members. The Commonwealth Grants Commission has a broad role to provide advice to the commonwealth government and I am pretty sure that the commonwealth government takes that advice as a given. I cannot be positive about that, but I think that is the way it works. The Commonwealth Grants Commission was created in 1933 in response to dissatisfaction with the ad hoc process of special grants. We had to get away from the system of pork-barrelling and come up with a better system. The publication by the Commonwealth Grants Commission, "The Commonwealth Grants Commission: the last 25 years", shows that the commission was originally described as enabling claimant states, as they were called in those days —

‘with reasonable effort, to put their finances in about as good order as that of the other States’ ...

What the commission tried to achieve is precisely as follows —

State governments should receive funding such that, after allowing for material factors affecting expenses and revenues, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency, each would have the fiscal capacity to provide services at the same standard.

We are trying to get equality across the country. Some states do not have the resources that we have and in the past we have not had the resources that some of the other states have had. I can tell members that a lot of it is worked out on actual per capita recurrent general purpose grants that go to each of the states. Each state is assessed on a per capita measure. In 1959–60, Western Australia received about 38 per cent per capita more of the total amount of grants. We got more than the national average and we continued to get more. It reduced to about 20 per cent in 1969–70 and remained roughly at that level until 1979–80 before reducing to about 10 per cent in 1988 when there was a serious change in the way in which the grants were calculated. That is where the budget papers come in because in about 1988–89 the gain that we had as a result of that change was \$5.2 billion but the loss to 2015–16 from the GST component is \$17.3 billion. If we pick those dates a bit selectively, yes, we are in deficit, but if we go back all the way—not that I have the precise numbers to match that—I suspect that we are not far in deficit, if at all.

The notable aspect of horizontal fiscal equalisation is that it reflects what states do on average, not what they could or should do. Its revenue capacity is based on the revenue base that the states actually exploit, not what they could exploit. There are various incentives in these words that will the states and state governments to do particular things so that they can maximise what they can get from the commonwealth. The commission also takes into account the degree of difficulty. For example, Western Australia has a high Aboriginal population, which is a large group of lower socioeconomic people, although the lower socioeconomic group comprises not only Aboriginal people, but also others. The commission takes into account what it can define and we receive more for that component. However, because of the minerals we have and the royalties we receive, that is taken also into account and works the other way. I think that it is a fair system and it is one of which we are part.

Let us look at what some of the implications would be if we were not part of it. Exports from Western Australia total about \$121 billion, which is nearly half the country's exports, and our imports total \$31 billion. Therefore, we have a trade surplus of \$80 billion. That is a pretty big number. The exchange rate is about \$A1 to \$US1. We must look at the whole country's reserves. In the old days when the exchange rate was tied, a major factor was Australia's reserves, which made the currency go up or down. That is only one measure and it is the only one that I have picked for this example. That does not take into account interest rates, expectations, government

policy, sovereign risk and everything else. However, let us look at the reserves. As at 30 June 2011, the reserves of Australia that are held by the Reserve Bank of Australia—our foreign exchange, special drawing rights from the International Monetary Fund and gold—total about \$48 billion. Western Australia has an \$80 billion trade surplus. Let us assume we have \$30 billion worth of invisible deficits. That gives us a \$50 billion surplus, which means that in just one year we would match the height of the country's reserves if we were on our own—in one year, \$50 billion. That might happen for the next three, four or five years. Theoretically, Western Australia's reserves could get up to \$150 billion or \$200 billion. That is much more than the current \$48 billion reserve for the whole country. However, what do members think our exchange rate would be? It would be something like \$US2 or \$US3 to the Western Australian dollar. What would that do to our tourism industry? Tourism is bad enough as it is. What would it do to our competitive import industries and our manufacturing industry if the state were to go out on its own? Mining would be the sole driver. What would it do to our agricultural industries? They would not be able to compete either. Therefore, we are part of a family of states in which the exchange rate covers us all. That exchange rate has the effect of allowing other parts of the economy to be sustainable when we have a special, and fortunate, issue in Western Australia because of the huge mining revenues. We must be very aware that it is to our advantage to be part of a bigger family because it give us sustenance so that seven, 10 or 20 years later we will have something else to do apart from sell minerals that may be oversupplied and do not do us any good or provide us with any benefits. The horizontal fiscal equalisation policy gives depth to our economy.

Another thing I will touch on is the issue of GST. I noted last year that the Commonwealth Grants Commission takes into account those well-defined, major elements of the revenue of each state that are pretty much standardised across the country. However, the revenue that is not standardised includes gambling. The taxes on gambling in Western Australia are different from the taxes on gambling in New South Wales and Victoria, and the lotteries are also different. Those minor elements are not taken into account by the Commonwealth Grants Commission when assessing what distributions should be made to or taken from the GST revenue that is to be distributed to the states. Gambling revenue is a very big component of some states. It is 9.6 per cent of taxes in New South Wales, totalling \$1.5 billion and 13 per cent of the taxes that Victoria levies, but it is only 2.8 per cent of Western Australian tax revenue. If the Commonwealth Grants Commission does not take that into account it is an incentive to get into and promote gambling, and we would get more out of the commonwealth government as a result. That is a wrong incentive. What is more, it is a wrong incentive socially, which is even more important. That is what is happening under the Commonwealth Grants Commission system.

Sitting suspended from 1.00 to 2.00 pm

Hon PHILIP GARDINER: Just prior to lunch I was referring to what was left out of the aggregates being considered by the Commonwealth Grants Commission, and I was talking about gambling and the incentives that were being given by the treatment of gambling as a result of it not being considered in the revenue of each state in the assessment of how the horizontal fiscal equalisation should occur. I did cover the fact that it has behavioural consequences and other things, but I should also note that states justify these things in a number of different ways. The last thing I would like to see in our state is gambling beyond Burswood. However, we have lotteries and we have racing, and any tax charges on those also go into this category. Other states have different funds that are charitable funds into which proceeds from the gambling, in its fullest sense, go. States can deal with and manage this thing in a number of different ways to assist their communities and their social quality, if you like, but the damage is already being seriously done in many cases by the gambling from which that tax revenue comes.

I will move on to a couple of other areas before I close. One of the best things that I think has come out of the royalties for regions concept and implementation has been a governance structure that, since being applied, has, I think, been very effective. It is full marks to Hon Brendon Grylls and his group of people who have developed this concept. There have been very few accusations of pork-barrelling, if any. There can be perceived directions favouring electors in some way or another, but the reality is that the Pilbara needed to have money spent in it, the Gascoyne need to have money spent in it, and the Kimberley also needed to have money spent in it. I do not think that the connection with favoured treatment for a select few, if you like, passes the test in any of these things. The governance really comes by way of trying to delegate down, so that the local communities are the ones that establish which projects they should apply for. That then goes through the development commissions, which, again, are localised groups. That goes to the Regional Development Council, and then to the minister. Finally, it goes to cabinet. There has been criticism by some who say that that is just too slow a process and that things are not done quickly enough. On the other hand, I think that is a cost that one has to pay to make sure that everyone is in agreement with what happens at the very end. There have been very few slip-ups along the way. There have been huge improvements from a backlog of neglect that occurred over many governments in the past to a situation in which it is now beginning to pick up. There is still a long way to go, but it is beginning to pick up.

I will give a small illustration. When I was doorknocking in the contest I was having with Wilson Tuckey in the 2007 federal election, I was in a low socioeconomic suburb called Rangeway in Geraldton. I spoke to a woman and she said to me, “Look, can’t you try to do something about this footpath?” We still hear a lot of people talking about footpaths; everyone is complaining about footpaths and so on. But we should not underestimate the importance of the small things. She said, “I’ve got a young child. I have to wheel my child as I take my young son to the primary school down the road, and the only way I can get down there with the pram I have is by going on the road.” And she said, “I’ll bet you they don’t have that in Tarcoola”, which is a wealthier part of Geraldton. I doorknocked in Tarcoola as well and of course I did not find any gravel footpaths in Tarcoola. These are basic things, and there are a number of those kind of basic things that have to be done, but the strategic things are, of course, equally important. I think that a pretty good balance of the money is going into those areas.

I was just talking to Professor Alan Robson about the work he is doing with the local governments in the metropolitan area. He was interested in the different levels of professionalism that these different local government authorities had for their strategic planning, their infrastructure planning and so on. Although that is beginning to change now, as I understand it, with directions coming from the Department of Local Government, in the regional local government areas, regional development has had a big influence on raising the capacity to deal with a forward-looking outlook, which a local government must have if it is going to be building the physical infrastructure as well as the social infrastructure. Local governments do not do a lot about the latter, but they are certainly involved with the physical infrastructure in their communities. They know those communities the best of all. The state does not know them; it is the local governments that know them. By formalising these things, although it put a lot of pressure on local government officers to prepare these documents, they have been done. I may have this wrong, but I think that 100 per cent of the 110 local councils out there have done their infrastructure management plan. Everyone has been through the process of thinking about their local community infrastructure, what is needed, when it is needed and what financial implications are involved. That is what I call a true way of raising the capacity to deliver and the skill capacity to lay out something that can gain funding and be implemented.

Money is always the easy thing in these matters. Writing a cheque for \$10 million, \$20 million, \$100 million or \$100 000 is always the easiest part. The hard part is getting the people, the skills, the coordination and the management to do it within cost and by the time it should be done. That is what we too often neglect. I think the Department of Treasury taking over the management of major projects—it has that capacity—has added a level of expertise, rigour and discipline that will result in better outcomes in meeting budgets and time lines. But those tests are yet to come.

I turn now to another part of the bigger picture. I was intrigued by the article by Shane Wright in *The West Australian*, which no doubt we have all read. He referred to the amount of money we expected to have in 2010–11 and the amount of money we expect to have in 2013–14. He said that the amount, with GST, that we expected in the forward estimate years from 2010–11 was \$13.7 billion, falling to \$11.6 billion in 2013–14, which is \$2.1 billion less. Similarly, the amount of money gathered in 2010–11 from the tax that is levied in Western Australia was \$30.3 billion, falling to \$29.9 billion. That is only a \$0.4 billion fall. The amount of GST, together with the change in the amount of commonwealth grants that are expected out to 2013–14, reduces the \$2.1 billion deficit in GST to only \$0.7 billion. In essence, with commonwealth money, be it GST or commonwealth grants, and tax, it is minus \$1.1 billion. But with the royalties, it goes from \$14.1 billion to \$19.5 billion, an increase of \$5.4 billion, which gives a net increase of \$4.3 billion to the state. We can do things politically to try to get a fall in GST noticed, but those of us in a house of review need to see it in the full context. We really now have \$4.3 billion more than was anticipated in 2010–11 into the out years that is being applied to the needs of the state.

I think I should stop there. I have already spoken today about my concern with transport and the tier 3 rail. I recognise that it is always difficult to allocate priorities, but earlier today I gave the basis of the prioritisation for investment when trucks are taken off roads. I feel very strongly about that. That also strongly influences those who will use those roads in the future. The road trauma trust fund is increasing to \$80 million and will increase by more than that over the forward years. It is a way of funding things from the fines paid by those who break the law. That is all good. Apart from that, I think I have probably done as well as I can do.

HON JON FORD (Mining and Pastoral) [2.13 pm]: Before I commence my prepared speech, I would like to make some comments about some of the remarks made by Hon Philip Gardiner. I thought—correct me if I am wrong—that he said that Minister Grylls has managed not to pork-barrel with some of the government programs. I am pretty certain that an analysis of per capita spending from royalties for regions within the state will show that it is pretty well represented within the seat of Merredin. The commentary also shows that Minister Grylls is relying on the fact that so much money has been spent within the seat of Pilbara, which he has announced he will

stand as a candidate for at the next election, that it will see him over the line. It is a fairly treacherous path in politics to talk about whether something is pork-barrelling, so I caution the member on that.

I will start my contribution to the debate on the motion to note the budget papers by referring to an article by Gareth Parker printed in *The West Australian* of Tuesday, 22 May 2012 entitled “Barnett’s report card: Mixed bag of Lib promises”. I will deal with the promises that are pertinent from a budgetary or fiscal perspective. In reference to the promises, the article states —

“They were not, you might say, as considered,” ...

That is what Professor Phillips said of the promises —

“The election was called early, the Liberals had a change of leadership. I think it would be fair to say their promises were very quickly proposed and generally there is a longer period of thought and a better knowledge of when the election is due.

In the context of elections, that could be aimed at a lot of promises made in the heat of an election campaign. During this debate it will be shown, and I have heard it in some other contributions, that ill-conceived decisions, or decisions made on the run, are a general characteristic of this government—not of all ministers, but certainly of the Premier. In fact, he is getting a bit shaky, because some of the commentary that is being made now sucks the breath out of the journalists who hear it—it sucks it out in their sense of disbelief.

The article is printed in tabular form. It starts with the promise and then it has what the government says and what *The West* says. I will go through those promises with a bit of my own commentary. I will give all the responses so that there is due regard to the pros and cons. The first promise I want to talk about is the one to deliver a \$250 million payroll tax cut and return windfall surpluses as tax cuts. In the column of what the government says, it states —

Exceeded election commitment through two payroll tax rebates (worth \$100 million and \$128 million respectively) and land tax relief worth \$25 million.

In the column of what *The West* says, it states —

Do two temporary payroll tax holidays qualify as a “cut”? Business says no. Labor highlights that the Government deferred technical changes in its last Budget around payroll tax and stamp duty that would have delivered a \$511 million tax cut over 4 years.

In the final column there is a question mark. That seems to me to fall under creative accounting. When is a tax cut a tax cut? I think any reasonable person who had heard of \$250 million in payroll tax cuts and returned windfall surpluses as tax cuts would have expected that to be a permanent change. I will talk about the possible reason that could not be delivered as promised. The next promise is “Deliver the savings of the Economic Audit as a tax cut”. The government says —

The Economic Audit delivered savings of \$975 million from 2009–2013.

The West Australian says —

The Economic Audit undeniably delivered savings, but the Government didn’t pass them on as tax cuts: it spent the money elsewhere.

The verdict is a cross. The next promise is “Save Royal Perth Hospital”. I have to say I am going into issues that are not related to the budget. A number of these items do not relate to the budget. The government says —

Retained RPH in the Clinical Services Framework 2010–2020, allocated \$22 million from 2014–15 for the first stage of \$180 million modernisation and refurbishment.

The West says —

Labor says the Government created the impression it would redevelop RPH in its first term. Last week’s Budget provided the first cash for this but it doesn’t kick in until well after the next election.

There is a question mark beside it because we have seen as a characteristic of this government its inclination to put things in the forward estimates. Interestingly, when it refers to forward estimates and wants to say it is delivering a promise, it says “That’s in the forward estimates.” But when it is trying to defend an amount of money being excessive or the expenditure not matching predictions, the government says, “Well that’s just the forward estimates; we’ll see what the actuals are.” The next promise is “Build at least 14 new schools”. The government says —

Already completed construction of 14 schools, 16 are currently under way and committed to building a further 7 schools announced in this year’s Budget.

The West says —

The Government has gone above and beyond its promise.
It gives it a tick.

Hon Simon O'Brien: Yes.

Hon JON FORD: That is right. We will see in the regional budget papers how it identifies these things as highlights—highlights. I would have thought building hospitals, schools, police stations and water infrastructure—supplying services—is bread and butter work, which is just the normal expectation of government. Of course, that was the link to the promise within royalties for regions; namely, we would supply royalties for regions for things above and beyond normal government services. It is money back to the places that create the wealth. Yet we heard Hon Mia Davies say, “No, that’s not right; it goes to everyone in the regions”. That is all very well and good, but that was not the promise. We will get to that later down the track. The next item is “Commit \$13.5 million to a solar feed-in tariff for homeowners.” The government says —

Feed-in-tariff delivered. Firstly at a rate of 40c per kw/h then revised to 20c per kw/h. Scheme concluded due to its success with 76,000 households on board.

The West says —

The scheme cost seven times more than it was supposed to. First announced at \$6 million a year, it will cost \$45 million a year for a decade.

The West put a question mark beside it. It is important in the context of the repetitive statements to note in the statements headed “Regional Highlights” that every single one says —

maintains the disciplined economic and financial management of the past three years to ensure Western Australia continues to lead the nation and remain a prosperous place for present and future generations to live and work

It is very important to note that it says: “Maintains the disciplined economic and financial management”. The government is obviously relying heavily on that record, whereas currently, our debt is around \$18.2 billion and forecast to be much in excess of that. The next promise is “Build stage 8 of the Roe Highway”. The government says —

Roe Highway Stage 8 is part of our transport planning and road system for Perth. The project’s potential impact on the Beeliar Wetlands is undergoing environmental assessment.

The West says —

Funding in the Budget has disappeared. Government says it can’t move ahead of the EPA’s assessment, due later this year. If it gets off the ground, it won’t be in this term.

I have been listening to the debate on Roe 8 in this house and to the strong assertions that it will go ahead, yet the money has disappeared. The last promise is “Match Labor’s commitment to build a new rail line to Ellenbrook by 2015”. The government says —

Commission a \$10 million transport master plan to look at public transport options—including rail—for Ellenbrook. The study found that as many people would use the Ellenbrook rail line as get on at Murdoch station.

The West says —

A straight-out broken promise. The Government says it will build a rapid transit bus service instead, but so far there’s no money in the Budget.

It gave it a cross. Out of seven promises that directly have money associated with them, only one gets a tick from our major newspaper. It gets back to the integrity of the government and how it is perceived, in this case not by the Labor Party but by our major newspaper in a major one-page article. I can tell members that the commentary in here is consistent with the commentary I now hear in the community.

I am going to work my way through the regions and if I have time I will talk about some portfolio-related issues. I will talk about a paper here called the “2012–13 Budget: Regional Highlights” with a statement at the bottom right-hand corner of the page “Leadership Supporting Our Community Building the State” and a side heading “Kimberley”. It begins with a sub-heading “The Liberal–National Government’s fourth budget.” We can talk about that very open statement, “The Liberal–National Government’s ...”. The Liberal Party, of course, has never denied that it is in partnership with the National Party, but outside this house the National Party continues to deny that it is in partnership with the Liberal Government. It talks about it in here, but outside this house, from the way it addresses issues of contention in the electorate, we would think that the National Party was in opposition. If things are good, it is “Us, us, us”. If things are bad, it is “Them, them, them”.

I can tell members that the people in our electorates actually get it. It has worn so thin and so dry that people now openly discuss that with me without my having to raise it as an issue. Nobody is fooled, particularly in the Pilbara, by the assertion that somehow the Nationals are at arm's length from government. That has always been a ridiculous statement. Members cannot sit in cabinet on the executive arm of government, report to the Governor of this state and say that they are not part of government. That is a fact of life. National Party members cannot deny responsibility for unpopular decisions when they sit around the table that makes those decisions. The National Party has been involved in the government and contributed to making those decisions. According to the National Party, if at any point it disagrees, it could just leave and come and join Labor and change the government, but it does not and it never will. This nonsense that the National Party is the only conservative party that is good and, unfortunately, it has to stick it out with the Liberal Party, is seen as a sham and is a sham. The budget overview states —

The Liberal–National Government's fourth budget:

- maintains the disciplined economic and financial management of the past three years to ensure Western Australia continues to lead the nation and remain a prosperous place for present and future generations to live and work
- continues the strong social effort being made by the Government to improve the lives of all Western Australians, now and into the future
- delivers the infrastructure investment needed to build our State and delivers a sustainable vision for the future.

Let me start with the Kimberley. The government should tell the ex-residents of Oombulgurri that they are participating in a society that has the infrastructure investment needed to deliver a standard of living that is consistent with everybody in this state. I went up there after Oombulgurri was closed and talked to people in the mangroves of Wyndham. If we drive from Broome to any community anywhere in the Kimberley, we will find people jam-packed into houses. I recently saw a study by the Kimberley Land Council that identified somewhere between 1 000 and 2 000 Western Australians living in the Kimberley who are not on anybody's register. They have just slipped right through the cracks. They are not on any commonwealth or state register and they are not identified in the census. These people live lives that are invisible to the rest of the state. However, many people up there are visible to the state. The government should tell the people who live in the sand on the midden at Rubibi in Broome, when they are visiting relatives who are having dialysis or are in hospital for other matters, such as having a baby, or visiting relatives in prison or visiting just to do some shopping, that they have the infrastructure investment needed to build our state and deliver a sustainable vision for the future. None of those people will believe that.

I will talk about one of the big commitments of this government—that, in response to the James Price Point proposal, it signed an agreement that said it would identify and mitigate the social impacts of the gas hub project on that town. It said the same about environmental issues. There is a real fear in that community that the same sort of pressures from the cost of living, associated housing costs, business costs and general utility costs being experienced in Karratha, Port Hedland, Newman, Paraburdoo and Tom Price, will result in local people never being able to invest in that community. When there have been plans to develop freehold land through Indigenous land use agreements such as at Yawuru, they are left to their own resources in trying to attract and retain people to help develop that land and packaging. People in local government feel like they are being crushed under the weight of responsibility—some of it from the commonwealth, some of it from the state. How will they cope with the influx of all the workers from the construction stage and a permanent workforce directly and indirectly associated with the project? There is no money in the budget. There is no money in the budget just for a study. In fact, people feel like they are in the dark and they have good reason to feel that way. We have seen the lessons. As a state, we are playing catch-up in the Pilbara. The vision for the future cannot be seen by the people participating in that community.

We have heard much said about the spending on infrastructure in the Ord with big expansions of land for agriculture. We had a bit of experience with rice that was not that great. The mill up there has closed, so sugar is gone. We see the ever-growing expansion of the tea-tree plantation up there. What will be grown up there? I have read the studies, as other members would have, and study after study says that *Bacillus thuringiensis* cotton is probably the only crop that will be viable up there. Yet we still hear the myth being perpetrated about the food bowl in the north. The trouble is that the infrastructure to support the logistics to bring down the costs associated with that long supply chain, which affects the viability of the product that can be grown, is not being addressed. Although there is a vision for a heck of a lot of land, the infrastructure associated with that vision is not there.

We will slip down to the Pilbara, bypass Port Hedland for a moment and go to the Shire of Roebourne. The money that was allocated for the redevelopment of Nickol Bay Hospital has slipped to the right in budgetary terms. It has disappeared from the current budget. We have to wonder what is going on here. That community of

between 25 000 and 30 000 people has a tired, old health facility. Based on the current population, that hospital needs to be redeveloped. It was sort of pushing its use when I first went up there, because the hospital could not cope back in those days if there was a major accident in the hydrocarbon industry. It just cannot cope with the general business of a community that size. Yet we have this ongoing discussion about a community of 50 000 with the name Pilbara Cities, and a hospital development pushed to the right. If we zip across to Newman, it has a population of around 10 000. When I first went up there as a member of Parliament its population was between 3 000 and 4 000. I can remember when it was about 9 000. It has a hospital, if we can call it a hospital. There is a sign out the front that says it is a hospital! It had 12 beds and now it has eight. Found in its operating theatre is what is found in a lot of operating theatres—some old-fashioned lights and a bench. There are also mop buckets and a whole lot of cleaning materials because there has not been an operation in there for a long time. There is nothing in the budget to address that. More disturbingly, women cannot have a baby in Newman. Babies are treated as a medical case. Having a baby is a natural thing. There are no birthing suites there. If members talk to people in Newman about whether they would like Pilbara Cities banners all around town, a redirection of the road through Boomerang Oval and all the “beautification” of the central business district, or they would rather have an adequate hospital, they will say that they want an adequate hospital.

More importantly, what the people of the Pilbara really want, including Port Hedland, Newman, Karratha, Roebourne, Wickham and Point Samson, is to be able to ring up the doctor for an appointment and get in there within two or three days. That is what they want. If a parent wants their child’s ears checked, they would need to get an appointment with a specialist in Port Hedland. They would drive to Port Hedland from Newman for that specialist appointment. Because of the resource boom, there is not enough accommodation up there, so people cannot get accommodation. Occasionally one might be lucky, or a person may have family up there, but it is normal for parents to drive from Newman all the way to Port Hedland and then drive all the way back. That is between 700 and 800 kilometres. If that is done in February, people have to deal with temperatures of about 40 degrees. It is not uncommon for a woman who is six, seven or eight months’ pregnant to take a small child to Port Hedland for a specialist appointment. If the specialist says the child needs audio checking, the parent has to travel back to Newman and make an appointment to get the child’s hearing checked. That is another three months to wait to get that done. Off the parent goes again, but they do not go to Port Hedland again, they go to Karratha. The hearing check is done and they travel all the way back to Newman. The same rules apply—they cannot get accommodation. They get back to Newman and make another appointment to see the specialist. That can take another three to four months. All in all, it takes about nine months to see the specialist. If government members say to people in the Pilbara, “The Liberal–National government’s fourth budget continues the strong social effort being made by the government to improve the lives of all Western Australians now and into the future”, they will laugh at them. They will tell those experiences. Happily, when in opposition, we get to spend more time in our constituencies than when in government. When in opposition, one can actually afford to go out and doorknock to talk with people. They are the messages we get.

If we go back to the regional highlights for the Kimberley, the third dot point states —

Highlights of the 2012-13 Budget include:

...

- a forecast peak in the level of net debt in 2014–15, demonstrating the success of the Government’s disciplined approach to financial management

I have written on my notes “ha, ha, ha”! The state is \$18.5 billion in debt at the moment, rising in the forward years to \$22.8 billion. When I had a mortgage of \$750 000 and about \$30 000 in credit card debt, I used to joke that it would not be long before I would crack a million and then I could be called the government! But I have a long way to go. I do not know if borrowing on the credit card to the extent of the \$22.8 billion in the forecast is good fiscal management. I am advised, through the press releases by the Treasurer, that that is okay because we still have the AAA credit rating. It is hard to work out where the debt is and what it is all for. It is hard to work out from the budget where it will be spent and whether it is from borrowings or from consolidated revenue. It is hard to see how that is being spent.

That gets me to the nexus of the debate we had on uranium. The Leader of the House said that Mr McGowan, the Leader of the Opposition, when talking about uranium, said, “We’ll stop uranium, but depending on what stage it is and the liability to the taxpayer, we’ll have to make an assessment of whether we close something down.” We do not know in a year’s time what the finances of this state will be. Transparency is not a hallmark of this government. We have a heck of a lot of debt. We do not know whether it is more or less. We do not have any faith in what the government says about its forecasts. It depends what the argument is at the time—whether it is a good forecast and can be relied on or whether it is a bad forecast and is just in the forward years.

The fourth dot point states —

- targeted tax relief for small businesses and for employers taking on new Indigenous employees or new employees with a disability

Fantastic! Small business is facing huge cost-of-living charges. I talked about the social mitigation that is missing in project development in the Kimberley. Small business does not care about targeted tax relief for employers taking on new Indigenous employees or new employees with a disability, and neither do the Indigenous people. Indigenous people in this state are probably the most trained people we can possibly get, as a generalisation, but without any employment prospects. The reason small businesses up north are being crushed out of the workforce is because small power charges in the Kimberley, the Pilbara and the Gascoyne are a big deal. When there are 40-degree-plus temperatures—certainly between the 30s and 40s—air conditioning is run continuously during the summer months, which costs a huge amount of money.

I will use the example of a hairdresser: if the owner of a hairdressing salon employs another hairdresser, they have to supply them with housing. Housing is a huge problem, and it has business costs associated with it. If somebody wants to employ a pilot, they have to supply housing, so a general aviation business would have to supply housing all over the Pilbara! A lot of them live in caravans and in people's front yards. I have mentioned before in this house the example of doorknocking a house that had a campervan on the verge, a caravan in the front yard, and a lot of people living inside. Those people were all employed by a guy in the building trade, and they were all hoping that, somehow, the long-term problem of businesspeople finding housing for their employees would be resolved, particularly before summer. I am going up there shortly, and it will be interesting to visit that house again to see just how well it is going.

One of the biggest constraints to tackling the housing issue in the north west is, simply, water. People put in an application to develop, and they have to wait for Water Corp to give them a tick as to whether they can connect up to the water before they can proceed. So the statement that the government “delivers the infrastructure investment needed to build our State and delivers a sustainable vision for the future” grinds on those people.

We have heard about the amount of money that has been spent in the Pilbara; it is huge, and rightly so. But the fundamentals for attracting and retaining people seem to have been bypassed for projects that a sticker can be put on. But one of the issues is that government—I am talking about government generally—likes to spend money on capital, not ongoing operational spending because those are the hardest costs to manage. If a company builds a building and hands it over to a local authority or some other organisation, it can wash its hands of it and not have to worry about running it. But we have to change the focus and deliver those services. It is not right that people in that part of the state have to wait the amount of time they do to get simple access to medical services. It is not right that they have to travel the distances they do, and it is not right that the Nickol Bay Hospital has been deferred.

Turning to the highlights for the Kimberley region, the budget states that there will be —

Total project spend in the Kimberley region of \$213.8 million in 2012-13

- \$111million from the *Royalties for Regions* Program for the Ord East Kimberley expansion project
- \$31.3million for building and upgrading schools
- \$14.1million for various water supply works
- \$11.7 million for continued construction of Kununurra Courthouse
- \$10million for completion of the West Kimberley Regional Prison
- \$2.7million for the Broome Mental Health Facility
- \$2.5million to commence construction of the Fitzroy Crossing Courthouse

Apart from the Ord–East Kimberley expansion project, all that other stuff is bread and butter government work; I would not be claiming bread and butter work as a highlight. The golden rule of campaigning is that people cannot campaign on bread and butter work because the expectation is that it is the state's job to deliver it. The Queensland state government was swept out of power because it had lost the plot and forgotten to deal with the bread and butter issues of government. Go ahead; I am a local campaign director for the next election and I am quite happy for the government to battle the next election on, as a highlight, general service delivery and infrastructure, because people want more. Remember that the National Party's promise was that royalties for regions would deliver above and beyond normal government services, and now we see royalties for regions spread across every single service delivery of the state, including the Department of Mines and Petroleum in regards to the exploration incentive scheme.

Hon Norman Moore: That was a new initiative.

Hon JON FORD: Yes; I am just making a comment about royalties for regions being used for that. Unfortunately, Hon Norman Moore was not in the house when I was explaining that the difference was that

when the Nationals are out there they are claiming that everything good is theirs and they badge it with royalties for regions, and everything bad is the Liberal Party's.

Hon Norman Moore: I do not think they do that; of course they would not do that! That is an awful thing to say! You do not really mean that, do you?

Hon JON FORD: I do. I think the Liberal Party needs to be protected and needs to understand that there is some argy-bargy going on out there and some misrepresentation about what the government does. So the Liberal Party accepts responsibility for all its decisions —

Hon Sue Ellery: So, did the National Party have nothing to do with price rises in electricity?

Hon JON FORD: Oh, yes! But they will tell people that they had nothing to do with it; they raised it with the government, but it is not their responsibility.

Hon Norman Moore: I think it is very cruel to say that!

Hon Ljiljanna Ravlich: A bit like Hon Peter Collier with the solar panels!

Hon Peter Collier: What's the relevance?

The DEPUTY PRESIDENT (Hon Matt Benson-Lidholm): Order, members!

Hon JON FORD: I was happy to give a catch-up statement to the Leader of the House to explain that the National Party sees itself as a different entity and as good and honest and wholesome, and that the Liberal Party has nothing to do with it. That was the point I was making. Hon Norman Moore has made the point that he thinks that is a bit harsh, and I understand that.

Hon Norman Moore: I think it is cruel.

Hon JON FORD: Cruel? Okay. I think it is cruel, too; it is cruel to the Liberal Party!

It is very, very difficult to argue the three main points that appear on all the regional highlights, but the government is welcome to argue that, somehow, it —

- maintains the disciplined economic and financial management of the past three years to ensure Western Australia continues to lead the nation and remain a prosperous place for present and future generations to live and work
- continues the strong social effort being made by the Government to improve the lives of all Western Australians, now and into the future
- delivers the infrastructure investment needed to build our State and delivers a sustainable vision for the future.

It is not exaggeration to say that thousands of people living in the north west are doing it hard and living in sand dunes and mangrove swamps and crowded into housing, and that small businesses are being crushed by the cost of living and all the ancillary charges that go with the boom. I urge the government to reject the National Party.

Debate adjourned, on motion by **Hon Ken Baston**.