

Mr Eric Ripper; Mr Colin Barnett; Acting Speaker; Mr Max Trenorden; Mr Matt Birney; The Acting Speaker
(ms J.A. Radisich); Dr Elizabeth Constable; Mr Rod Sweetman; Mr Larry Graham; Mr Bernie Masters; The
Acting Speaker (mr D.A. Templeman)

REVENUE LAWS AMENDMENT (TAX RELIEF) BILL 2004
REVENUE LAWS AMENDMENT (TAX RELIEF) BILL (NO. 2) 2004

Cognate Debate - Motion

MR E.S. RIPPER (Belmont - Treasurer) [7.31 pm]: In accordance with Standing Order No 169, I seek leave to have the Revenue Laws Amendment (Tax Relief) Bill 2004 and the Revenue Laws Amendment (Tax Relief) Bill (No. 2) 2004 considered cognately. I propose that the Revenue Laws Amendment (Tax Relief) Bill 2004 be considered the principal Bill.

MR C.J. BARNETT (Cottesloe - Leader of the Opposition) [7.31 pm]: I will agree to a cognate debate, but I place on the record that these tax changes were announced almost two weeks ago and yet the legislation was brought into Parliament only yesterday. That was the first time the Opposition was given copies of it. That is an example of poor government.

Leave granted.

Second Reading - Cognate Debate

Resumed from 9 November.

MR C.J. BARNETT (Cottesloe - Leader of the Opposition) [7.32 pm]: Obviously the Opposition will support these two Bills because they will lower the rates of tax. However, members will not be surprised if I put the actions of this Labor Government into context. The tax collections this year will be some 30 per cent above the rate they were when Labor came to power. The total amount of tax collected over the four years of Labor is approximately \$1.5 billion above the forward estimates at the time of the last state election. This has been a very high-taxing Government.

Members would well remember that during the election debate in 2001, the Premier stated quite clearly that he would not increase taxes. He broke that promise in the 2001-02 budget by increasing taxes by \$115 million. He broke it again in his second budget by increasing taxes by \$119 million, and he broke it a third time by increasing taxes by \$175 million. As we approach an election, the Premier has suddenly had a change of heart, and taxes are being reduced. The reduction in taxes announced in the last budget and in this pre-election environment will not give back to Western Australian taxpayers the massive increases that they have endured. The media from time to time has talked about this Government getting a revenue bonanza from the property market. There is no doubt that the property market has been strong with high prices and a high turnover, which generates a lot of conveyancing stamp duties. However, overwhelmingly the dominant reason for increases in tax revenue has been the increases in stamp duty, land tax and payroll tax. When the Premier announced that he would reduce taxes, the public was totally unimpressed. Obviously everyone would rather pay less than more tax. However, I think the Premier thought that he would be applauded for reducing taxes. He treated the Western Australian community like fools. He boasted about reducing taxes when he has presided over massive tax increases. It was a cynical and shallow effort which the public of Western Australia saw through. I was not surprised when the Premier and this Government found themselves in a negative environment after announcing those tax cuts. The Government cannot tax people repeatedly for three years, give some of the money back to the public and expect people to be grateful. The Labor Party has treated the Western Australian public like a mob of fools. I do not think the Western Australian public is a mob of fools. It saw the measure for what it is; namely, pre-election panic after three years of broken promises.

I also make the point that this is hardly reflective of good government or good tax policy. How can we have an environment of massive increases of more than \$100 million in extra taxes for three years in a row - that is cumulative; it is tax on tax on tax - and then produce a significantly increased budget surplus for the past financial year and announce a projected surplus of \$800 million? That is not good government. How can the Treasurer get it that wrong? Nothing extraordinary has happened. There has been no Asian economic crisis; we have not had a large number of unforeseen or unexpected transactions. We have had a buoyant property market that has stayed at the same level for the past three or four years. There have been no surprises yet this Treasurer has got his figures so dramatically wrong year in and year out. It may be partly related to the fact that he does not have a head of Treasury. What a foolish arrangement it is to have three rotating heads of Treasury. It is an organisation in which information seems to find its way to the front page of *The West Australian* before it finds its way to Parliament. The ability to forecast accurately the financial revenues of this State has been extraordinarily poor. The Treasury should not be as far out as it has been over the past two to three budgets. It has been a most inconsistent approach. It is not good government. It is not fair and reasonable to householders or businesses to increase tax rates and then reduce them dramatically. People deserve some certainty and

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consistency. Yes, they would love to have lower taxes but they nevertheless also want to see some consistency. How can a person plan a business if he finds that the payroll tax rate bounces all over the place? How can a person be a property investor or be involved in property development if he finds that conveyancing rates go up 25 per cent, come down five per cent and then go down a further 10 per cent? How can people plan for their retirement when they find that rates of land tax and land tax assessments go up all over the place? I was visiting Bunbury last week and heard of an example of land tax assessment for a small business property that had increased from \$1 100 to \$12 000. What sort of incompetent Government would do that to the people of this State? It is poor administration. It is absolutely inept management by this Government. People accept that they have to pay taxes for government services. They also expect a Government to govern. They expect some certainty and consistency. This Government has failed completely to do that.

Even with these tax reductions, in the areas of payroll tax for small business, land tax, duty on property conveyances, stamp duty on home and contents insurance, vehicle insurance and car registration, people are still left with significantly higher rates of tax under this Government than was the case when this Government came to power. There was never any basis at all for the massive tax increases imposed by this Government. The people of Western Australia are aware of that and they will react accordingly at the next state election. There are endless examples. All members would have examples in our electorates of people being knocked for six by unforeseen and unexpected tax increases. Small business used to have a rate of payroll tax of approximately 3.6 per cent. In the name of tax reform, this Government increased the rate for everyone, including small business, to six per cent. How did the small business sector see that? It was hardly tax reform. Big business thought it would be good to have just one rate. Did small business see it as tax reform by going from 3.625 per cent to six per cent and now back to 5.5 per cent? Approximately 4 000 small businesses in this State are paying far more in payroll tax than they would have previously. The benefits of the reductions in payroll tax that have been delivered in this tax package flow very generously to the medium to large business sector. The big business sector receives most of the reduction. Did the Treasurer think that through? Will big businesses of 40 or 50 employees or more make decisions on employment based on payroll tax? No, they will not. Other factors will be more important to them. They do not like payroll tax, but it will not affect their decision to employ people. The group whose decision to employ people will be affected is small business. That is the group that the Government increased taxes from 3.6 per cent to five per cent then six per cent and now 5.5 per cent. If the Government were interested in job creation, it would have targeted a reduction in payroll tax at the smaller end of the business sector. The Government did not think that through. This Government is totally in the pocket of a few big business interests in this town. It is absolutely in their pocket. The big business interests write the Labor Party's policies on energy, taxation and other matters and this Government dutifully follows. No Government in the history of this State has been so anti-small business than this Government.

Land tax is effectively a wealth tax. In its first budget this Government tried to introduce a premium property tax. It dropped the tax not because it thought it was wrong but because it came under political pressure. The political pressure was not targeted at the Labor Party; it was targeted at the Premier and the Treasurer, who buckled. That showed that the Labor Party resents private property ownership. It resents the fact that people can acquire property and whatever else. It is extraordinary. At the time, the Labor Party thought it was targeting the wealthy people who probably live in my electorate. A high proportion of them do live in my electorate. Maybe that was the Government's strategy. However, it did not realise that the people most affected by the policy were those whom I call the World War II generation. They came back from the war and bought a house in Claremont, Dalkeith, Nedlands or wherever, which were not so fashionable in those days and now the house is worth a lot of money. My parents fit into that category. The land value of their home was worth a lot of money but in no sense were they wealthy, yet they would have been subjected to the Government's proposed premium property tax. Literally hundreds of people own a family home that they have lived in for 30 or 40 years that would have been targeted by the jealous, envious Labor Government because it resents people acquiring assets.

There are all sorts of anomalies involved with land tax. A person's land tax assessment can rise for many reasons. It could rise because of a rate increase - this Government certainly has increased rates. It could rise because of an increase in the value of the property or because of a revaluation of the property. It could rise also because of an aggregation effect in which properties are lumped together for those people who own more than one property. That effectively pushes the home owner into paying a higher rate. Another reason the land tax can rise is people move into a higher tax scale. People have absolutely no certainty about what their land tax assessment will be in any one year to the next. Dozens and dozens of letters have been sent to my office about land tax. It is common that the increases in any one year can be anywhere between 30, 40, 70, 80 or 200 per cent. What sort of Government is it that is assessing people for virtually double the rates of tax? If a comparison of other taxes is made -

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Mr E.S. Ripper: That is a valuation effect, not a rates effect.

Mr C.J. BARNETT: I am sorry, but it is a rate effect on valuation. It is an aggregation effect. The Treasurer clearly does not understand the way land tax works. The Treasurer's ignorance is overwhelming.

Mr J.J.M. Bowler: The valuations can go down.

Mr C.J. BARNETT: I am glad the member does not represent my electorate. In my electorate and every other electorate, I have been told that residents have been receiving unforeseen, massive increases in land tax. If Labor backbenchers do not care about that, so be it. I know they do not care because they think that everyone who pays land tax is necessarily wealthy. They are not. Many people who pay land tax might be. They might have a holiday home. Many Australians have aspired to own a holiday home. However, what is more likely to be the case is that small businesses are paying land tax on commercial property or people are effectively paying it because it has been passed on in a higher rental price. Or it may be that self-funded retirees who have planned for retirement have acquired property along the way to pay for their retirement. I have one example of a doctor from last year. He bought a semirural property in the south eastern corridor. He was paying in the order of \$7 000 to \$8 000 land tax on the property. He did not like paying it but he could accept it. The property was probably worth \$200 000 to \$300 000. He had bought that property for his retirement. His land tax bill went up to something like \$30 000. He had to jettison his whole retirement planning because he could not afford to pay off the top \$30 000 compared with \$7 000 on land tax.

Mr E.S. Ripper: What was the value of his property?

Mr C.J. BARNETT: The value of the property has gone up. The Treasurer just does not understand. Does he not understand that the doctor is not transacting the property; he is holding it? Government members are full of envy for anyone who has a property.

Mr E.S. Ripper: I was just asking what was the value of the property, that is all. I was asking for the purposes of information.

Mr C.J. BARNETT: If he was selling the property and there was a tax, he could accept it.

Mr M.P. Whitely: You said it was worth \$200 000 to \$300 000.

Mr C.J. BARNETT: I know the member hates people having property. The point about Labor Party members -

Mr M.P. Whitely interjected.

Mr C.J. BARNETT: Shut up! You are a very noisy little chap. Go away!

Mr M.P. Whitely interjected.

The ACTING SPEAKER (Mr D.A. Templeman): Order! The Leader of the Opposition has the floor, and he will continue his comments. I ask that the Leader of the Opposition direct his comments through the Chair.

Mr E.S. Ripper: I am actually interested in further information about that example. If you want to give me the example, perhaps you could tell me the property's value so that I can understand the point.

Mr C.J. BARNETT: The property value was clearly rising.

Mr M.P. Whitely interjected.

Mr C.J. BARNETT: Go away. He is such a grumpy person. He should get out there and represent his electorate. He probably will not be here the way that things are going.

Mr M.P. Whitely interjected.

The ACTING SPEAKER: Order, member for Roleystone!

Mr C.J. BARNETT: A revaluation came in, and the doctor's land tax went up by a disproportionate amount.

Mr E.S. Ripper: Due to the other interjections, I did not get the value of the property. Do you know the value of the property?

Mr C.J. BARNETT: Yes, I do. I have not got my notes with me.

Mr M.P. Whitely interjected.

Mr C.J. BARNETT: Go outside and have a Bex or something.

The ACTING SPEAKER: I call the member for Roleystone to order for the first time.

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Mr E.S. Ripper: Are you able to give me an estimate of the value?

Mr C.J. BARNETT: I cannot off the top of my head. The property is worth about \$200 000 to \$300 000 from memory. The point is that it was a revaluation. The doctor was not selling the property. He is in his late forties. The property was part of his retirement planning that had to be jettisoned. So many people are in that situation. I know the Labor Party likes to think that it is the members on this side of the House who own all the property. When Labor Party members promoted the premium property tax, some people in the real estate industry did a few title searches to see how much property members opposite own. People might be surprised at the number of socialists opposite who own five or six properties. It is very interesting.

Mr M.P. Whitely: What is your problem?

Mr C.J. BARNETT: I do not have a problem with that. One or two government members had a lot of property, yet Labor members portray themselves as working class people. What an absolute joke they are. They are an absolute mob of chardonnay socialists if ever I have seen one. They are so far out of touch with working Australians. They should have listened more to the member for Pilbara's comments. That man is in touch with working Australians. The Labor Party today is right out of touch. Its members represent almost everything other than working Australians. Working Australians have more in common with members on this side of the House now than they do with members on that side of the House. We will see that come through in the next election. People like to be able to acquire property. They like to be aspirational - to use Mark Latham's term; they like to progress and to provide for themselves and their families. The Labor Party has a massive chip on its shoulder. Its members pretend to be working class until they buy property themselves, and then they have a slightly different view.

Ms J.A. Radisich interjected.

Mr C.J. BARNETT: Do not use incorrect language.

Ms J.A. Radisich interjected.

The ACTING SPEAKER: Order, member for Swan Hills!

Ms J.A. Radisich interjected.

The ACTING SPEAKER: Order, member for Swan Hills! The Leader of the Opposition has the call. The member's interjections are not being invited.

Mr C.J. BARNETT: Let us look at some of the specifics. The top rate of payroll tax went up from 5.46 per cent to six per cent.

Mr E.S. Ripper: It went up from 5.56 per cent to six per cent.

Mr C.J. BARNETT: That cost business in this State about \$99 million over a full year. It is to be reduced to 5.5 per cent. However, the Government does not talk about the 4 000 or 5 000 small businesses that used to pay about 3.6 per cent but that now pay a single rate. What a ludicrous element of reform it was to increase the rate for small business - the one segment of the employer market that is sensitive to stamp duty rates.

The situation with stamp duty is similar. Stamp duty increases were announced in the first budget. They varied from around three per cent to 14 per cent, or an average of 10 per cent. A stamp duty increase of 15 per cent followed, which amounted to an average 25 per cent increase. What did that do? We do not have to be Einstein to work out the effects of a 25 per cent increase in stamp duty over two years. It raised the stamp duty on the price of an average house by at least \$2 000. It meant that first home buyers were paying more in stamp duty than they received in the first home owner grant. That was the situation in which the Labor Government placed first home buyers in this State. How is the Labor Party looking after the strugglers? Members opposite all voted for a 25 per cent increase in stamp duty, and that impacted on first home owners. What happened? Predictably, it had an effect on the market. First home buyers were forced out of the market. Their share of new housing transactions fell from about 30 per cent to about 14 per cent. They were squeezed out of the market. It was an appalling situation. As a result, the Government implemented probably its only good reform of an exemption of stamp duty for first home buyers. Members opposite should not be surprised if all those who paid massive stamp duties in previous months and years were not appreciative. They were not; they were angry. Why would they not be angry if they paid \$10 000 or \$12 000 in stamp duty only to find that it would be reduced for other buyers? That action reflects a Government that had no taxation policy; it was all over the place. Governments should not raise taxes three years in a row, reduce it and then, in a pre-election spin, try to reduce it more. Although the Government has reduced stamp duty it has done nothing to ease the burden of stamp duty on insurances and vehicles. Where is the Government's compassion and concern for families? It looked after big

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business and reduced its rate of payroll tax. It responded to the property sector by reducing stamp duty but it did nothing for small businesses or families. They missed out. The Government should get someone else other than big business to write its policies. Most families need a car, which must be licensed and be covered by compulsory third-party insurance. All those costs attract stamp duty. Most families own a house and, if it is mortgaged, banks will require that it be insured. Most families will insure their household contents if possible. They are still required to pay all the extra stamp duty on that. This Labor Party did not care about the unavoidable charges that ordinary Western Australian families must pay such as stamp duty on owning, licensing, registering and insuring a vehicle and on owning and insuring a house and contents. The Government did not even think about them. That is the problem. Government backbenchers who simply sit in here and nod with agreement did not think about it. Did any backbenchers argue in the caucus room for motorists, home owners or small business? I suspect not. They simply went down the line of the big business argument. Big business put a little bit of heat on the Government because it has the money to do that. The Government did not give a damn for struggling businesses, Australian families or motorists. People do not have much choice; they must own a home and one or two cars and they must pay those costs. They are real costs on families. The performance of this Government in its financial management is so inconsistent as to be appalling. This Government has had a dream run in a sense. It has had a buoyant property market. It has had an environment of low interest rates, courtesy of the Commonwealth Government and John Howard and Peter Costello. It has had relatively low and stable exchange rates. It has had the emergence of the Chinese economy, which is having the same impact on Western Australia today as had the emergence of the Japanese economy in the 1960s and 1970s. It has been a very friendly environment. The Government has not had to cope with an Asian economic crisis. It has not had to cope with exchange rate instability. It has not had to cope with high levels of unemployment. It has not had to cope with record levels of state debt.

I do not intend to go back in history in this election campaign. Labor members want to talk about history. They can do that all they want. However, if they want to do that, I remind them that the Treasurer was a WA Inc minister. The Premier was a WA Inc minister. The Premier was in charge of the State Government Insurance Commission, which was the organisation that was milked more than any other to pay for the Rothwells debts. When we came to power in 1993 -

Mr E.S. Ripper: You know you are misleading the House.

Mr C.J. BARNETT: It is true. Hundreds of millions of dollars went out of the SGIC, and the Premier was the minister in charge.

The Treasurer has talked about the five out of eight deficits that we had. Was that the term he used? Everyone is sick to death of it.

Mr E.S. Ripper interjected.

Mr C.J. BARNETT: The Treasurer is just like a Cheshire cat, but he is not smart enough. That is his problem. If the Treasurer looked at those budgets he would find that they were not deficits. The reason I say that is because in 2001 the accounting system was changed and accrual accounting was introduced.

Mr M.P. Whitely interjected.

Mr C.J. BARNETT: The member pretends to be an accountant. I am not an accountant, but I know that under accrual accounting depreciation was brought in and applied retrospectively to the accounts, and cash income was treated differently. That meant that amounts that had been surpluses were redefined under accrual accounting as deficits. I accept the change in accounting principle. However, if there had been five deficit budgets during the Court Government years, as the Treasurer is saying there were, why did he not raise it in the House at the time? I was a member of this House. I did not hear it raised. I did not hear one member opposite raise an issue about a deficit. The deficits were not there! It was a different accounting system. Sure, retrospectively we can change accounting systems to show whatever we want. We support accrual accounting. We actually introduced accrual accounting, because it gives a better long-term view of the way the economy is going. We had the courage to do that.

Mr M.P. Whitely: But when the true message about your performance came out, they were deficits.

Mr C.J. BARNETT: The member is so foolish! He does not realise that accrual accounting was introduced in 2001. For the previous 100 years in this State it did not apply. The real cash issue is the bottom line. In the early 1990s, when the Burke Government was in power and the Premier was a minister, state debt went up by \$1 billion a year, year in and year out. The current Premier was the culprit. He was in charge of the SGIC. He was the last of the WA Inc ministers, because Brian Burke and David Parker had gone - they had both gone to jail, from memory - and Bob Pearce probably was not greatly involved. The last of the WA Inc ministers was

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the current Premier. He presided over the SGIC and hundreds of millions of dollars of loss. Does the Treasurer know what advice we received in 1993 when we came to government? In our first cabinet meeting, we were given formal advice that the SGIC was technically insolvent. Richard Court came into our first cabinet meeting with a bit of paper and said, "We have a problem. The SGIC is technically insolvent, and it will go under, with all the implications that will have for compulsory third party insurance and the like". In other words, people in this State involved in motor vehicle accidents were not covered. We inherited that situation from the current Premier. He left motor vehicle accident victims in this State exposed. Did he divulge that information to the people of this State? Not at all. He never came clean; he was never honest.

Mr M.W. Trenorden: You might remember that in the last budget of that Government, he moved in this place that there be no increase in premiums at the time he knew the SGIC to be insolvent.

Mr C.J. BARNETT: Yes. If the Treasurer wants to talk about past financial mismanagement, I encourage him to do so during the election campaign. The Treasurer was seen as a failed minister in the previous Labor Government as his ability to manage his portfolio was ordinary, and the current Premier's performance with the State Government Insurance Commission was disgraceful. The current Premier's handling of energy issues was an embarrassment to this State, as indeed has been the handling of the portfolio by the current Minister for Energy. That is why people will pass judgment on the Government. The Treasurer may think he can increase taxes three years in a row by over \$100 million, and then boast about cutting taxes, and expect people to believe him or pat him on the back, but, I am sorry, he cannot insult the public of Western Australia in that way. The people will react and retaliate. The Treasurer has insulted the public of this State. When he attempted to boast about his \$800 million surplus and he patted himself on the back, he wondered why the public was not impressed. These were the self-funded retirees paying the double rate of land tax. These were the small businessmen paying six per cent rather than the 3.6 per cent in payroll tax they used to pay. These were the first home buyers who had been forced out of the market. These were people facing, as is still the case, increased home insurance costs. These were the young students struggling to buy a car having to pay third party insurance and increased stamp duty. Those people will not forget. The Treasurer can run around the big end of town and pat himself on the back, but everyday Western Australians see his actions exactly for what they are. The Treasurer can campaign by going back in time. I hope he does. The Opposition will tell the Western Australian public about one Dr Gallop, the last of the WA Inc ministers. If the Treasurer wants to go back in time, we will produce all the reports and evidence of the hundreds of millions of dollars that went missing. How does one lose hundreds of millions of dollars from an insurance group? I cannot remember mass accidents with thousands of people killed or injured. How was it done? It was because the current Premier, when in charge of the SGIC, misappropriated funds. He applied investments that were not tangible or solid. Instead of a conservative investment policy, as had always been applied, he was pouring vehicle insurance money -

Point of Order

Mr E.S. RIPPER: I am not sure, but I think I heard the Leader of the Opposition make reference to a misappropriation of funds. If he suggests that an individual who is a member of this House misappropriated funds, that is definitely an unparliamentary assertion and can be made only by way of substantive motion.

Mr M.W. TRENORDEN: The point made by the Leader of the Opposition is all recorded in the report of the Commission on Government and other reports. It is all documented. The money was misappropriated from many Western Australian agencies by ministers who ultimately paid the price.

Mr E.S. RIPPER: The source of the information does not matter. It is unparliamentary to make such an assertion about a member of this House unless by way of substantive motion. If the Opposition wishes to make that assertion, it can move a substantive motion. It cannot do so in general debate. To do so is unparliamentary.

Mr C.J. BARNETT: My point is that money was misappropriated from the SGIC. The now Premier was the minister at the time. I did not imply that he was misappropriating it for personal gain. Clearly, money from SGIC poured into dodgy share transactions in the black hole of Rothwells. He was the minister. That was not an appropriate use of the insurance funds of vehicle owners. In any case, I will move on and draw my comments to a conclusion.

The ACTING SPEAKER (Ms J.A. Radisich): I have not yet ruled on the point of order. The member will resume his seat.

All reflections on members of this House, if they are to be in the negative, should be by way of substantive motion. However, in the light of the most recent comments of the Leader of the Opposition, I rule that there is no further point of order.

Debate Resumed

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Mr C.J. BARNETT: We saw a very ordinary performance in the handling of the SGIC by this Premier. We are happy to go back and talk about the past. I do not think the Western Australian public is all that interested in it, but it seems that the only focus of the Labor Party is to reflect on the past. If the Government wants the election campaign to be a debate about the past, the Opposition will accommodate it on that, but I suggest that the Premier would come out looking very ordinary. As the Treasurer thumbs through his notes to pick up the silly example he had yesterday - I am sure he has more - I can assure him I will continue to run positive campaigns and financial policies for this State.

Mr A.P. O’Gorman interjected.

Mr C.J. BARNETT: The member is the most rude person I have ever come across.

Mr A.P. O’Gorman: You would not know how to run a positive campaign.

Mr C.J. BARNETT: Here is the member for Joondalup, who reckons it is a good idea to have a nine-metre wall through Connolly. He actually thinks it is a good idea. Here is the member for Joondalup, who was slow-handclapped out of a meeting the other day. His constituents were so upset with him that they slow-handclapped him out of the meeting. What a hero he is! I would keep quiet if I were him. If I were him, I would be making my valedictory speech, just to be safe.

Several members interjected.

The ACTING SPEAKER: I will not have any member of this House making any comments about the way the Chair does the job. If the member has a problem with that, he can bring a motion before the House. That is his prerogative. However, he can now continue speaking on the second reading of this Bill.

Mr C.J. BARNETT: I was trying to speak, but the rabble at the back was going on and on, as they do.

Mr M.P. Whitely: What do you expect when you start insulting people?

The ACTING SPEAKER: Members, it is clear that the Leader of the Opposition does not wish to take any further interjections, so we should let him continue his comments.

Mr C.J. BARNETT: The record of this Premier has been three years of broken promises. Having promised on television, in public debate against Richard Court, not to increase taxes, he broke his promise once, twice, three times, by well over \$100 million each time. The people of Western Australia are not fools; they remember that. When the Government reduced the stamp duty to give some relief to first home buyers, it was only because it had finally realised the bleeding obvious - that rising stamp duty was forcing first home buyers out of the market. Then, in a sheer panic because the Property Council of Australia intended to run a campaign against it, the Government came out with a series of rate reductions. However, it forgot to look after families, and the charges they pay. It worried about big business, but forgot about families purchasing and insuring their vehicles, and their compulsory third party and home insurance. It completely forgot about motorists. People who get jobs in this State often need cars to go to and from work. Families often have two or three cars, because the sons and daughters need to go to university or to work, or both partners have jobs. That is the reality. It did not even cross the mind of the Premier or the mind of any of his backbenchers. They are too busy enjoying the fruits of being members of Parliament. That is all they are interested in. They do not get out in the community and truly represent their electorates; otherwise they would have raised those issues in Caucus.

MR M.J. BIRNEY (Kalgoorlie) [8.15 pm]: The Labor Party would have us believe that it is a good economic manager. It holds up an \$800 million surplus as an example of how good it is at managing our economy. What some members tend to forget is that the Labor Party actually predicted that it would have an \$80 million budget surplus, and it ended up with an \$800 million budget surplus. A Government could not make a bigger mistake if it tried; yet for some reason we hear the Premier, the Treasurer and others on the radio and on the -

Mr M.P. Whitely interjected.

Mr M.J. BIRNEY: It is just as well we are talking about taxation and rebates, because if brains were taxed, the member for Roleystone would get a rebate; there is no doubt about that. The Premier and the Treasurer hit the airwaves and were on the television crowing about this \$800 million surplus. However, they forgot to tell people that they predicted only an \$80 million surplus. If I were the chief executive officer of a public company and I made a mistake of that magnitude, I would get the flick. I would be down the road, or at least I would have to spend time in the mail room for a couple of years before I could be elevated again to the CEO’s job. It might not be a bad idea for the Treasurer, or perhaps even the Premier, to spend a bit of time in the mail room, because they have made a monumental blunder; yet they are trying as hard as they possibly can to make people think that

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in fact they are sharp economic managers. They are about as sharp as a bowling ball, and that goes for the member for Roleystone as well.

I will move on a little and look at exactly what the Labor Party has tried to do in the past couple of weeks. It announced with great fanfare its much-heralded \$1 billion tax cut policy - obviously the biggest single policy in the Labor Party locker for the next election. We all knew that the Premier intended to call an election tomorrow, or possibly even on the weekend, on the back of that \$1 billion tax cut that the Government had announced. However, the Government did not predict that the public of Western Australia is a bit smarter than the Labor Party gives it credit for. It knows that that mob opposite has put up taxes by \$1 billion - there is that figure again - since it came to power; exactly the same amount that it now intends to hand back at the eleventh hour, on the eve of a state election. People are not that stupid. They are well and truly aware that that mob opposite has taxed us. It has had its hand in our pockets for three years. Now that a state election is almost upon us, it wants to take its hand out of our pockets. If members had listened to talkback radio this week - I am sure they have - they would realise that the public has woken up, and in fact that \$1 billion policy has become a flop. It has become such a flop that the Premier will now put the state election off until February. Of course, my friend the shadow Minister for Energy could tell us what will probably happen in February. I think the power will go off and the lights will go out - black Wednesday reincarnated.

Mr J.L. Bradshaw: The generators arrived today.

Mr M.J. BIRNEY: The oil-fired generators have arrived.

Mr M.W. Trenorden: I was up there this morning looking at them, except I wasn't allowed in.

Mr M.J. BIRNEY: I wonder whether they even work. It really is a comedy of errors when one thinks about it. The Government announced its \$1 billion policy - I must say that I have not seen many \$1 billion policies - and it fell absolutely flat, because it just reminded the public of the sorts of increases that that mob opposite has imposed on it over the past three years. I cannot help but wonder whether this cycle will repeat itself if the Labor Party is successful at the next election. I cannot help but wonder whether in year one in the second term of a Labor Government taxes will go up again, and in year two and year three taxes will go up again. In year four, the Labor Government will then try to pull a swiftie again and hand a bit of it back.

Mr J.L. Bradshaw: You don't think that the Government is that stupid, do you?

Mr M.J. BIRNEY: I do not know. There is every chance that it is. It is quite interesting to look at some of the things that the Labor Party has tried to do over time. Who could forget the Labor Party's premium property tax? That was all about the politics of envy - the haves and the have-nots. If a person had a property worth in excess of \$1 million, the Labor Party was going to slug him with this tax, because Labor members think that everybody who owns a property worth more than \$1 million is a Liberal voter. That was the raw base politics of the premium property tax. I have a vision of the Treasurer cackling away in the caucus room as he proposed the premium property tax. He would have said to the assembled masses, "Don't worry guys; this will only jam it up the Liberal voters, because it is only the Liberal voters who have properties worth more than a million bucks!" What he did not count on was Betty from Balga hitting the talkback radio airwaves and saying that the tax was un-Australian. It was un-Australian. It was absolutely ridiculous. What about the two dear old ladies who lived in Peppermint Grove in a \$3 million or \$4 million property that they had inherited from their parents, who had inherited it from their parents, who had inherited it from theirs? It had been in the family for generations. They had no money to speak of, but they had an expensive property. If this tax had been implemented, they would have had to sell the property. The Treasurer thought that they were rich Liberal voters, so he thought that he would attack them with the premium property tax. It is now a matter of history that the premium property tax fell absolutely flat.

Any damn fool can create a budget surplus if he is prepared to increase taxes and charges.

Mr E.S. Ripper: Not the damn fool who happens to lead the Opposition.

Mr M.J. BIRNEY: No. If a Government is prepared to continually slug people in the hip pocket, it can create a surplus. That is not good economic management. Interestingly enough, the member for Pilbara asked a pretty reasonable question today. He specifically asked which policy of the Gallop Labor Government had created the economic boom in China. Of course, no policy of the State Labor Party has created an economic boom in China.

The ACTING SPEAKER (Ms J.A. Radisich): Members, we do not need persistent and incessant discussions across the Chamber!

Mr M.J. BIRNEY: Thank you, Madam Acting Speaker. We are in a boom that is being driven by the industrialisation of China. I suspect that it will be one of the greatest booms that we will see, perhaps in modern

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history. That has nothing to do with the mob opposite. When we are right in the middle of a boom that has been generated by China and other countries - I suspect that it will soon be continued by India - we would not expect the Government of one of the closest States to those booming countries to increase taxes and charges. Instead, we would think that the Government would run modest surpluses and give back a little of that money to the people where possible, particularly in light of the fact that our economy is going well based on the Asian economies. However, this mob has not done that. They did not trust themselves to manage the economy if things got tight, so they simply whacked up everything. Three years down the track we are facing an election, and they are particularly worried that they will get a good drubbing at the election. What have they done? They have announced \$1 billion in tax cuts to the punters. The punters are not that stupid. They have not gobbled that up. They are waiting to send the Treasurer and the Premier packing.

It is really interesting to hear the Premier speak on talkback radio programs. I guess I am a bit of a masochist. Whenever I know that the Premier will be on a talkback radio program I listen to it, cringe and have the odd smile. When he says that the Government is supporting the people of Western Australia by introducing these tax cuts, I cannot help but think that the Government is perhaps supporting them in the same way that a rope supports a hanging man, because that is what these tax cuts are about.

I refer to some of the taxes that have been increased over time. The budget is a wonderful document. It is a very thick document and not too many people read it. I have found some very interesting pages in the past four budget documents. A summary is provided under the heading "Taxation Revenue Estimates" in the *Economic and Fiscal Outlook*. Only one page in every budget document details the policy decisions of the Government that impact on the budget bottom line. It details any taxation increases that have occurred as a matter of policy. The increases have occurred not because the policy has expanded or increased, but simply because the Government has taken a policy decision to increase taxes. I will share some of those increases with members. In 2001-02 the Labor Party changed the grossing up of the value of taxable fringe benefits and it anticipated that the Government would take an additional \$6.2 million in 2002, \$16 million in 2003, \$17 million in 2004 and \$18 million in 2005. The Government then decided, in what I am sure it felt was a stroke of genius, to extend the payroll tax base to employee-like contractors, quite a number of whom are in my electorate. That wonderful decision, the Government thought, would net it \$20 million a year in 2003, 2004 and 2005. That was not enough for the Government in 2001-02 and it also decided to increase the top payroll tax rate, which decision it was estimated would achieve an additional \$27 million in 2002, \$63 million in 2003, \$67 million in 2004 and \$72 million in 2005. It gets worse. That was not enough for the Government in that year, so it decided to look at land tax as well. The Government decided to remove the principal place of residence exemption for properties held in companies and trusts. That little move netted the Government \$11 million in 2003 and 2004 and \$12 million in 2005. In that very same year the Government decided to completely revise the land tax scale, having already extracted more money from people because of the removal of the exemption for the principal place of residence. The revision of the land tax scale netted the Government \$28 million in 2003, \$30 million in 2004 and approximately \$33 million in 2005.

I now refer to the 2002-03 budget paper. The Government came up with some absolute doozey in that, as if the 2001-02 budget was not enough. I do not even understand some of these schemes, so I do not know where they came from, but they have all raised significant amounts of money. This is interesting because it states that the Government has replaced the nominal 25c stamp duty for motor vehicle compulsory third party insurance policies with an ad valorem rate of eight per cent of the premium. Does anybody know what that means? Does the Treasurer know?

Mr M.W. Trenorden: I know.

Mr M.J. BIRNEY: The member for Avon was the Chairman of the Public Accounts Committee, so he might know, but I bet the Treasurer does not even know. What is interesting is that that little decision netted the Government an additional \$24.5 million in 2003, \$25 million in 2004, \$26 million in 2005 and \$27 million in 2006 - or at least those were the projections.

Mr M.W. Trenorden: It actually means that stamp duty moves with the process.

Mr M.J. BIRNEY: It is absolutely massive. That was not enough for the Government in 2002-03. It also decided to increase the rate of stamp duty on motor vehicle licence transfers. We all know about that. That netted the Government \$38 million in 2003, and is projected to net it \$39 million in 2004, \$41 million in 2005 and \$43 million in 2006. The list goes on and on. The Government then decided to increase stamp duty in 2002-03. That little change netted the Government an additional \$57 million in 2003, and is projected to net it \$61 million in 2004, \$64 million in 2005 and \$68 million in 2006.

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Madam Acting Speaker (Ms J.A. Radisich), I hope you are getting the picture about these massive policy decisions that resulted in massive tax increases for the people of Western Australia. In 2003-04 the Government had another little sit-down and again picked on that old chestnut of stamp duty. The Government was not happy with the fact that it had just massively increased stamp duty in 2002-03. In 2003-04 it decided to increase stamp duty rates on conveyances by 15 per cent across the rate scale, which netted it a whopping \$109 million extra in tax in that year, and is projected to net it \$116 million in 2005, \$123 million in 2006 and \$129 million in 2007. That was an absolutely massive increase in stamp duty.

The Government was not happy with that, so the Treasurer and his cronies sat around and dreamt up an increase in stamp duty on general insurance policies from eight per cent to 10 per cent, which netted them \$52 million in 2004, and is projected to net them \$54 million in 2005, \$57 million in 2006 and \$59 million in 2007. This is, therefore, a tax-and-spend Government. People have said for years that the Labor Party is a tax-and-spend Government. These documents prove it absolutely; there is no doubt about that.

To be fair, I will now deal with the papers for the 2004-05 budget, which is the final budget before the Labor Party faces an election. Guess what? There is a tax decrease this year. After three years of massive increases, there is a tax decrease of \$133 million in the pre-election budget. Call me cynical if you like, Madam Acting Speaker, but when I saw three years of massive tax increases and one year of tax decreases, I had to ask myself what was different about this last year. The answer is: there is an election coming up and the Labor Party wants to save its hide. However, the public of Western Australia have worked out that little trick and are not falling for it.

Including the \$133 million tax break given in the 2004-05 budget, this Government has still put up taxes by \$1.009 billion - that is, \$1 billion plus \$9 million - during its period of office. In recent times we saw this Government embarrassed with a big surplus that it had not predicted. It sat down, did its figures and worked out that it had increased taxes by \$1 billion; so the good news Premier got on the radio and said to the public words to the effect of, "Guess what? We've got some more lollies for you. We're going to give you back another billion dollars." By the way, he did not tell the public that it was the billion dollars he took from them over the past three years; however, the public has worked that out.

Not content to raise just taxation, the Labor Party also attacked us on fees and charges. Perhaps this is a good time to pause and reflect on a head-to-head debate that the previous Premier, Richard Court, had on television with the then Leader of the Opposition, Geoff Gallop. From memory, I think Ray Martin hosted the debate. When Ray Martin put both of those gentlemen on the spot and asked whether they would increase taxes and charges if they were successful at the next election, Richard Court said words to the effect of, "If we have to, we will, but we don't want to." On the other hand, Geoff Gallop, the then Leader of the Opposition, said words to the effect of, "No, a Labor Party won't increase taxes and charges." I have just proved \$1 billion dollars of increased taxes. Let us now look at the charges, as I would like to share with members the many fees that the Government increased.

[Leave granted for the member's time to be extended.]

Mr M.J. BIRNEY: In 2001-02 there was an increase of 3.5 per cent in charges for water, sewerage and drainage; a whopping five per cent increase in motor vehicle licence registration; and a \$30 increase on all building licences. These are charges that we did not hear about or read about in the papers, yet this mob put them up. What about this one? Parking levies on private bays in the central business district in Perth increased by 70 per cent under this Government. Once again these are charges that we do not hear about but they are all charges that hit us in the hip pocket. Probate fees for estates - is nothing sacred, Treasurer? - increased from \$145 to a whopping \$500. That fee had been at \$145 since 1990. Nothing is sacred to this lot.

There was also a threefold increase in court fees across all jurisdictions for corporations, and a doubling of court fees across all jurisdictions for individuals. The Labor Party also attempted to introduce the now infamous increase in business registration fees, once again thinking that anyone who has a business must be a Liberal voter. I can imagine once again the Treasurer sitting around with his cronies cackling away and saying, "Let's put up business registration fees because it's only going to affect the Liberals; our comrades out there won't be at all affected." That did not get through. I am very pleased to say that it was defeated. Water rates went up again in 2002-03 by 2.9 per cent; drivers' licence fees increased by 2.5 per cent; car licence fees increased by three per cent; and the old chestnut, the Perth CBD parking levy, increased by a further \$30 to \$150, which represents an increase of 110 per cent since Labor came to power. I think we are all getting the message!

In 2003-04 water, sewerage and drainage costs increased by 3.3 per cent. Public transport fares increased by three per cent. However, the Government allowed people to travel free on the trains recently. Perhaps that increase has been negated by 0.00001 of a per cent!

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Mr M.W. Trenorden: Has the member checked the new *Prospector* and *AvonLink*?

Mr M.J. BIRNEY: Yes. They do not run very often! They have to use the old *Prospector*.

What about this increase? A change of name certificate has increased from \$25 to \$120 under the State Labor Government. Birth, death and marriage certificates have increased by \$5 to \$35. What does that represent in percentage terms? Is nothing sacred to the Treasurer? I could go on all night but I see the Treasurer is looking forlorn after my sermon. I am starting to feel sorry for him. I might consider giving him a break. In doing so I also point out to members that the federal Government came to the aid of the State Government with a \$200 million bonus through GST revenues. I think that is right; I stand to be corrected. Despite that, the Government still put up taxes and charges by \$1 billion. If ever we needed proof that the Labor Party cannot be trusted with the economy, I think I have just given it. The reality is that none of this mob has a business brain in his head. I suspect that very few of them have ever run a business. I suspect that even fewer of them can count past 10. The reality is that when taxes and charges are increased, it has an effect in voter land. I know that people are lining up to go to the next poll to throw out this mob. I heartily look forward to that day.

MR M.W. TRENORDEN (Avon - Leader of the National Party) [8.37 pm]: This is an opportunity to speak on a very important issue in this State, which is taxation. I am happy to enter the process but I will not speak all that long. Unfortunately for members opposite, there has been considerable coverage in the Press recently about how the Australian Labor Party has lost its way. There has been a great deal about the federal ALP and its lack of connection with Australians. At the same time articles have been written about the American economy and the American process. In the presidential campaign, both Democrats and Republicans linked with Americans. In the Australian campaign, the federal Labor Party totally forgot to link with families. This State Government has also forgotten to link with families. It has lost the connection. This is an important issue. There needs to be a balance on both sides of the House in a democracy. We need an Opposition and a Government that is relevant to the people. After all, government is meant to be of the people, by the people, for the people. When Governments lose focus and direction, it is a very serious matter. During the term of the Gallop Government there has been a strong association with the big end of town. That is the case with property tax and payroll tax, although not so much with motor vehicle fees and stamp duty. Members opposite have totally lost contact with ordinary Western Australians.

Members will remember the first effort to increase property tax. We heard the excitement surrounding the idea that wealthy people were going to be slugged an additional property tax. Members opposite were excited, particularly the cabinet members, about how they would establish equity for families. They tend to forget where those links are. I recall a story on television about an elderly lady who had owned a house on the Swan River for 50 or 60 years. It was worth a considerable amount of money. It was a family home when she moved onto her property of considerable acreage as a young woman with a husband. The city had grown past it. The value of the property had grown from a very small amount because it was on the outskirts of Perth to one of substantial value. What did the Government want to do? It wanted to tax that lady every year because she was living in a family home. There were thousands of cases like that, not just a handful. As we know, the Government had to reconsider its position on that issue. How foolish did it look after that? The Treasurer should have known the outcome before he embarked on that proposal. If the Government wants to ask a question, it would be reasonable for it to know the answer beforehand. It did not bother to find out because it was driven by the view that property owners are wealthy people. Bob Menzies found out in the 1960s when he talked about the rotary clothes lines in the backyards of suburban Australia. He knew then, as we all know now, that approximately 90 per cent of Australians want to own property, not for the sake of gaining wealth but because they want to live and raise a family in their own home. This Government totally lost perspective of public feelings on that issue and has not regained it. The net result is that over the period of the four budgets, property tax has risen by 25 per cent and decreased by five per cent. Members opposite expect the Western Australian population to say "whoopee". They will not do that, especially people who purchased a property.

What has happened over the past three or four years? There have been massive changes in home ownership. People have worked hard and improved their financial positions. Men and women have sacrificed having a family so that they can be in the financial position they desire. That is not because they want to be billionaires but because they aspire to the dream of most Australians; namely, to own a decent family home. Members opposite do not consider that taxing them is an issue. Thousands of people have paid that extra stamp duty. Any member opposite who has purchased a home - a few people have telephoned me and told me that some of them have - will have found that stamp duty was a significant component of the purchase and amounted to thousands of dollars. Some two years ago I purchased a duplex in Daglish. It is on the record if people want to look at it. From memory, I paid almost \$17 000 in taxes. That is a considerable amount of money on a purchase price of \$260 000. That is a real roadblock for individuals who want to get ahead in life.

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The other issue is motor vehicles - one that the Treasurer has ignored with this legislation. At some time or another everyone owns a motor vehicle. The only person I know who does not have a driver's licence is my son, Aaron, and he is 34 years old. I do not know anyone else who does not have a driver's licence. I suppose it is because I live in the country. A few people in the metropolitan area might not have drivers' licences.

The purchase of a car is significant. People have phoned me, and I am sure they have phoned the Treasurer. They have told me that buying a \$70 000 four-wheel drive in Darwin gives them a holiday and the capacity to have a trip from Darwin back to Perth. I cannot verify this, but I am told that people can purchase a car in the eastern States and save on stamp duty. They do not even have to travel to the eastern States; they can conduct the transaction over the Internet and the car is then shipped to Western Australia. It will have a Queensland licence plate, which is the only negative because somewhere along the line it must be changed. I cannot verify it or tell members of an individual who has done it but I am told that has happened.

I cannot believe that the Treasurer can say to the public that he is a champion for reducing payroll tax from six per cent to 5.5 per cent, when for small businesses, which are the employment engine room of Western Australia, payroll tax has gone from 3.5 per cent to 5.5 per cent.

Mr E.S. Ripper: That is wrong.

Mr M.W. TRENORDEN: What is wrong about it?

Mr E.S. Ripper: The base is different.

Mr M.W. TRENORDEN: They are still paying extra tax.

Mr E.S. Ripper: The base is different.

Mr M.W. TRENORDEN: They are phoning me in the dozens.

Mr C.J. Barnett: They are paying more. Your own figures show that.

Mr E.S. Ripper: The base is different.

Mr C.J. Barnett: Your own Treasury figures show it.

Mr M.W. TRENORDEN: They are ringing me in their dozens to tell me that their payroll tax has gone up. The Treasurer may have lifted the base but the problem is that small business people with payrolls of up to \$2 million are paying extra tax. The briefing the Treasurer supplied me with confirmed that. Officials went through a range of examples showing that small business people with payrolls of \$800 000 up to \$1.2 million were paying excessive tax when compared with what was paid in 2001. The Treasurer cannot deny that. It will be the same in every single case. Every small business will be paying extra tax. They are the major employers of Western Australia. Does the Treasurer deny that?

Mr E.S. Ripper: I will assert that 400 small businesses were exempted from payroll tax.

Mr M.W. TRENORDEN: That is because the base went up.

Mr E.S. Ripper: The threshold went up.

Mr M.W. TRENORDEN: Yes, but those above the threshold and with payrolls of up to \$2 million are paying more payroll tax.

Mr E.S. Ripper: The marginal rates have been reduced.

Mr C.J. Barnett: They do not care about marginal rates. They care about what they pay.

Mr E.S. Ripper: Leader of the Opposition, when you debate income tax, what do you debate - the average rate or the marginal rate? You always debate the marginal rate.

Mr C.J. Barnett: You debate the amount of dollars you pay.

Mr M.W. TRENORDEN: People debate what is on the notice they get from the state taxation office asking them to please pay. No small business person whose payroll falls within the bracket I am talking about, who has had the rate reduced from six per cent to 5.5 per cent but an increased tax bill, will say that it is fantastic. One small business person who came to see me two weeks ago said that he had had a tax reduction of approximately \$130.

Mr J.L. Bradshaw: On how much?

Mr M.W. TRENORDEN: From memory, about \$6 000.

Mr J.L. Bradshaw: Big deal!

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Mr M.W. TRENORDEN: That is what he said. He had nothing but anger. That person is working away in a small business. The Treasurer and the Premier are not the only people in this State who have employees who are paid more than they. It happens in many businesses. Many business owners take pressure on themselves to keep the business going and to make sure that their quality employees stay with them. Those people often take home less than their senior employees. To say to those people that they should incur an extra penalty is wrong. The Treasurer will pay the price for that.

Another issue that will bite the Government is property tax. The increases are phenomenal. People are bringing assessments into my office showing that the amount has increased by not just 20 or 30 per cent, but by several hundred per cent. Not only is the rate involved in the assessment but also the valuation of the property. Some people who have owned property long term used to pay about \$1 000 on the second property. Now they will pay between \$3 000 and \$7 000. They do not have that money. What does that mean? It means that the rich benefit and the not so rich miss out. The people who buy those properties can afford to pay that tax, but some people have been holding on to properties for a long time. Some of those properties have been left to people as part of an estate. I have always been annoyed about an anomaly in the system. I am not sure if you are aware of it, Madam Acting Speaker, but if you left your family home - it will not apply to you because you are substantially younger than I am and the people about whom I am talking - and permanently went into a retirement home, the value of the family home would be assessed even though the owner had not passed on. That is an appalling situation. That is a long-term issue that has been in place for a long time. Instead of being liable for a few hundred dollars, people would be required to pay thousands of dollars to enter a retirement home. That puts extra pressure on families to make decisions at very critical times.

The battlers of Western Australia who come into my office are really annoyed about domestic insurance. It irritates them when they read their insurance policy to find that the premium is increased by the application of GST and stamp duty in addition to the insurance company's charge. That is a significant issue for many families, as is the insurance on a family's motor vehicles, including third party insurance.

Mr J.L. Bradshaw: This is an example of how hypocritical the Government is: when the Labor Party was in opposition, it whinged to us about charging stamp duty on GST but when it formed government, I asked whether the Government would take it off and was told that it would not.

Mr M.W. TRENORDEN: Another thing that gets up my nose, member for Murray-Wellington, is that when I sat on the government benches, I listened to the Opposition crow about the dividend for four years. The Opposition kept asking where was the social dividend that Richard Court promised. I will ask the same question of this Government. Where is the social dividend of this Government?

Mr E.S. Ripper interjected.

Mr M.W. TRENORDEN: There is no proof that there are 1 200 nurses in the health system. In fact, if a few people involved in the unions were asked, they would dispute that figure.

Mr E.S. Ripper: They are wrong.

Mr M.W. TRENORDEN: The nurses union is obviously heavily associated with members on this side of the House.

Mr E.S. Ripper: The nurses union is not a credible commentator.

Mr M.W. TRENORDEN: It is. The union represents nurses.

Mr J.L. Bradshaw: It was all right when it was attacking us but not you, is that it?

Mr E.S. Ripper: It is not credible.

Mr M.W. TRENORDEN: I guess that the members of that union are not credible either.

Mr E.S. Ripper: The members are but the leadership is not.

[Leave granted for the member's time to be extended.]

Mr M.W. TRENORDEN: If the members did not like the leadership, it could be expected that they would do something about it.

I enjoyed the speech by the member for Bassendean on some union issues. I will break the rules for a couple of moments and digress slightly. I enjoyed listening to some of the valedictory speeches that were made today. One of the real pleasures at the end of a term of government is listening to some of the speeches that are made. I apologise to the member for Pilbara. Unfortunately I missed the bulk of his speech, because I was required to be at a meeting. I would have liked to have been here to listen to his speech. I put on record that I believe, as a

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former Chairman of the Public Accounts Committee, and as a member of the Public Accounts Committee for the period that the member for Pilbara was on that committee, that he was an outstanding member of the Public Accounts Committee. I also support other members who made the point that committee work in this Chamber shows that people can be fair, equitable and reasonable across the board. It is important to note that.

To get back to the issue, in question time today the Treasurer said that I was somehow responsible for what had happened to the previous Government because I was the chair of the Public Accounts Committee at the time. The Treasurer was a member of the Public Accounts Committee for a short time - a very poor member, I might add. I will give the Treasurer the real story, because it is important that he knows it. I actually like the Treasurer, but that is not the issue. If the Treasurer wants to abuse the workings of committees of this Parliament, he should feel free to do so. However, from the late 1980s through to 2000, there was constant change in the way the State's accounts were presented. There was a change from cash accounting to accrual accounting. The Western Australian Public Accounts Committee drove that change to a substantial degree. I remember being in the members' bar when Richard Court, the Premier and Treasurer of the day, gave a briefing on state finances. The bar was probably a good place in which to give a briefing on state finances. After that briefing, the member for Armadale and now Minister for Planning and Infrastructure said that she could not understand the budget. I now understand that totally, given the minister's \$400 million blow-out on the Mandurah to Perth railway line. In fact, she railed at the Treasury people and said that it was all a conspiracy by the Public Accounts Committee; we wanted to change the system from cash to accrual accounting so that she could not understand the process. She said that was the only reason we were doing it. That is a factual statement. I was amazed to hear the member for Armadale say that. She is an intelligent and competent individual. She is not a very competent minister, but she is an intelligent and competent individual. She managed to get elected to this place, and I give her credit for that. She said it was all a conspiracy. Anyone who understands the process, as I do, would know that the reason for the move from cash accounting to accrual accounting was so that there would be a uniform presentation of budget information across all States. That would mean that anyone who read the accounts of Western Australia and the accounts of New South Wales would have some chance of putting those figures into context. For the member for Armadale and now Minister for Planning and Infrastructure to say that it was all a conspiracy was amazing. What is even more amazing is that the Treasurer has now said in this place that, because we changed the process, we are terrible financial managers. That demonstrates that some people on that side do not understand the process. The Minister for Planning and Infrastructure is building a \$2 billion railway line when she had no knowledge of how to read financial statements.

Mr J.J.M. Bowler: Is that the cost?

Mr M.W. TRENORDEN: It will go well above \$2 billion. Has the member not heard about the problems in William Street at the moment? I put on the official record that the cost is \$2 billion.

Mr J.J.M. Bowler: Do you have a document there somewhere to show that?

Mr M.W. TRENORDEN: Yes. I will write it out for the member right now. I will give him the document right now. It will be worth just as much as any document the Minister for Planning and Infrastructure has presented. It will have exactly the same value. If the member for Eyre wishes to make that argument, I ask him which minister came into this Chamber saying that she had fixed-price contracts. We are all dolts on this side of the House because this is the only minister in the history of Australia ever to get fixed-price contracts. Does the member for Eyre believe that? If the minister is such a proponent of fixed-price contracts, what happened in Geraldton and what happened in William Street? The Minister for Planning and Infrastructure berated me in this Chamber one day because I was outrageous enough to say that the cost of the William Street works might go beyond \$30 million. What is the cost now, member for Eyre? It is more than \$40 million and heading north with law suit after law suit set up. Does the member know where the money is coming from?

Mr J.J.M. Bowler: You have the document.

Mr M.W. TRENORDEN: The member is part of the Government and he should be able to answer that question. Is it coming from the rail project budget? No. It has been hidden away and is coming from the planning budget. Most ministers opposite have no competency in economic matters, as they have proved repeatedly. The responsible minister has not done too well in energy matters, either. We will spend a lot of time on another occasion debating energy issues; I will have a lot of fun over this summer. I was standing outside the gate at Pinjar today, which was a great experience. Does the member for Eyre know what I saw right in front of me? It was a big sign that said "GE - General Electric". The Labor Party is backing General Electric. How much rental is the Minister for Energy paying for the generators? Is it \$10 million or \$12 million for four months for the machine I saw? When we walked up there, there was a scurry of activity. Guess who was standing outside the

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gate wanting to talk to the Press? It was the Americans who were setting up the plant. As soon as they worked out that they were talking to us, not the ABC, they were gone in seconds. It is a disgrace. How much fuel will be pumped through those generators in Kwinana and other generators in the State? How much fuel will the State pay for, Treasurer? The guesstimate is \$80 million.

Mr J.J.M. Bowler: It's terrible - providing power, that is. We shouldn't do it, should we? We should have blackouts; that would be better.

Mr M.W. TRENORDEN: I thought the member for Eyre might be one of those members who aspires to move -

Mr E.S. Ripper: Who will burn more oil in their four years - the coalition or Labor?

Mr M.W. TRENORDEN: The Labor Government will.

Mr E.S. Ripper: No. You're far and away ahead of us in terms of your oil burning record.

Mr M.W. TRENORDEN: At the end of this summer, the Government will bolt it in in that regard. Eight thousand litres a month is being refined and put aside for the Minister for Energy to burn. What do taxpayers get for that \$80 million? They get a promise that the lights will stay on, member for Eyre. If the Government had built some generation, particularly coal generation, member for Collie -

Mr C.J. Barnett: We've not heard from the member for Collie, have we?

Mr M.W. TRENORDEN: No. If that generation had been built, the lights would not have gone out in February this year. All members of the Government decided not to provide that generation. As the Government delayed the building of base-load coal power facilities, we will pay \$80 million in extra diesel expense and \$11 million as rental for the bigger generator, and the Government is hiring another 20 generators to be spread around Perth this summer at some unknown cost. I understand that it will cost \$2 million to make sure that the sewerage does not back flow. All this money should have been put into coal-fired generator some time ago.

Mr J.J.M. Bowler: Like you were going to do?

Mr M.W. TRENORDEN: We did, when we were in government, and we will do it again. Who built Collie A power station? Who abused us when we built Collie A? I walked the streets of Collie on Monday and talked to a range of people. The Government is not popular. The member for Collie won his seat by 34 votes. A couple of hundred more of his votes were One Nation votes, and that party will not exist either. He needs to build his base. He is reported in the *Collie Mail* every week telling Collie what he is doing for the coal industry. What is he doing in this House? Has anyone in this place ever heard him speak on Collie coal?

Mr E.S. Ripper: Yes.

Mr M.W. TRENORDEN: He does not speak in this House on Collie coal. The Treasurer must have been here for the nanosecond during which that occurred.

Mr J.J.M. Bowler: Haven't you ever heard him asking questions about coal?

Mr M.W. TRENORDEN: We moved a motion some months ago, and he voted against it. He voted against Collie. Did he tell his electorate that he had done that? Whoops! No, he did not. He is in a bit of strife. He is a likeable person.

Mr E.S. Ripper: It is funny that you can't get coal companies to support a coal-fired power station. There must be something wrong with your proposal.

Mr M.W. TRENORDEN: We found that coal companies actually liked selling coal. Funny about that! When we said we would build a coal-fired power station, guess what the people at the meeting said. They said they would sell coal. Does the Minister for Energy believe that coal companies are interested in selling coal? No, he does not. That is how thick he is in dealing with his portfolio. He just does not understand. The Government is in great difficulty down there.

DR E. CONSTABLE (Churchlands) [9.07 pm]: I have a feeling that the badge of honour that this Government will take into opposition in February next year is that it is the highest taxing Government in the history of Western Australia. That is not really a badge of honour, but government members seem to think that it is an honour to have been a high-taxing Government. I was interested the other day to see the photograph of the Treasurer standing in front of the belltower.

Mr E.S. Ripper: It alarmed me that we were the same shape!

Dr E. CONSTABLE: I did notice that too, but as I was looking at the photograph, the belltower disappeared and behind the Treasurer appeared a sign that I remember seeing in photographs in *The West Australian* some years

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ago outside a site for a petrochemical plant. I wondered why he was standing in front of that sign, but in my memory I could visualise him standing there. I remembered the \$400 million that was lost on that plant and I thought it a bit rich for the Treasurer to be performing that stunt in front of the belltower; very rich indeed. Some of us have long memories; some of us were members of this place and saw it. At least there is a belltower, but there is nothing to show for that \$400 million lost by a Government in which the Treasurer was a minister, and of which the Premier was a part. I also remembered as I looked at the photograph of the Treasurer standing in front of the belltower and saw it slowly fading away, the promises made in the run-up to the 2001 election that the Labor Party would not increase taxes. I will not go back through the detail of that; the Leader of the Opposition has done that very adequately tonight, and reminded us that in each budget, taxes have gone up and up. Now the Government is lurching from one thing to another. It is quite schizophrenic - doing one thing one day, and then lurching back the other way. Now the House is considering a Bill that we will all support, because it will lower taxes. However, perhaps it is too little, too late.

Mr E.S. Ripper: I have noted the enthusiastic support of the Opposition for the legislation - the outpouring of emotion and joy.

Dr E. CONSTABLE: It is too little, too late. I have constituents who write to me, ring me and phone me. They are desperate about some of the things that the Treasurer has done to them in raising taxes and the effects of that on their businesses. They are really desperate. Therefore, the Treasurer should not go down that path. I see it all the time in my electorate, and I listen to what those people say. The Government has taxed the land of people who have saved for their superannuation, it has taxed employers for employing people, it has taxed business, and it has taxed cars to the hilt. It has affected everyone dramatically with its taxing regime. However, here we are tonight, all supporting a Bill to lower those taxes that the Government put up. It is not good government, it is not good organisation, it is not good management, and it is certainly not good financial management.

I have a friend who is quite often asked by political parties for donations. He once said to me that he had been asked by one of the major parties to donate yet again. He said that he thought about it, looked at the people in that party and thought about whether he would employ them in his business. His answer was no, so they did not get a donation. When I consider this sort of management, I think that the Treasurer would find it awfully hard to get a job out in the real world, out there in business, with the sort of record that he has now. Why should Western Australian car buyers pay the highest stamp duty in the country on their cars?

Mr E.S. Ripper: Is that true for all categories of cars?

Dr E. CONSTABLE: It is the highest. Why is it that people who want to purchase new trucks and cars find it better to go to the eastern States to do it and bring those trucks back?

Mr E.S. Ripper: Is it true for purchases up to \$20 000?

Mrs C.L. Edwardes: What sorts of cars do you get under \$20 000?

Mr E.S. Ripper: Three-quarters of transactions are under that level.

Dr E. CONSTABLE: Of course, we have heard mention tonight of the Treasurer's idea when he lurched into the politics of envy with his attempt to impose a premium property tax. However, Western Australians, no matter what their wealth or the value of their properties may have been, saw it for what it was, and the Treasurer quickly dropped that tax. That was another lurch that we saw with taxing.

I will spend a bit of time tonight looking at the other side of the ledger. If the Treasurer is going to raise taxes, the other side of the ledger that I always enjoy in budget estimates, in particular, is questioning the Government about what it will spend the money on that it is raising from people. I believe that is a very important part of the ledger.

Mr E.S. Ripper: Things like teachers, nurses and police officers.

Dr E. CONSTABLE: Yes, and TAFE lecturers. It is TAFE lecturers that I will talk about tonight. However, I could talk about hospitals, and I could talk about the schools in my electorate that need upgrading - the ones that saw some progress before the Labor Party came into government. That progress has slowed down now. Some schools in my electorate are 55 years old and need new toilets or need a library. Some schools have been promised by the Treasurer's Government that maintenance work will be carried out. However, we are getting used to the sleight of hand and the smoke and mirrors. The \$65 million allocation to catch up on maintenance is \$65 million over four years - \$16 million a year. It is almost a joke to spend that small amount of money when so much needs to be done.

I could talk about law and order. Despite the pronouncements from the Minister for Police -

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Mr E.S. Ripper: Do you have a deal with the Leader of the Opposition, by the way?

Dr E. CONSTABLE: None whatsoever.

Mr E.S. Ripper: You are not in line for a frontbench position?

Dr E. CONSTABLE: None whatsoever.

The idea that police stations should open only between 8.30 am and 4.30 pm denies the fact that policing is required 24 hours a day. Houses are not broken into between 8.30 am and 4.30 pm. Domestic violence incidents do not happen between 8.30 am and 4.30 pm. We need more policing outside those hours, and we also need upgrades of old police stations. It would be a good idea if the Treasurer visited the Wembley Police Station some time and looked at the conditions of the police officers who work in that station. They are appalling. The station should be closed down because the conditions are so appalling. Obviously, that is of no concern to the Treasurer.

One of the recurring themes over the past four years - it is understandable that it would be so - is nurses, teachers and others wanting increases in pay. Police, in particular, were quite properly granted a pay rise, but that was done very smoothly and easily. Others have had to fight hard for a pay rise. I will draw attention for a few moments to the position of technical and further education lecturers in Western Australia. We have heard a lot of rhetoric from this Government about the importance of TAFE. It is important. I would be the first to support the TAFE system as being very important to not only individuals who seek education within TAFE colleges but also the State in general and the wellbeing of the State. Excellent TAFE colleges and TAFE teachers are really important to the future of the economy. We are facing many shortages in tradespeople. We need to find more training positions for them. We have seen some really good partnerships in the past few years between the school and TAFE sectors. It will be very important to ensure that the partnerships between schools and TAFE colleges are further developed if we are to increase the school leaving age. I would be the first to support that. We need high quality teachers in TAFE colleges who are valued, skilled and recognised as being important.

I refer to the position of TAFE lecturers today. It is fair that all people in employment, such as TAFE teachers, aspire to good working conditions and a reasonable salary for the work they do. TAFE teachers in Western Australia are the lowest paid in the country. There is no question about that. They also have the heaviest workload of any TAFE lecturer in the country. They receive less holiday leave than other TAFE lecturers receive, and their overtime provisions are also the worst in the country. They are at the bottom level in all those measures. They do a fantastic job, often under very difficult circumstances. We need to make sure that we do something to address the situation in which they find themselves.

I refer to the low wages that they are paid. In Western Australia a TAFE lecturer is paid \$39 735 on entering that service. From 1 January next year, a lecturer entering the TAFE system in New South Wales will be paid \$58 144. There is a huge difference between the two amounts. As of 1 January next year, a TAFE lecturer on the highest level in Western Australia will be paid less than a first-year TAFE lecturer in New South Wales. That is an absolutely extraordinary situation. It shows that we are not valuing those people well enough or providing them with appropriate salaries.

I refer now to the workload of TAFE lecturers in Western Australia. TAFE lecturers in Western Australia do 22 hours of face-to-face teaching. In addition, they need time to counsel their students, to prepare their lectures and to do a whole lot of other work. The best practice in Australia is in the Australian Capital Territory and New South Wales, where lecturers have 17 face-to-face teaching hours a week. After four years, Western Australian teachers will have taught the equivalent of one year more than their ACT and New South Wales counterparts. That is how much more they are working. It is no wonder that TAFE lecturers complain about their intolerable workloads. They have the worst conditions in Australia. TAFE lecturers in Western Australia are given 40 days of annual leave a year. In Tasmania, New South Wales, Queensland and the Northern Territory, TAFE lecturers have no less than 55 days of annual leave per year. I could provide details of overtime, but let me assure members that the overtime conditions in Western Australia are also the worst in Australia.

It is time that this situation is looked at. TAFE lecturers have attempted since January to do something about their conditions in negotiation with the Government. After nine months of procrastination by those with whom they are negotiating, an offer has been made. The offer contains a very modest wage increase.

The ACTING SPEAKER (Mr A.P. O’Gorman): Member for Churchlands, I draw your attention to the Bills that we are debating, which are the revenue laws amendment Bills. You have been talking for quite some time on a particular subject. I ask you to come back to the Bills at hand.

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Dr E. CONSTABLE: Certainly, Mr Acting Speaker. You will recall that at the beginning of my speech I spoke about the high-taxing Government that we have had in Western Australia in the past almost four years. I referred to the other side of that ledger. If the Government is going to raise taxes from people, it must spend that money wisely. I was giving an example of how I believe that money could be spent wisely. I think I have made the point about the situation in which TAFE lecturers find themselves and I implore the Government to look at the revenue it has raised through taxing and to spend it far more wisely than it has done in many cases. I could go on and present many examples, but I will use that situation as an example of an area for which, for the benefit of the State and for those working in TAFE, I believe we need to look at the revenue that is raised and provide much better conditions for those people.

I support this legislation, which lowers taxes in a number of areas; however, if the Government had done its job properly, we would not be debating this Bill tonight. We would not need it. If the Government had provided good, steady management, instead of this lurching collection of taxes, we would not be standing here after nine o'clock on a Wednesday night debating legislation that we should not really have to have.

MR R.N. SWEETMAN (Ningaloo) [9.21 pm]: I want to put a proposition to the Treasurer that has nothing other than its reasonableness to commend it. At the outset, I apologise to my colleagues, because I am not being a devil's advocate but I do not support the legislation as it stands, or at least not yet. My proposition will be that at some time in the future -

Mr E.S. Ripper interjected.

Mr R.N. SWEETMAN: The Treasurer knows the calamitous week I have had and not even a group hug would make me feel much better at the moment, so he should just let me get on with my speech and make the points that I need to make. I can understand what the Treasurer is on about, and it has already been referred to in this debate. I think the member for Kalgoorlie made the point particularly well. The fact that the Government is going to give this tax relief over the next four years is not resonating in the community; I think the member for Kalgoorlie's words were that it has been a bit of a flop out in the community. If the constituents in my electorate are models of the rest of the Western Australian community, I can speak with some authority. My people are very intelligent; they actually understand that they cannot expand businesses on a diminishing income. They understand and hurt with everyone else when the Government increases taxes. Having lived through that, if the Government has the best part of \$800 million in surplus, so much money that it thinks over the next four years that it can give money back, would it not be a better proposition to knock out \$1 billion worth of state debt? The only thing that can possibly flaw my argument, and the proposition that I will put to the Treasurer, is that somehow or other we will be penalised through the grants system for retiring debt, being fiscally responsible and being examples to people in the community of Western Australia.

Mr E.S. Ripper: It is an arguable proposition and I do not believe it would affect our grants commission outcome. After all, after the last budget we retired \$481 million worth of debt. Nothing stands in the way of that proposition. That would be an alternative use of the financial resources.

Mr R.N. SWEETMAN: I did not think it would, because I know that the coalition, of which I was a part, in the run-up to the last election made great play of the fact that it had retired so much debt that it had an additional \$320 million or \$330 million.

Mr J.B. D'Orazio: Let us be fair; there was a \$4.5 billion sale of assets in that.

Mr R.N. SWEETMAN: I know. I am not arguing about that.

Mr J.B. D'Orazio: That is flogging the farm.

Mr R.N. SWEETMAN: But the Government did extinguish debts with the proceeds. It did not squander the money and still retain the hard-core debt. I know the debt was spread across the government trading enterprises, authorities and all these sorts of things, but members of Parliament should stand head and shoulders above the rest and take greater responsibility for the way we handle revenue that is reaped from the Western Australian community. I know that stamp duty is a problem. If people do not want to have a problem with land tax, they should come to my electorate and buy a property, where they will not have much of a problem with increases in land tax. Land tax is not an issue. I have never received a letter about land tax from anyone in my electorate, except from people who bought property in a rapidly growing area elsewhere and had to pay additional land tax as a consequence of an increase in valuation. I understand the difficulty those people have, particularly someone who is caught in that trap inadvertently; for example, they own a property in a leafy riverside suburb that has been in the family for three or four generations and the value of the property has gone through the roof over the years. Those people need some special consideration. There is no way that they should be effectively forced out of their property because of the way they have juggled their finances, managed trusts and so on. They would

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suffer huge detriment if they had to concede, relocate or sell their property because of the land tax component on the increased value of the property. As the Leader of the Opposition said, those people are not transacting their property; they are there to live in it and should be given some dispensation.

I understand what the Government is doing with stamp duty on houses, but again the benefits over time will be modest. I guess the centre of my argument in all these issues is that everyone accepts that the state economy is going gang busters. The Government has increased taxes, but one reason it has reaped so much from these taxes is that the State has continued to grow at quite an extraordinary rate. The Government is entitled to take some credit for that, but it knows that quite often the economy prospers in spite of Governments and members of Parliament; a lot of external matters can impact on it. However, ultimately this State has prospered and the Government is entitled to get some recognition for that. Those record receipts indicate that we are still approximately \$5 billion in debt. If making concessions over the next four years means that we will effectively forgo \$1.113 billion in revenue, would it not be a better example to the Western Australian community to simply make a commitment to knock out that much in debt over that period? It is called making hay while the sun shines. If in these buoyant times we do not retire debt, sooner or later the economy will start to slow. What will the Government do then? It will be forced to put up taxes. It is all back to front. If the economy starts to slow and the Government has to put up taxes, that will be a double whammy that will compound the problem for businesses. There is no queue of people marching on Parliament House asking the Government to drop payroll tax or stamp duty. A few people are arguing about land tax and, as I said, the Government must look at the anomalies that exist in land tax; however, people are getting by. In these buoyant times unemployment is at its lowest level in almost 30 years. They are quite extraordinary conditions. Sooner or later I would like payroll tax to be abolished, as it is one of the most insidious taxes of all because it is a tax on employment.

Mr L. Graham: It is not as big a tax on employment as the GST.

Mr R.N. SWEETMAN: The member for Pilbara probably has a valid argument. However, perhaps as we become revenue positive from the goods and services tax, that will enable the State to manipulate some of the problems and remove the impediments of the GST from the system.

I suggest to the Premier that this legislation not be proclaimed until the State has suffered two consecutive quarters of negative growth or state debt is retired, whichever of those two events occurs first. I will propose such an amendment to the legislation at the consideration in detail stage. It is a reasonable proposition and something that the community of Western Australia would understand. Members might say that people are just suspicious of politicians, and I guess *The West Australian* newspaper has done its part in further creating suspicion, cynicism and all those sorts of things. I do not believe *The West Australian* has been responsibly trying to educate or condition people to become more intelligent and understand the parliamentary process better than they do currently. I believe that as politicians we should lead by example. I see no reason to concede these taxes.

The member for Churchlands started to make the point, and was cut short, when she referred to technical and further education teachers. We can all look at examples in our electorates of projects for which we want more money, whether it be to improve things or assist people in their various circumstances. One of my pet gripes on behalf of my constituents is the cost of sending children to school. There are only two high schools in my electorate: one in Carnarvon and one in Newman. I estimate that \$2.5 million of disposable income belonging to my constituents is exported from Carnarvon to pay for boarding fees at schools in Perth. I would like to see my constituents receive some concession. The fees are not tax deductible. If a person lives 60 kilometres from the nearest town, which is the case for most pastoralists, he receives some modest financial assistance. I believe some of the farmers in the member for Wagin's electorate would receive it as well. It is approximately \$4 500 in assistance for each child at boarding school. However, if there is an "appropriate school" as defined under the Act, which is the case in Newman and Carnarvon, including district high schools for years 8, 9 and 10 - there are a few in my electorate - there is no financial assistance at all. They do not receive a boarder's allowance. To compound the problem there is no tax relief. In other words, people pay the fees out of their net income. Those fees can be between \$20 000 and \$25 000, which represents a very significant cost to people in educating their children. The Government is talking about giving away \$1 billion over the next four years. Blind Freddy and the most basic economist could work out that the funds could be better used. That is what I am advocating. Consider, for example, stamp duty. I do not know how the real estate market has stayed up for so long. In my mind it is defying gravity. Let us hope it continues to hold. If it does not continue to escalate, let us hope it plateaus and does not fall. I understand that stamp duty is not being reduced across the board. In reducing stamp duty it might have crossed the Treasurer's mind about what might happen. It might be a stimulus to further investment and debt. In the mind of the Reserve Bank it might lead to further overheating. It might put up interest rates. The State will forgo revenue from stamp duty that might be a catalyst for housing prices

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continuing to increase. At that point the Reserve Bank might decide to put up interest rates by a quarter or a half of a percentage point. The benefit will go to the lenders. That will look clever. It will stimulate a different set of circumstances. Why does the Government not receive the stamp duty in the first instance? It may be some form of moderating influence in the property market that brings further stability and does not attract the attention of the Reserve Bank. The net effect of interest rates across the board will hurt a lot more people.

I turn to payroll tax. We are in a time of low unemployment; possibly the lowest since records have been kept. It is not a bad story. Great credit should be given to employers around the State. In time we will have to repeal payroll tax laws. At the moment we have a bit of grace; we have some time. It might be one or two years. Realise what will happen if debt is reduced. There are incentives for business to wear debt because it is an offset against tax. The State does not receive that benefit. There are many more comprehensive reasons for the State to build business on equity rather than debt. I am also mindful of my good friend and colleague Julian Grill, who used to say, "Don't worry about debt; worry about the capacity to repay." Of course, those were the days when the State had a high debt and we had to get our minds around the fact that we would be servicing debt almost forever. The coalition got the debt down. I concede that the debt may have been artificially lowered because of the sale of assets. However, the coalition inherited a pretty bad set of books. It did the best it could; it did an extraordinary job to get the debt as low as it did. If it makes any difference, give credit to this Treasurer and Government for bringing about these circumstances. However, for goodness sake, in these buoyant times - probably the best times in the history of Western Australia as far as receipts to the Government go - let us try to reduce debt. I am offering a proposition that I think is marketable. People will understand it.

The amendment I will move during consideration in detail reads in part -

that the day to be fixed under subsection (1) shall be whenever the earlier occurs of the following -

- (a) the State of Western Australia records not less than two consecutive quarters of negative growth; or
- (b) when total state debt is extinguished.

That is some time away, so the most likely trigger for tax concessions for the citizens of Western Australia, particularly industry, will be two consecutive quarters of negative growth. That could be changed to one quarter or pushed out to three. It will provide sufficient time for a response. As I said earlier, the Government would then be providing tax relief at the appropriate time. If the economy started to go off the boil and plateau or decline, the Government would have the chance to stimulate it. What would it do if it were living hand-to-mouth so close to the line that it had nowhere to go? The first reaction would be to increase costs to maintain services. As I said earlier, that would have a double-whammy effect on industry. At a time in which the Government should be stimulating employment to boost the economy again, it would have no option but to increase taxes across the board. As I said, I am presenting a reasonable argument. It may not be what everyone wants to hear while we are in a political cycle. I understand that. The stance I am taking tonight has nothing to do with my position in relation to the next election. I am not planning to move this amendment simply because I have only one more sleep until I go home. That is not the case at all; I am suggesting what I would have suggested in any case; that is, we must have another look at this legislation. The public is cynical. The Government intends to give away \$1 billion and get precious little recognition for it, so let us as a Parliament be responsible and say that the public has a right to be cynical, because this is money it contributed to Western Australian coffers, and people are entitled to get a result from it. If people can see that the Government has a vision for the State's finances and that it wants to lead by example, they will go along with that. The Government should give them something to believe in. If it reduces the debt, the community of Western Australia will - if not now, in time - understand and appreciate it.

When I was in local government in 1984, we inherited a bad set of books. Minister Jeff Carr had sacked the council, and for all the right reasons; it was not because of the controversy that followed. One of the reasons was financial incompetence. For our first three budgets we increased rates by about 16 per cent every budget. We wanted to increase them more but we did not think the community could absorb the cost. Then we thought that we had to throttle back a little bit. We wanted to build a civic centre in Carnarvon. Guess what! We had conditioned people so well to accept that the finances were so bad and we had hit people so hard with rate increases that they were anxious we would explode the debt and effectively become a bankrupt shire again. We therefore had to survive a loan poll, and fortunately we won it. We can condition people and we must take greater responsibility for that rather than take cheap shots and be somewhat reactionary. I can understand that the Government feels somewhat buffeted by the Press, particularly *The West Australian*. I cannot help but think it backed the Liberal coalition when it was 100 to one and it is now trying to capitalise on its bet. The

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Government should not be reactionary to comments in the Press. It can still lead in the interests of all Western Australians.

No doubt members are aware of the country's monthly national borrowings. When \$12 billion is being borrowed nationally to purchase real estate, we must be a bit anxious about it. Even if we compare seasonal and historical factors and everything else, it is still an alarming figure. When the state economy gets a cold, everyone who is paying off a mortgage will catch pneumonia. I think it will result in a calamity. It is a bit like the artificial price of 800c a kilo for wool; it was unsustainable. As has been said before, I guess the only benefit was that the woolgrowers taxed themselves for their stupidity.

I will give the House an example of this situation. My son went to get a loan to buy a house. He would have been a first-time buyer on a reasonable income from working in the mines. When he inquired what he might be able to borrow, he was told he could borrow \$385 000 on a five per cent deposit. He said to me that it was a pretty good deal. I asked him why. We sat down and talked it through. I told him that for a start the Treasurer would get his five per cent deposit because my son would be paying stamp duty. His finances would therefore be negative by about \$6 500 by the time he moved into the house. He would then have to pray like mad that the real estate market would not go against him. With the interest that he would be paying on that loan he could rent three houses. Very few people understand that. They say they must own their own house and not pay dead money by paying rent. However, until people have sufficient equity it is not responsible to borrow. That banks can encourage somebody of 23 years of age to borrow \$385 000 on a five per cent deposit is lunacy and irresponsible. We members of Parliament must provide an example, something that people can look up to and see fiscal responsibility they can understand. I implore the Treasurer to look at the amendments I have indicated. They will give the Treasurer everything he wants, but at a time when it is most appropriate; that is, after two quarters of negative growth.

MR L. GRAHAM (Pilbara) [9.42 pm]: We are talking in round figures about a Government that estimated a budget surplus of \$80 million and has ended up with a budget surplus of about \$800 million. That is being sold to an unsuspecting public as good economic management. It is a multiple of 10 or about a 1 000 per cent error. Any organisation that makes in its fundamental finances a 1 000 per cent error is not a competent manager. By definition if an organisation is wrong by 1 000 per cent, it is not a competent manager. Those two arguments are mutually exclusive when run simultaneously. If a competent manager set himself a target of \$80 million and comes in at \$80 million, he can claim to be a competent manager. If he is out by a multiple of 10, he is not a competent manager.

Like the member for Kalgoorlie, the Treasurer must call me cynical, but the difference between me and the member for Kalgoorlie -

Mr E.S. Ripper: I called him a nice young man. I do not think I can apply that to you.

MR L. GRAHAM: Please do. I will call the Treasurer Sydney silky. Like the member for Kalgoorlie I am a tad cynical, but unlike the member for Kalgoorlie, I am not surprised. Without being a smart Alec, I realise these things happen. I said in my speech earlier that Governments - what a surprise - increase taxation at any time but election years, when they reduce them. There is nothing new in that. What is new is that this Government for three years managed to convince the media and the public of Western Australia that it was, in the words used, a cash-strapped Government when it had more disposable income than any other Government in the State's history, and still does. I note with particular interest that the second part of my question to the Treasurer at question time was never answered. I asked why, given that this State is being soundly and competently economically managed and that we are going through a resources boom and surge in exports, the budget forecast a fall in royalties from minerals. How did the Treasurer get that wrong? At the time that the stage budget was brought down, not one person in this State - except for whoever prepared the Treasurer's budget - estimated a fall in the value of royalties from the minerals and petroleum exported from this State. It is extraordinary that those things could be allowed to happen and it is extraordinary that the Premier could chair a Cabinet that is allowed to have an error of 1 000 per cent and be completely incorrect in its estimate of its biggest single source of disposable and untied income. If someone did that with his household budget, he would not make it through to payday. Not one bank would give him a mortgage loan if he went to the bank with a track record of not knowing what was his biggest single source of disposable income and if he was off by 1 000 per cent in his estimation of his budget. Not one bank would touch him, and nor should they.

For some time I have had some particular concerns, which I have mentioned at conferences and in this place, about the effect that China is having on this State. Despite its rhetoric, this Government does not understand what is happening in Western Australia. It demonstrates that daily. I am sad about that. I do not get any joy from it. When members' kids and my kids look back on this period in history, they will assess its value to

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Western Australia in the same way as we assess the value of the Menzies years. We look back on those years as rather comfortable years, but we look also at the opportunities that this country missed. Our children will look back on this period and shake their heads in dismay at the way this State Government let economic opportunities slip through its fingers. The appalling ignorance of this Government at every level about what is happening on its doorstep is scary. I was listening to an ABC Radio National show the other week that talked about Fijian teak that is grown in Fijian plantations and exported to China. The Fijian Government is taking a more positive approach to China than is the Western Australian Government. That is a tiny - by China's standards - billion-dollar teak contract. In its defence the Government will say that it has signed contracts with China and has done other things, but they were all driven by the Chinese Government and by industry. China is a nation that depends on Government to Government contact for its success. We let go unnoticed the 30-year anniversary of Australia recognising China. Australia was one of the first nations on the planet to formally recognise the People's Republic of China, yet the anniversary went unnoticed by the Australian Government and this State Government. The Danes held a huge party in Beijing to celebrate the event. People who compete with us for gas contracts put on functions in Beijing, yet we did not notice that anniversary. China's economy will consume every mineral commodity that we can produce in ever increasing rates and the Chinese are ready and willing to invest and sign contracts with us. However, this Government takes a Lego-like approach to resource and economic development. If we continue to advance at the pace at which this Government is advancing - and we are advancing; I am not overly negative - the huge economic opportunity that is before us will pass us by. We have made advances and received benefits. This economic opportunity far exceeds the opportunities of the post-war reconstruction and industrialisation of Japan. That gave birth to both the iron ore and the gas industry in this State. This round of development has the ability to nearly quadruple both those industries. However, the State Government does not have a clue about how to deal with it. I am very sad about that. We should ignore the Government's rhetoric and look at its actions. As I have said, Fortescue Metals Group Ltd, the first independent iron ore producer in this State, has not yet had its agreement Act front the Parliament. Although I was told yesterday that that Act would get through the Parliament before we rise, we have managed to get through yet another day without that Act coming before the Parliament. Fortescue Metals Group has obtained funding from the Chinese Government. However, that is dependent upon that agreement Act going through the Parliament. The State Parliament and the State Government cannot put together an agreement Act for a multibillion-dollar project that has now been on the table for well over a year. That is absurd. I understand the reason is that there has been a falling out between two ministers about what charges should apply to the port. What a load of complete and utter nonsense! That is what primary school children do. That is not what cabinet ministers do. That is not how a Government performs on a multibillion-dollar project.

I will now move on and talk about the proposed taxation package. It fascinates me. Most members will recall that some time ago I wrote a letter to the Premier about the finances of the Town of Port Hedland. The Premier wrote back to me in October. In that letter he happily announced a \$20 million Pilbara fund to accelerate investment in community and government infrastructure throughout the Pilbara, and a \$235 million Pilbara capital works program as announced in the 2004-05 budget. I found that figure intriguing, and I will come back to that. The Premier said also-

The paper also shows that Port Hedland's debt levels are relatively low in real terms compared to previous decades and that its debt servicing requirements as a proportion of rates revenue are at historically low levels. A prudent level of debt is not inappropriate given the need to fund the replacement of ageing infrastructure that will generate community benefits for many years into the future.

I was appalled to read those comments from the Premier. The first thing it demonstrated to me is the reason that the Premier is not the Treasurer. The second thing it demonstrated to me is the unbelievable arrogance of the Premier and his Government in assuming that they know more about what is best for Port Hedland than do the people of Port Hedland and the town councillors. I therefore wrote back to the Premier and said -

I would hope that you are not suggesting and it appears that you are, that the town should borrow money to pay ongoing operations expenses. That is gross financial irresponsibility, and I would appreciate your confirmation if in fact you are making this recommendation.

The reason I wrote to the Premier in those terms is that that is the kind of dickheaded recommendation that the former Minister for Local Government and Regional Development made for Port Hedland. It is absurd for the Premier to put the proposition that the council should borrow money to pay for its ongoing operational expenses. I hope the Premier will write back to me and say that he is not saying that at all and that I have grossly misunderstood what he is saying. As I have said, that part of the letter explains clearly why the Premier is not the Treasurer. That letter is dated 21 October. It states that the \$235 million Pilbara capital works program is

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contained in the budget. However, it is curious that, according to a government press release, by 4 November that fund had grown to \$300 million, so in about two weeks it had gone up by \$65 million. I was intrigued. If \$300 million were allocated to new works in the Pilbara, I think I would be a happy man, assuming that some of that money would be directed to Port Hedland. I sought and got the breakdown of that \$300 million.

An allocation of \$15 million is made for public housing, which is a legitimate expenditure in the Government's budget. There is an allocation of \$28.9 million for regional water supply infrastructure. That cannot be included in government expenditure because it is provided by the Water Corporation on the basis that the corporation provides the infrastructure to earn money back on it. It is an investment in a revenue-earning operation. The corporatisation legislation that passed this place dictates that if the Water Corporation cannot make money on an investment, it cannot make that investment. The corporation is obliged to make the investment or seek a community service obligation payment for it, which it has not done in this case.

The papers claim that \$9.5 million is allocated for the Port Hedland port. There is not one cent of government money in that project. It is a lie. The port authority is borrowing that money to expand the port, and not one cracker of government money is involved.

The papers outline an allocation of \$31 million for Burrup Peninsula infrastructure, which, as members are aware, is for the provision of infrastructure for an Indian fertiliser company. I object in principle to such allocations for individual companies; they should not be made. They never pay off and they do not work. That is a philosophical argument. In any event, the vast bulk of that money is for infrastructure provided to attract industry to the Burrup Peninsula. This is the most attractive industrial land in Australia, yet we are paying people to go there. The \$31 million is \$1 million more than the native title settlement the Government paid to the group of Aboriginal people who have no native title. One assumes that the commercial aspects of the \$31 million investment will earn a return, which cannot be counted in the \$300 million.

A legitimate allocation of \$30 million is made for "other roads". I have not seen how much of that is federal money put into state programs and redistributed, but I will cop the \$30 million as a round figure. The Tom Price road has received \$80 million. I am amazed how successful the Government has been at selling the fact that it will not do what it said it would do; that is, build the road in its first term of government. That situation has been sold as a positive, and no-one has sunk his boots into the Government about it. I will accept the \$80 million as legitimate, as is the case with the \$2 million for the Roebourne enhancement scheme. I also accept that the \$4.5 million for the Port Hedland enhancement scheme is a legitimate input from the Government, but I am amazed that government members brag about it. It took 16 weeks and three cabinet submissions to get the Government to put its half of the money in after we leveraged \$4.5 million from BHP Billiton in the nicest possible way.

There is a \$4 million allocation for a performing arts facility in Tom Price, a \$7 million allocation for an Onslow primary school, and \$3.8 million for the Newman police station.

[Leave granted for the member's time to be extended.]

Mr L. GRAHAM: I knew you, Mr Acting Speaker (Mr A.P. O'Gorman), would look happy about that extension!

The papers outline an allocation of \$11 million in the \$300 million for the new Port Hedland nursing home. Treasurer, the new Port Hedland nursing home is not new at all. The money was allocated for that project on 5 May 2000, but in four years the Treasurer's Government has been unable to spend one cent of that money. The Treasurer claimed this to be an unfunded Liberal commitment, but it has been in the budget papers for four years. If it was unfunded by the coalition, it is unfunded by this Government. The difference is that this Government has been in office for four years since that commitment was made. It is a scandal that the Government has been unable to spend one cent of the \$11 million. At today's values, only \$9.75 million will be provided to the hospital. That is how much the 11 million bucks has been devalued while people on the government benches sat on their hands and ignored the needs of Port Hedland. The other large lump that makes up the \$300 million of capital works is \$65 million for the new Port Hedland hospital. Now I understand how the capital works budget grew from the figure of \$235 million mentioned in the letter to me in October. It did not quite sound enough, and this is where the lies of the Government become fact. It did not quite sound enough when the Premier wrote to me in October saying that the figure for capital works was \$235 million - it needed to be a round figure, so it would be taken up to \$300 million, with the \$65 million for the new hospital. What a load of codswallop! No money is allocated for the Port Hedland hospital - not one cent. Some figures have been put in the forward estimates for five years in the future. That is two entire elections before that \$65 million for the new hospital may become a reality. The people of Moora will point out that a funded commitment for a

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hospital cannot survive one election, but we are being asked to trust this Government for two elections. I remind members that the hospital in Port Hedland was destroyed by a cyclone in 1975, and for the best part of 30 years we have been living with substandard hospital accommodation in Port Hedland. I made a freedom of information application. I listened to the crud that came out of Minister Kucera. I had meetings with him, and we organised people to go and talk to him. I made a freedom of information application to get all the documents that dealt with the progression of the Port Hedland hospital. This Government, and the Department of Health, never even called a meeting. Not one meeting with minutes in four years was held to move forward the \$11 million nursing home or the \$65 million new hospital. The Government is not fair dinkum. That is not the behaviour of a Government that is about delivering major infrastructure development into a region. It is codswallop. It is spin doctoring in the extreme.

When the sums are done, and the spin doctoring is taken off the top, what remains in the \$300 million capital works package put forward by the Premier in his press release is \$149.8 million. The rest of it is bull dust. Let us deal with \$20 million of that \$149 million, which is the so-called Pilbara fund. Again, I have made freedom of information applications for all the documents relating to the formation of the Pilbara fund. It is interesting. The Government wrote to industry leaders, asking them to come to a meeting with the Premier on 18 May to discuss the \$40 million Pilbara fund. Cabinet met on the issue on 11 June, 17 June, 28 June and 1 July. Then a letter was sent to the companies inviting them to be party to it on 1 July and 5 July. Nothing was made public at this stage. Hon Tom Stephens then sent an e-mail to John Whitelaw, nominating who should be the representatives on the committee. This is before anybody else in the State knew about it. Three days after that e-mail nominating people to the committee, John Whitelaw in the Department of the Premier and Cabinet wrote the first paper proposing the Pilbara fund. A committee had already been formed, and people had been nominated as members. Ian Taylor had accepted the chairmanship, and three days after all of that had happened, but before anything public had happened, John Whitelaw wrote a paper, the first paragraph of which reads -

The State Government intends to establish a Pilbara Partnership between the State Government, local government and resource companies which will see **\$40million** of additional funding allocated to the Pilbara Region over the next four years.

That is \$40 million of additional funding. On 22 July, John Whitelaw wrote a second paper, and it said -

The State Government will be seeking partnerships with Federal and Local Governments and resource companies to attract significant additional funding to the Pilbara Region over the next four years.

The centrepiece of the partnerships will be the **Pilbara Fund**: a **\$20 million** injection of State Government funds -

In 10 days we lost \$20 million - gone. Twenty million dollars of the Pilbara fund disappeared in 10 days. Why? What happened? Where did the \$20 million go? I will tell members where it went. The Government never had it in the first place. It was a con job. The Government went to the industry and said, "Give us 20 million bucks; we're going to put in 20 million", and industry said, "Get nicked." That is what happened. Industry said, "Get nicked. You're the Government. You do your job and we'll do ours", and the Pilbara fund that was supposed to be \$40 million was cut in half. Why was it not cancelled? By then it was a failed concept. Why did the Government not top it up to \$40 million? It has \$800 million. Its original plan was for \$40 million and it was needed. Why did it not put in another \$20 million? It just chose not to because it was and it is a con job.

To get out of it, as the Government often does, it said, "By golly, we have a little problem now. We were going to have \$40 million. Industry has told us to get nicked; we've got only \$20 million. Let's see. Where will we go? We know! Let's write to Johnnie Howard. Let's write to little Johnnie, boy Treasurer (failed)." On 28 July, what happened? The Premier did not pick up the phone and talk to the Prime Minister. He wrote a letter: "Dear John, looking for some money. Please give me some. Love, Geoff." Basically, that is what the letter says. The Premier's letter of 28 July states -

Dear Prime Minister

...

I am writing to ask for a funding contribution from the Commonwealth to a new program that the Western Australian Government will shortly be announcing for the Pilbara.

The Premier said on 28 July that he would "shortly be announcing" a new program for the Pilbara. He announced it on 23 July, five days before he wrote the letter on 28 July, so honest John was a bit confused. He read the press release five days before the letter was sent to him. He was a bit worried. It would cost him only

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\$20 million; but, no worries, honest Geoff had told him the right thing. The Premier said, "Gee, what do we need? Let's have a think about this." His letter says -

I am therefore seeking your support for a Commonwealth Government contribution of \$20 million over 4 years.

Gee, what a surprise! I wonder how he arrived at \$20 million. Let us see. Let us work this through. This is a difficult equation. The Premier said, "I started with an idea of \$40 million. Industry told me to get nicked and took \$20 million off me. I'll write to Johnnie! He'll give me another \$20 million! There we go; we're back to \$40 million. Hey, hey, it's Saturday - chook lotto! I'll tell you, it's fantastic." What did Johnnie write back? Members should have a guess. He said, "Dear Geoff, get stuffed. Rude letter following." Effectively, that is it. Johnnie Howard wrote back on 16 August and said, "Thanks for your letter, Geoff, but you're actually the Premier of Western Australia, and that is basically your job, and that is why we gave you \$231 million in additional federal government funding to deal with these matters. You're running a budget surplus of \$800 million. Why the heck do you need \$20 million off us?" It is that simple. This Government - love it dearly - has no idea of the scale of the development that is taking place in the Pilbara. I invite all government members to come to the Pilbara. They should come to the Pilbara to campaign for their candidate, but they should also set aside a couple of days so that I can take them for a drive to show them the billions of dollars of development that are taking place in locations other than the Burrup Peninsula.

Mrs C.L. Edwardes: Watch those sand dunes!

Mr L. GRAHAM: Yes. Be careful, foxy! About half a million square kilometres of the Pilbara is not the Burrup and is being developed. The Government is not up to speed with what is happening. Its fund is a con job. It is oversubscribed already. The Government's people are meeting in Port Hedland in the next couple of days. They have a dilemma. They have \$5 million to distribute this year, but they have about \$75 million worth of needs. The Port Hedland Town Council needs \$15 million to improve the condition of its roads. The Government has offered \$5 million for the whole Pilbara. The Premier says that the council should borrow some money. That is nonsense. The Government should get with the program, for God's sake, before, first, it blows seats; second, it blows government; and, third, it blows the State.

MR E.S. RIPPER (Belmont - Treasurer) [10.10 pm]: I thank the Opposition for its enthusiastic support of this legislation to cut taxes. I will comment on the general arguments that were put by opposition members and respond to some of the points that were made. When listening to debaters from the other side of the House one would think that past Governments did not experience increases in revenue or taxes. Under the period of the coalition Government from 1993-94 to 2000-01, revenue grew from \$6.8 billion to \$10.6 billion, an increase of 57 per cent. Over that eight-year period, revenue grew by an average of 6.6 per cent a year. In the period between 2001-02 and 2003-04 the average annual growth in revenue was 6.4 per cent. Revenue growth was very strong in 2003-04; it was 8.3 per cent. However, that is not out of line with historical experience. For example, in 1994-95 revenue grew by 9.5 per cent.

Mr L. Graham: Can I be given a job on the Salaries and Allowances Tribunal before I leave?

Mr E.S. RIPPER: In 1997-98 revenue grew by 8.7 per cent and in 2000-01 it grew by 9.3 per cent. Perhaps the member for Pilbara would like those in charge of parliamentary superannuation to pay attention to those sorts of figures rather than to the consumer price index!

Revenue has grown quite strongly in a number of years, including the past financial year. However, average revenue growth during the coalition's eight years in office was higher than the average revenue growth that has been experienced by the Labor Government that was elected in 2001.

Mr M.W. Trenorden: There is a slight difference; we never said that there would be no new taxes.

Mr E.S. RIPPER: The Gallop Government has experienced an increase in revenue. Three quarters of that increase is due to changes other than taxation policy initiatives. The increase was due principally to economic growth but also to changes in commonwealth arrangements.

The second point I make is that previous Governments have increased taxes. I do not want to compare the entire eight years of the coalition Government with our Government's four years in office. I could, but instead I will compare the final four years of the coalition Government with the four years of the Gallop Labor Government. I was interested in the speech of the member for Kalgoorlie, because he pointed out that this Government had increased taxes in its first three budgets and then cut taxes in its fourth budget. I want to refer to the second term of the Court Government when the Leader of the Opposition sat on the cabinet budget committee. In the first financial year of that term - 1997-98 - measures were introduced that increased taxes on an annual basis in 2004-

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05 dollars - so that we can make the comparison properly - by \$72 million. In 1998-99 there were huge tax increases, amounting to \$229 million per annum in 2004-05 dollar terms. In the third budget of that second term of the Court coalition Government in 1999-2000, there were \$21 million worth of increases on an annual basis. Finally, in the budget before the election in 2000-01 there were no tax changes whatsoever. Three budgets contained tax increases and there were no tax changes whatsoever in 2000-01.

When the Court Government's taxation changes in the period from 1997 to 2001 are added up, the total impact of its policy changes on an annual basis was \$322 million, expressed in 2004-05 dollar values. That can be compared with the total impact of tax changes over four budgets under this Government, which is \$289 million. In short, when comparing the tax-raising effort of the Court Government in its second four-year term with the tax-raising effort of the Gallop Government, it can be seen that the Court Government increased taxes more heavily than the Gallop Government, taking into account the four budgets in each case.

All tax increases are regrettable, because they have some sort of distortionary effect on the economy. Nevertheless, it is important to receive revenue to fund the services that the community expects from a State Government. The revenue increases that the Government has received have been devoted to the key community priorities of health, education, law and order and community support services. The House should by now know the figures off by heart: an amount of \$808 million extra a year was spent on health services, \$457 million extra was spent on education and training, \$160 million extra was spent on the Police Service, and \$72 million extra was spent on disability services.

I have noted the Opposition's somewhat cynical arguments about the tax increases that occurred during the first three budgets of this Government, and its comparison with the tax cuts in the last budget and those proposed in this legislation. I point to some significant differences between 2004 and 2001. In 2001 there was a one per cent contraction in the economy and it was shrinking. In 2001 we inherited \$500 million worth of unfunded commitments entered into by our coalition predecessors and not provided for in the forward estimates. In 2001 we continued to experience further attacks on Western Australia's share of commonwealth grants - the continuation of a decade-long trend.

What has changed between 2001 and 2004? In 2004 the economy is not shrinking. The economy is growing extremely strongly, as the member for Ningaloo was kind enough to point out. In 2004 we have already provided for the unfunded commitments left to us by our coalition predecessors. We have already provided more than \$250 million extra that was needed to finish the Delta Communications and Information Technology and computer aided dispatch and communications services in the Police Service. We have already provided the money that was needed to pay for the laptops that had been promised to teachers in the enterprise bargaining agreement, negotiated by the then Minister for Education and now Leader of the Opposition, but which were not provided for in the budget estimates. Finally, if members look at the differences between 2004 and 2001, they will see that we have had a significant victory on the question of commonwealth grants. Earlier this year we won a \$231 million per annum increase in Western Australia's share of commonwealth grants.

Mr R.N. Sweetman: But \$130 million of that was our GST.

Mr E.S. RIPPER: In addition, 2004 is the first year in which we are receiving additional money from the goods and services tax arrangements compared with arrangements prior to the introduction of the GST. The member for Ningaloo has reminded me of an additional factor that makes 2004 different from 2001. Therefore, the economy is growing much more strongly than it was in 2001. We have funded the unfunded commitments left to us by our coalition predecessors in previous budgets. We have a better share of commonwealth grants; we fought a strong fight there. We commissioned the report by Ross Garnaut and Vince FitzGerald, went into battle on that issue and got a result. In addition, at last, the GST is producing a better result for state finances than previous arrangements.

Therefore, of course we are in a better financial position in 2004 than we were in 2001. Of course now, with the booming economy and those other factors, we have the capacity to provide more services to the people of Western Australia, to invest more in long-term infrastructure projects and to make a return to the community in the form of further tax cuts.

Mr R.N. Sweetman: Knock out all the debt and you will have another \$400 million a year.

Mr E.S. RIPPER: I did listen with interest to the arguments put forward by the member for Ningaloo, and I am sorry that the member for Ningaloo is apparently departing this House, as I enjoyed his contribution. I did not agree with the conclusion he reached, but I thought he had an arguable proposition that was worthwhile putting on the table. He said that we should not cut taxes and if we used the money instead to reduce debt there would be long-term savings as a result of that course of action. I do not agree with the argument of the member for

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Ningaloo on this occasion, and I will not support the amendment he proposes to move, but I do think that he has put forward an arguable proposition. I can see the merit in it, but I believe there are reasons for not proceeding with it. The principal reason is that when deciding on our tax cuts, we did not just decide to send people a cheque in the mail. We decided to make an investment in our economic future. That is why we targeted payroll tax and stamp duty. We want sustainable growth in the economy of Western Australia. We believe we have the capacity to make the investment in the future to promote economic growth, employment and business prosperity. We hope that, as a result of these tax cuts, growth can be sustained in the future, more Western Australians will be in work and more Western Australian businesses will be prosperous. If the economy continues to grow strongly, we will have the revenue flow to the State Government. It will give us the capacity to again make investments in services, infrastructure and debt reduction. When we reach the point at which we have more financial capacity, one way to make a long-term investment is to cut debt. Another way to make a long-term investment is to ask what we can do to promote the sustainable growth of the Western Australian economy. The member for Ningaloo advocated the first option. I can see some merit in it, but the Government decided on the second option. We want to grow the economy and have more jobs sustainably into the future. From that there will be benefits to households and businesses.

The ACTING SPEAKER (Mr D.A. Templeman): Order, members! The member for Warren-Blackwood knows the rules of the House concerning interjections. He is not in his seat. I call him to order for the first time.

Mr E.S. RIPPER: We have deliberately chosen a responsible tax package based on the best economic approach. We have not done what some people would have had us do, which is simply to dish out money to people in an attempt to buy votes. We are not doing that. We are making an investment in the future growth of Western Australia. There has been some ill-advised argument from the other side of the House to the effect that, somehow or other, we have ignored families and households. I do not agree with that. Families and households in this State need a strong economy sustainably into the future. They need prosperity in their businesses; they need employment. They need household income; they need jobs. If we can make a contribution to promoting the sustainable growth of our economy, that is a tremendous contribution to the living standards of Western Australian families and households. It is much better to make that contribution to our economy than to fritter it away through cheques in the mail. We do not have anything to be ashamed of. On the contrary, we have a lot to be proud of in our protection of householders in this State. Every year we look closely at the household model. We look at the charges that households pay every few months such as electricity bills, water bills, public transport fares, motor vehicle licences and compulsory third party insurance charges. We use the same household model that the Court Government used. Mind you, the Court Government only adopted that household model when we started the campaign on its impact on household charges. We use the household model to measure the impact on a typical household as a result of the charges it pays every year. Every year we make sure that we keep increases in charges below the general rate of price increases in the economy. By doing that we have, in real terms, reduced household charges by \$86 over our four budgets.

Mr P.D. Omodei: Is that \$86 for each year?

Mr E.S. RIPPER: It is \$86 for each year. The member for Warren-Blackwood should be grateful that I have not added up the amount of increase during the coalition's term. In comparison, in real terms, the Court Government increased charges by \$296 a year. That is a comparison of the two Governments' household charges. I get quite angry when the Leader of the Opposition says in here or on television that the Gallop Government has forgotten about families. This is the Government that has protected families from household charges by enabling them to decrease, in real terms, by \$86. The coalition Government increased them.

Mr P.D. Omodei: What was the previous Labor Government thinking about when it lost \$1 billion? Was it thinking about families then?

Mr E.S. RIPPER: This is archaeology! That question relates to matters so far in the past that they are hardly relevant to today's debate.

Several members interjected.

The ACTING SPEAKER (Mr D.A. Templeman): Order! The Treasurer has the call.

Mr E.S. RIPPER: The Government has the record on protecting households from unnecessary and significant increases in household charges. It has not increased electricity charges since coming to power, nor has it increased public transport fares for pensioners since coming to power. Overall, it has kept charges below the rate of inflation to the extent that, last budget, it delivered a particular dividend to WA families by freezing all charges in the household model.

Some comment has been made about certain taxes that apply to both businesses and households. The two taxes mentioned are insurance duty and stamp duty on the purchase of motor vehicles. Our rate of 10 per cent

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insurance duty is in line with rates in many other States. It would be good to reduce it but it is not out of line with what other States charge for stamp duty insurance. Stamp duty rates on motor vehicles up to a value of \$20 000 are quite comparable to those in other States.

Mr P.D. Omodei interjected.

Mr E.S. RIPPER: The member for Warren-Blackwood may be out of touch, because my advice is that three-quarters of vehicle transactions involve vehicles at or below a value of \$20 000 and two-thirds occur at or below a value of \$15 000.

Mr P.D. Omodei: What did Stan Perron say in today's newspaper?

Mr E.S. RIPPER: In case the member for Warren-Blackwood has not noticed, Stan Perron is not exactly a member of the typical household in Western Australia. What does he collect in rents? I think it is \$165 million. Perhaps he has not been in the market for a \$20 000 car recently. Members should not get me wrong. Mr Perron owns the Belmont Forum Shopping Centre in my electorate, and good luck to him! It is nice to see a successful businessman in Western Australia. Nonetheless, he is not exactly a member of a typical Western Australian household. I doubt that he has recently bought a car for \$20 000 or less.

Mr P.D. Omodei interjected.

Mr E.S. RIPPER: Three-quarters of motor vehicle transactions in Western Australia occur at a value of \$20 000. However, I concede that for vehicles -

Mr P.D. Omodei interjected.

The ACTING SPEAKER: I remind the member for Warren-Blackwood that he is on three calls to order.

Mr P.D. Omodei: I'm not, am I?

The ACTING SPEAKER: Yes. I do not want to call the member to order for a fourth time, but the Treasurer has the call.

Mr E.S. RIPPER: I would like the member for Warren-Blackwood to remain in the House to listen to the rest of my remarks. It would be highly unfortunate if he were to transgress so badly that he was forced to miss the rest of my speech. I would urge you, Mr Acting Speaker, to be lenient with the member for Warren-Blackwood. He is leaving anyway, which is a bit sad.

Several members interjected.

The ACTING SPEAKER: Order!

Mr E.S. RIPPER: To return to the subject of the debate, I do concede that for vehicles valued above \$20 000 Western Australian tax rates are higher than those in other States. Of course, I would like all Western Australia's tax rates to be competitive with those in other States. The Premier and I have acknowledged that for vehicles valued above \$20 000 our tax rates are higher than those in other States. The Premier and I have said that we are prepared to look at the issue. The next available opportunity for us to do that is the next budget process. Not every tax can be cut simultaneously, but \$1 billion in tax cuts, I would humbly submit, is not a bad start. As our economy grows and our financial capacity improves, as Treasurer - electors, colleagues and the Premier willing - I will continue to look at ways in which we can make our tax system more competitive in the future.

When we think about cars we should think about not only stamp duty on the purchase but also other charges. We must ask what it costs to register the vehicle and what it costs to pay for compulsory third party motor vehicle insurance. The costs of running a vehicle in Western Australia with charges payable to the Western Australian State Government is good in comparison with the costs of running a vehicle in other States. On a five-year annualised basis of charges to the State Government for a Hyundai Accent the WA State Government is paid \$489, the New South Wales Government is paid \$660, the Victorian State Government is paid \$614, the Queensland State Government is paid \$652, the South Australian State Government is paid \$684 and the Tasmanian State Government is paid \$588. It is true that Western Australia has the lowest annual charges, taking together stamp duty on the purchase, annual payments on motor vehicle registration and compulsory motor vehicle third party insurance.

Mr A.D. McRae: That would be the on-road cost that people must calculate when they buy a car, because they must pay stamp duty and buy the registration.

Mr E.S. RIPPER: Yes, that is the situation. If people are buying a Hyundai and are calculating what they must pay the State Government each year on a five-year basis, Western Australia has the lowest charges of all the

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States. On a five-year annualised basis of charges to the State Government for a Holden Commodore the WA State Government is paid \$809, the New South Wales Government is paid \$886, the Victorian State Government is paid \$694, the Queensland State Government is paid \$819, the South Australian State Government is paid \$897 and the Tasmanian State Government is paid \$709. Three States have higher charges for the owner of a Holden Commodore. As my good friend the member for Perth said, no road tolls are payable by Western Australian motorists, and neither should they be. Of course, that must also be taken into account when making comparisons between the States.

The Gallop Government has a much better record on household charges than does the Court Government. In Western Australia the stamp duty on insurance premiums and most motor vehicle purchases is comparable to that in other States. The total of stamp duty on vehicles and ongoing payments to the State Government for vehicle ownership is much lower in WA for a \$15 000 vehicle than in other States. Western Australia's charges are about the middle of the pack for the purchase and ownership of a \$31 000 Holden Commodore.

I will canvass a couple of other issues. The Leader of the Opposition alleged that he had received a complaint from someone who had received a land tax bill of \$30 000. The Leader of the Opposition had some difficulty stating the value of the land in that example. He said it was about \$200 000 or \$300 000. I have sought advice on the value of a property that would attract a \$30 000 land tax bill. I am advised that the property would be valued at more than \$2 million to incur such a land tax bill. Obviously that is a big land tax bill, but it is also a very valuable property.

The Leader of the Opposition also compared the average payroll tax rates for certain small businesses at the time of the coalition Government with the average payroll tax rates following the passage of this tax legislation. When making these comparisons, I warn people to think about the base to which the rate is applied. Our payroll tax rates do not apply to the first \$750 000 of the payroll. Under the coalition's scheme, the rate was charged on each dollar of the payroll. When comparing an average rate, one must make sure that the bases are being compared.

Mr R.N. Sweetman: Has not payroll taxation included the superannuation component or the entitlement that the employer pays on behalf of the employee?

Mr E.S. RIPPER: Some base broadening measures - to use the technical Treasury jargon - brought some things into the base. The member for Ningaloo has a small point and can claim a tiny victory by that interjection. However, the important point is that when comparing average rates, the differential treatment threshold must be taken into account. We did a major simplification of the payroll tax system a couple of years ago, with the support of the business community, even though it was acknowledged at that time that six out of 10 payroll taxpayers would be winners and four would be losers. Nevertheless, we now have a better system with a single marginal rate of payroll tax. It is not the average rate that affects someone's decision on employment, but the marginal rate. The decision an employer must make is how much of an additional employee's wages will have to be paid in extra payroll tax? The marginal rate is important. Under the coalition scheme the marginal rate in certain brackets was as high as 11 per cent. Under this legislation the marginal rate will always be 5.5 per cent.

I could talk at length about comparisons between Western Australia and the other States, but I will not. However, from 1 January 2005 only Victoria and Queensland will have lower payroll taxes than Western Australia. Western Australia's land tax rates are below the average of the other States for all land values, and for land values of up to \$2 million Western Australia has either the lowest or second lowest tax rates. The tenfold increase in the land tax threshold under this Government has freed around 95 000 landowners from land tax.

A particular benefit of this legislation is that all of those people, many of whom are first-time property investors, who bought property valued at between \$100 000 and \$220 000 - all 64 000 of them - will receive a 70 per cent cut in their land tax. That is a recognition of the financial stress that some people have put themselves under through their investment in the property market. I suspect that a number of first-time property investors have been a bit surprised at some of the charges that have come into their letterbox. I imagine that some of them had not thought about things such as land tax until into their letterbox came the land tax bill.

Point of Order

Mr B.K. MASTERS: I understand, Mr Acting Speaker, that it is a convention in this House that members do not read newspapers. I draw your attention to a number of members who are not abiding by that convention.

The ACTING SPEAKER (Mr D.A. Templeman): Members, it is a convention in the House - indeed, it is a standing order of this House - that members do not read newspapers in the Chamber. I remind members of that rule.

Debate Resumed

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Mr E.S. RIPPER: As I was saying, for first-time property investors the \$150 land tax rebate will be very useful. Sixty-four thousand people who now pay land tax and who own properties valued at between \$100 000 and \$220 000 will get a 70 per cent cut in their land tax.

Finally, this State has the most generous stamp duty concessions for first home buyers of all the States. The stamp duty payable on a median-priced home in Western Australia is the second lowest for median-priced houses in all of the States. When we consider those State comparisons and the overall impact, it is no wonder that there is support from all sides of the House for the passage of this legislation.

I thank the Opposition for voting for this legislation, despite its criticism of other matters. I look forward to the speedy passage and implementation of this legislation and to the \$1 billion of tax cuts that it will provide for the people of Western Australia.

Mr L. Graham: May I interject?

Mr E.S. RIPPER: Because it is the member for Pilbara's second last day in the House, I will take a last-minute interjection.

Mr L. Graham: Can you explain to me where the \$20 million in the Pilbara fund went in just 10 days? You heard my speech. I know you were listening.

Mr E.S. RIPPER: That is not strictly relevant to the debate. I suspect that the member is referring to contributions that were expected to be made by resources companies. Those contributions will now be made in other ways. I will probably need to have a discussion with the member in some detail to determine precisely what argument he is putting. I note with regard to the Pilbara fund that the coalition is promising \$50 million, half of which will come from mining companies, but the mining companies are not prepared to pay it. It appears that the mining companies have their own preferred ways of supporting Pilbara communities. I commend the legislation to the House.

Question put and passed.

Bill (Revenue Laws Amendment (Tax Relief) Bill 2004) read a second time.