LOAN BILL 2009

Second Reading

Resumed from 23 June.

HON JON FORD (Mining and Pastoral) [3.06 pm]: Before the debate was adjourned yesterday, I was talking about what we do not see in the current budget and what we are not being told regarding the $8 billion loan that we are being asked to authorise on behalf of the government. Today I will continue my remarks on a number of issues that will involve the payment of large amounts of money. I have no way of knowing when the phasing of those payments will be, but I certainly expect that in the near future we will see some money allocated to it in the budget. I wonder whether that money will be included in the Loan Bill or in the midyear review. I will raise those matters and perhaps the Minister for Mines and Petroleum will address them in his reply.

The first issue I will raise—marine parks—is tied to the second issue I will talk about, which is fishing. The commonwealth government is placing a fair bit of pressure on the state government. It is no secret that the commonwealth government wishes to zone 17 per cent of the six bioregions as marine park structures, and that 11 per cent of that area is to be a no-go area. There will be a major restructure of the fisheries if that ends up being the case. I do not agree with it. It is ridiculous to mandate to lock away a certain percentage of the coastline as a marine park. It should depend on the value of what is being protected. In some cases, it might be one per cent, and in other cases it might be 80 per cent. We actually have to discuss the values that we are trying to protect. Nevertheless, if we do end up with 17 per cent of our coastline locked up, we know that that will have implications for compliance activities. Who will pay for that and who will pay compensation to businesses that that may affect? The people affected range from specimen collectors—people who collect clownfish and corals and shells, mainly for the overseas market and aquariums—to rock lobster fishermen and longline fishers. There is also the issue of the recreational fishing sector, although we do not have to worry about compensation for that sector. However, we certainly have to worry about recurrent ongoing expenditure.

On top of that, we know that the rock lobster industry is one of the fisheries that appear to be in big trouble at the moment and we certainly know that the pearling industry is in trouble. We have heard the minister speak in the house about the possibility that the rock lobster fishery will have to be closed if we have another poor or zero puerulus settlement. If that were to happen, we would need to have some contingency to make up for the loss of revenue, particularly as that fishery is, outside of consolidated revenue, the most significant financial contributor to the fisheries department. Indeed, because of that closure, a number of fisheries would be put at risk simply through the reallocation of research funds to support emerging fisheries. The sums that we are talking about are quite significant. The minister can correct me if I am wrong, but a fishery worth between $300 million and $400 million recurrent contributes between $8 million and $10 million a year to the development and better interest fund—the DBIF. I think it would be a round figure of that significance. If we were to lose that revenue, we would certainly expect that the state would somehow have to make up that shortfall. I know that we cannot foresee everything and that there is always the opportunity for supplementary funding, but from what we have seen thus far, we are being asked to authorise an $8 billion loan. Other members, Hon Ken Travers in particular, have highlighted some areas which appear in the budget but for which there does not appear to be funding. I fear that we are in a situation in which the fisheries department will be unable to get sufficient supplementary funding for its needs.

In another scenario, we may need a fisheries adjustment scheme. The rock lobster industry has discussed such a scenario with me, and I am sure that it has discussed it with the minister. The industry is looking at different scenarios. It is talking about an $80 million—it is funny where that figure of $80 million comes from; today I have heard of anything up to $100 million or $200 million—industry-backed buyback scheme. Under such a scheme, industry borrows money to buy out people who want to sell out of the industry. Inevitably, industry needs an underwriter to do that, so it would come to the state government to underwrite that scheme. We have to see that there is an expectation for some sort of adjustment scheme. It could be that, through negotiation, there is agreement about some sort of percentage basis, such as a half-and-half scheme. In the current budget we have only a standard allocation of $500 000 for such a scheme. In fact, although that amount is the standard allocation for adjustment schemes in the minister's budget, I would have liked to have seen considerably more allocated given the state of the industry and where some of the fisheries are heading. It will be a particularly difficult time for the Minister for Fisheries and for industry should we not be able to get that money. That is the nexus to what I have said about the $8 billion loan. Members need to understand where that is going.

On the other side of this issue, and it really is a fisheries matter, are the marine parks. The Minister for Environment has on a number of occasions told members in this house how the government is dedicated to pursuing a policy that will deliver more marine parks. A study is being undertaken in the Kimberley that I presume takes in the whole of the Kimberley—that is, the marine structures as well as the terrestrial structures.

However, the money that would be needed to implement anything in that area is not provided for in the current budget or the forward estimates. This loan that we are being asked to approve moves matters forward, but there is no money in the budget to help with this process.

I do not know whether the marine parks that are on the drawing board have been proclaimed. A lot of work has been done on the structure of the cape to cape marine park, but we do not know whether the government will proceed with it. In addition, we do not know whether the government will proclaim the Burrup marine park or how it will be managed in the future. I have already given my views on that. I come back to the structure of the cape to cape marine park. Some significant fishing interests are involved in that area and some people will need their businesses to be bought out. If that is not to be the case, we need to know how that will be managed so that those people can co-exist with the marine park while continuing to have viable businesses. The minister and I have had discussions across this chamber and privately and we have agreed that the marine park should not exclude other activities, such as commercial or recreational fishing. We need to hear that. People involved in the fishing industry are, for very good reason, feeling very uncertain about their future.

I would also like to refer to the resource safety issue. We know, and I support the minister, that significant change to resource safety is necessary. There has been some talk about a nationally consistent system that would take the resource mining industry in a very different direction. Within the industry, that is commonly called a safety-case regime or a risk-assessment-based safety regime. Such a regime will cost a lot of money. Although I expect the industry to be a large contributor to that regime, some companies may find that, because of the size of their operation, they will not be able to move to a safety-case regime. It will cost millions of dollars for an existing operation to undertake the assessment work and then change the management systems, as this will involve electronic maintenance and planning systems and engineering changes. Companies will be required to put in the resources to hire the expertise to examine a safety-case proposal. As that process proceeds, people will build on their experience and share information, so in the end it would cost less and fewer hard resources would be required. It could be undertaken more effectively and with fewer resources if the programs were properly structured. It would cost a lot of money to set that up, and there is no money in the budget to do that. For the reasons I have given before, it will be a difficult challenge for the Minister for Mines and Petroleum and for his colleagues in cabinet and Treasury if the state does not have the money to undertake the work that is necessary. It is very hard for the government to argue with major contributors to the economy, such as the resource sector, that they should foot the entire bill, or even a large proportion of it, when the government does not have the money to back up those contributors.

One thing we will have to do for a while is run a dual system so that if we do ultimately go to a safety-case system, the big companies that can afford it can rapidly move towards it. Small companies will have to run a separate system in the short term before they get access to the other system. Alternatively, we might decide that they can run a separate system and have a dual system based on the current system. Certainly for the following five years and if a safety-case system is implemented by this time next year, I would expect there to be a significant increase in funding for the minister's Department of Mines and Petroleum to assist and work with industry to achieve those changes.

There are, therefore, a large number of challenges for a range of ministers within government to meet. They are challenges that we all can foresee but in some cases do not reasonably expect them to be budgeted for. In other cases we think there should be at least some discussion going on with Treasury. However, we find ourselves in a position of putting the squeeze on the consolidated revenue fund. It will be hard for ministers around the cabinet table and at the expenditure review committee to prosecute their case for the money that they will need to adopt and implement these changes. I would not mind, therefore, hearing some commentary from the minister on how that will be managed.

Then, of course, there is the normal growth in expenditure that we would expect over a year as costs rise and fall; that is, growth without any input from the state government because the state government can do nothing about those costs. We saw this in recent times with increases in the price of oil and diesel. There is a cost with a boom. We know that BHP is expanding and I expect the expansions will go on. Although that is a good thing for the state, as it increases the revenues and we need that, unfortunately the way the fiscal dimensions at a national level work is that the commonwealth likes to reap all the revenue but does not like to invest in infrastructure. We have seen that lately with the current federal government doing what any reasonable government would do; that is, doing what it can to stimulate the economy and keep it moving along. We have therefore been able to tap into that. However, I would like the state government to ask for more because that would take some pressure off the state government. We on this side of the house are quite happy to go to Canberra and lobby for that, but the government would need to enunciate its priorities to us. If we end up with a gas hub in the Kimberley, it would not be right for us as a state and for Western Australian taxpayers to have to foot the bill for all the infrastructure that it will need. The project would be quite significant, and other projects as they emerge that we do not even know exist will add an extra infrastructure burden. I am therefore a bit worried about the Loan Bill and some of the gaps that appear to be in the budget. When I say "gaps" I mean reference to expenditure on projects that appear to be committed to but for which there is no transparent funding in the budget.

I am still trying to get my head around the budget papers. We have become used to the look of the budget papers in one form and now they have been presented in another form. Perhaps some of those gaps can be explained because of the way the budget has been structured, but I would like to hear whether that is the case. It is not our job to block this bill. The state government has come here saying that we need the money. It is our job to support the state government in running the state. It is also our job to question why certain things are presented to this house for approval and what circumstances have led to that change. I look forward to the minister giving us those replies. With that, I will sit down and listen with great interest to the government's response and to other members who will be contributing to the debate.

HON MATT BENSON-LIDHOLM (Agricultural) [3.25 pm]: The first point I make this afternoon is about the magnitude of the Loan Bill 2009. As members opposite will realise, back in 2004 an amount of $200 million was requested but never used. However, now considering this legislation as an opposition member in 2009, an amount of $8.316 billion is required to meet planned general purpose borrowing requirements to 2012-13. I think most would agree that by any definition that is a staggering figure and an increase that warrants some sort of scrutiny. As Hon Jon Ford said, we are not here to attempt to knock that on the head but we are certainly here to engage in the scrutiny process.

I will make a couple of points about the accounting system used here. Again, Hon Jon Ford made mention of this aspect. Total non-financial public sector net financial liabilities as a share of revenue in the midyear 2008-09 review are expected to go from 51.4 per cent to 63.9 per cent in 2009-10; to 70.8 per cent in 2010-11; and finally, in 2011-12, to 80.2 per cent. I consider those figures to be very significant indeed. I will quote the Treasurer. He likes to talk of —

> … net debt affordability, specifically 'maintain the ratio of total non-financial public sector net interest costs as a share of revenue at or below 5%'.

This new target, as opposed to the previous net-debt-to-revenue ratio, is supposed to be a better measure of the affordability of the state's debt burden. If members opposite recall, Labor endeavoured to hold that particular ratio at or below 47 per cent. However, if the net financial liabilities measure shows such a huge deteriorating trend, whether or not it is a formal government financial target, alarm bells should be ringing in government circles, as they are on opposition benches.

Why is this bill before us? I suggest that there are a number of reasons. It is due primarily to massive increases in levels of spending, which is uncontrolled. The figures clearly demonstrate that expenditure is increasing at an alarming rate. I suggest that when $8.3 billion is added to the $446 million in existing borrowings, one shudders to think of the long-term consequences. It will impact upon the Western Australian economy; certainly in terms of everyday Western Australians and what will be required of us to pay that back.

Again I remind members of the $200 million figure from 2004 that was unspent. The fact of the matter is that when money is borrowed, it has to be paid back—with interest, although I hasten to add that interest is not taken from the $8.3 billion. In four years Western Australians will be paying for this government's inability to rein in spending. Services will be cut back and fees and household charges will rise—if they have not already—as the government attempts to repay the debt burden imposed by the borrowings that this Loan Bill seeks.

Why do we need this particular Loan Bill? Surely at the heart of the Loan Bill are the many non-funded projects that members have already mentioned. We have to ask why a government would not detail these projects more explicitly in the budget papers. A number of members have already mentioned the figure of $2 billion representing the black hole of expenditure not detailed. It is hard to imagine a more rubbery set of figures. I will mention some of the more noticeable omissions. They include the Northbridge Link, suggested at $240 million; Midland hospital, $180 million; Oakajee port, unfunded, $700 million; and the Esperance nickel-loading facility, not costed. Funds are surely insufficient for the continuation of Esperance District Hospital. Close to home for me, $135 million has been allocated for Albany Regional Hospital, but suggestions have been made that that figure should be about $220 million. The Perth riverfront/foreshore project was due to start inside four years, but no money has been allocated. Then there are improvements to Subiaco Oval and any other improvements to ovals or rectangular stadia that the government may wish to investigate the possibility of developing. Again, no money has been allocated for that, as for a number of other projects mentioned in the budget.

The issue of the retention of Royal Perth Hospital poses a number of questions for the Barnett government. Quite alarming was Under Treasurer Marney's revelation that with the new Fiona Stanley Hospital and Sir Charles Gairdner Hospital functioning, the government will not have the funds to keep Royal Perth Hospital open because the money does not exist in this year's budget. The response by the health minister was anything but adequate. I believe that for the government to keep Royal Perth Hospital open and thereby honour its election promise, the government has only one option open to it—that is, to make cuts elsewhere. Being a country-based member of Parliament, I pity the bush because, invariably, the bush is the first to suffer in these instances. Maybe we could privatise or attempt some private-public partnership arrangement. That could be the future for hospitals such as Albany Regional Hospital. As I have mentioned about that hospital, with an allocation of $135 million and a suggested cost of $220 million, there is a rather large black hole in that set of statistics. We should either privatise or borrow more money. Either way, the state will lose. Health consumers and the Western Australian public generally will bear the brunt of uncosted and unplanned decisions. That appears to be a fairly common thread throughout this budget.

The Barnett government inherited record low state debt levels. I fear, however, that things are about to change, and change for the worse. This is all occurring within the first fiscal year of the new government. That is not a bad effort.

Hon Norman Moore: Haven't you heard of the global economic crisis?

Hon MATT BENSON-LIDHOLM: I certainly have. The Leader of the House cannot continue to blame the world economic crisis for every fault and failing of his government. I am a fair and reasonable person.

Hon Norman Moore: You used to be until you started this argument.

Hon MATT BENSON-LIDHOLM: I fully understand the nature of cost increases. I am not oblivious to that. The Leader of the House cannot keep writing off every problem by suggesting to the house every time something goes wrong that the world financial crisis is to blame.

Hon Norman Moore: Kevin Rudd is, so why shouldn't we be able to?

Hon MATT BENSON-LIDHOLM: I will give some credit in a minute or two. A point that Hon Ken Travers made last night about spending on infrastructure is the sort of thing that Kevin Rudd has done or is about to do. Hon Ken Travers made the point that some of the projects are infrastructure building projects; I am quite prepared to accept that.

Hon Norman Moore interjected.

Hon MATT BENSON-LIDHOLM: There are issues —

Hon Norman Moore: You might run through the list of things that we should chop out.

Hon MATT BENSON-LIDHOLM: We will never finish at that rate.

Hon Norman Moore: I'd love to hear you start!

Hon MATT BENSON-LIDHOLM: Just let me get through this, and we can have a chat about it afterwards.

As I have already intimated, I took particular notice of the remarks made by Hon Ken Travers when he suggested that the $8.3 billion loan might not be all that scary if debt were to be focused on infrastructure spending and significant capital works programs. The Prime Minister's $43 billion high-speed broadband network package has been acclaimed in most circles—even by the current Treasurer of this state. Make no mistake: infrastructure programs, if they are funded from this $8.3 billion Loan Bill, can have some potential. I remind members of some of the biggest infrastructure programs in Australia's economic and political history, such as the Snowy Mountains Scheme. From 1949 until the mid-1970s, the magnitude of that scheme was unparalleled in providing a kick-start to the Australian economy, and it produced returns of incalculable proportions. If I remember rightly from my economic history, it basically started out as a drought relief project for the eastern seaboard. Of course, the long-term ramifications of the decision by successive post-war governments to continue with the scheme are extremely significant. Although I do not expect the same of the Barnett government, the opposition certainly wants to see a more focused and planned approach for this astonishingly high loan amount.

I could talk about many issues confronting the non-metropolitan parts of the state of Western Australia, but I want especially to talk briefly, in the context of the $8.3 billion Loan Bill, about two projects that could deliver significant returns to the state of Western Australia. The first is the need for a 330-kilovolt power line to Geraldton; the second is rail freight in the wheatbelt. There are also a number of other projects, and if I have sufficient time I will talk about them. However, if ever a project for regional Western Australian deserved funding, it was the previous Labor government's 330-kilovolt power line proposal. As Hon Ken Travers has indicated, the project is worth borrowing money for. Long-term benefits would accrue to not only the people of Geraldton and the mid-west, but also Western Australia generally, and the establishment of alternative energy sources and the development of the Oakajee port facility would place regional Western Australia at the very forefront of growth and development in Australia. The problem is that the cost appears to be in the order of $700 million, and it has not been budgeted for. Local communities in the mid-west are crying out for something to be done. Whether the project has merely been delayed, or has been put off for a year or three, it has effectively been cancelled, despite what the minister would have us believe. The Barnett government may say that the project has been deferred, but the fact of the matter is that not one cent has been allocated to the power line in this budget. It has been cancelled. The shadow Minister for Energy, Hon Kate Doust, has made it quite clear that the power line, if and when it goes ahead, would make Geraldton's energy supply more secure, create local jobs and ensure the expansion of industry, particularly the mining industry, through iron ore. That would obviously augur well for the entire state.

Hon Peter Collier: But what if you were to put a power point in Geraldton at half the cost; wouldn't that be better?

Hon MATT BENSON-LIDHOLM: I think what has been lost in translation is the issue of power generation and supply the length and breadth of that line. That is certainly one point that comes readily to mind as far as I am concerned, honourable member.

Without this injection of funding to improve energy supplies, real regional growth and development in the mid-west will be put back many, many years. To emphasise the significance of the potential loss to the mid-west I will quote from a Mid West Development Commission media release dated 13 May 2008. The media release states —

> Mid West Development Commission Chief Executive Steve Douglas said, "The 330kV line is a crucial piece of strategic infrastructure which will help underpin growth and development of the MW (and its vast mineral resources) well into the future. It is the sort of infrastructure that can best be described as region building."
>
> This infrastructure has been identified by the Commission's Mid West Strategic Infrastructure Group (MWSIG) as one of a number of key pieces of infrastructure which will need to be in place if the potential of the Mid West's iron ore industry is to be unlocked.
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> …
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> MWSIG Chair and MWDC Board Member Garry Collins stated that "Not only will the 330kV line support future development, it will also stimulate further interest in power generation within the Mid West, particularly from renewable sources. This will help increase the supply of power as well as its reliability and competitiveness."

Fairly obviously, there is a potential for enormous improvement in that part of Western Australia, and I put it to members opposite that it really is incumbent upon the government of the day to address those sorts of issues, given the enormous impact energy provision will have on the mining industry.

Hon Peter Collier: I agree with that; I have no problem with that. But if the situation had been reversed and you were in government, if there had been an increase in the cost of that proposed line from $295 million to almost $700 million in less than six months, don't you think it would have been prudent to look into why it had increased?

Hon MATT BENSON-LIDHOLM: I think the most prudent thing would be to sit down and consider how and why it had happened. I would also suggest that, whatever government is in power, it should obviously have priorities; it boils down to priorities. I would also put it to the member that infrastructure-building projects of this magnitude, given the iron ore businesses that are ready to go, I am pretty sure—to use the analogy that Hon Ken Travers used last night—that in the short to medium term the returns would certainly be there. I am not suggesting that the government spend money just for the sake of spending money.

An equally important issue in rural Western Australia is WestNet Rail's decision to suspend operations on four of its ageing wheatbelt rail links, being the Quairading-York line, the Merredin-Trayning line, the Gnowangerup-Tammin line, and the Katanning-Nyabing line. WestNet Rail has so far failed to secure an interim allocation of a mere $45 million for a major line upgrade. In the context of an $8.3 billion request for funds in the Loan Bill 2009, maybe this is something that the government will consider addressing. If those closures go ahead, approximately 300 000 tonnes of grain will be moved by road transport, as opposed to the much-preferred method of rail transport. If ever a government had cause to spend borrowed money, or even resort to royalties for regions funding, surely this would be a worthwhile cause. There may be more impacts than these, but the closures will produce significant issues associated with increases in traffic flow on country roads, and of course these country roads were not designed to carry wheat-laden trucks. There are the resulting safety issues of which there are obviously many. Road maintenance becomes a huge issue, as does road suitability and the consequences for finance-stricken country councils in their capacity to address these sorts of issues in their limited road budgets. The current Western Australian Local Government Association president is on record as saying that local governments simply cannot afford to pick up the ongoing costs brought about by closures to the rail network. Hon Simon O'Brien may well be correct in saying that the state does not need to be held to ransom, that is for sure. However, I remind the house that the failed privatisation process of the Court government has delivered the current mess, compliments of a poorly structured agreement that did not result in any $400 million private investment in infrastructure and rolling stock, so we now have a situation whereby country people will be left to hold the can or maybe hold the bucket of wheat or something. If the government does not come to the party, grain growers will be left high and dry. Local councils and rural communities will be the ones who suffer. Rail infrastructure appears to be the only viable way of transporting wheat; it always has been and, as far as the opposition is concerned, it always will be. The opposition has certainly suggested that unallocated royalties for regions money may be the answer. If the $280 million of unallocated royalties for regions money does exist and the minister refuses or delays any other assistance, why not put the surplus funds to good use? There is no point in simply having those funds in a bank account. Members should understand that our $4.5 billion grain export industry cannot be ignored; I think everybody would agree with me on that. There is no doubt that rail is the most efficient, safe and environmentally friendly option that we have and if we are to move grain to our ports, that is how it needs to be done. Members, a commitment by government, given the $8.3 billion in this Loan Bill or the unallocated royalties for regions money, would go a long way towards restoring confidence and community building in the bush. Therefore, I am certainly not simply suggesting that the government does not spend money; I am suggesting that the government needs to better target its expenditure decisions.

There are a number of extra issues that I would like to talk about, including the way forward for Ravensthorpe and Hopetoun and regional air services. I will make a few brief comments and leave discussion of any great substance on those issues for another day, but let me say that the issues associated with Ravensthorpe and Hopetoun are ones that people, particularly country members and constituents in those regions, take very, very seriously. I think most of us clearly understand the issues associated with both towns. I was very concerned at the time and I do not think that the Treasurer in his capacity as the Minister for Commerce has been near Ravensthorpe or Hopetoun yet. People are suffering. When I last spoke to the school principal in Hopetoun, the school population had decreased from well in excess of 200 to something like 50 or 60 students. Businesses have closed and the response has been that we need to construct some sort of tourist road between Bremer Bay and Hopetoun through the middle of the Fitzgerald biosphere area. I note in the budget papers that something like $20 million has been allocated this year and in forward estimates in the next financial year to put this process in place, but I am afraid that in the meantime most of the people have gone.

Hon Ed Dermer: Would that have an impact on Mt Barren?

Hon MATT BENSON-LIDHOLM: I believe the capacity to introduce dieback to the whole area —

Hon Ed Dermer: It is very concerning.

Hon MATT BENSON-LIDHOLM: It is very, very much a concern for all of us. If members ever have a chance to get to that neck of the woods, particularly in spring, they will see that it is a magnificent part of the world. The only thing that comforts me is the fact that if a road is built between Bremer Bay and Hopetoun, not too many people will go all those kilometres off the beaten track just to go for a drive. Linking Bremer Bay and Hopetoun is of no great consequence. All it will do is upset the environmental balance. A month or so ago someone suggested by way of interjection that the road could cost in excess of $150 million or $170 million. I put it to members that if the government intends to spend $20 million in the next two years, the capacity to deliver anything meaningful for the people of that area is so close to being nil that it may as well be. That issue stands as a bit of a condemnation of the government's attempts to do anything meaningful for people living in that part of the world.

Regional air services is another issue that could have been addressed more strongly in this budget. There are grave concerns that services to towns such as my own town of Albany could very well cease to exist. In terms of infrastructure building, the government needs to have a look at its commitments in that area. I will leave discussion of those issues to another day.

I conclude by reiterating my concerns about this unprecedented amount of money we are considering. Borrowings of $8.3 billion is something the likes of which Western Australia has never seen before and will probably never see again. Like the state budget, this Loan Bill is significantly short on detail, focus and planning. It is not our job as an opposition, as Hon Jon Ford has indicated, to stop this bill or in any way to try to obfuscate or cause concern. However, I trust that the government will note some of the concerns raised by members on this side of the house. Those concerns are being echoed around the length and breadth of Western Australia. No matter where I go, people are very concerned about the issues presented in the budget. It needs more focus and better direction, and the government needs to sit down and look at its expenditure priorities. As I have already pointed out to Hon Peter Collier—I am sure that I speak for everyone on this side—those concerns about expenditure priorities are the very things that have caused this $2 billion black hole. I will finish on that note.

HON SUE ELLERY (South Metropolitan — Leader of the Opposition) [3.53 pm]: Before I begin my comments on the Loan Bill, I congratulate you, Mr Deputy President (Hon Michael Mischin) on taking the chair for the first time. I remember that the first time I sat in that chair was by accident; I was not meant to be sitting there. Hon George Cash confused me with someone else and told me I had to go and sit there. Buckets of sweat were dripping off me at the time, but I lasted only about five minutes in the chair. It can be a little intimidating, so congratulations to you, Mr Deputy President.

The house has had before it, in the tabled budget papers, the Loan Bill that is presently before us, and the Treasurer's Advance Authorisation Bill 2009—a series of record-breaking documents. However, these are not the kind of record-breaking documents that Western Australians, competitive people though we are in sport and other areas, would necessarily be happy to claim. We had a record-breaking Treasurer's Advance Authorisation Bill. We have a set of tabled budget papers in which the real story is as much about what is not in those papers as what is in them, and which include record-breaking increases in household fees and charges. We have before us today the Loan Bill, which is the first Loan Bill we have dealt with since 2004. It is seeking Parliament's approval to borrow a record-breaking amount of just in excess of $8 billion. The Treasurer's advance authorisation was about a scramble to find $1.2 billion to pay for a combination of election commitments and obligations from the two parties that formed government. Those commitments and obligations were not able to be processed through the normal budget process. I heard the Treasurer's dulcet tones on my radio this morning when I woke up at 6.00 am. There is nothing like being woken up to the sound of Troy Buswell! He was talking about the slight hole in the Department of Environment and Conservation's budget, as a result of what seems to me to be a fairly inept attempt to implement a policy strategy for the landfill levy. He was telling us not to worry about it because the government would fix it all up in the midyear review and that we should trust the government because it would get it right next time when it got to the midyear review.

It seems to me that a pattern is forming here, because when the Standing Committee on Estimates and Financial Operations established a subcommittee to investigate the effect of the implementation of the three per cent efficiency dividend, which was to be applied in the first instance from 1 January 2009—that is, part-way through a financial period—there were cries from the government that we were pre-empting the budget and that we would just have to wait for the budget when all would be revealed. We got the budget and what was revealed was that a whole lot of things had not been revealed. We knew that the government was committed to doing a whole lot of things in various shapes and forms, but money had not been allocated for those things within the budget papers. Lots of key elements were missing—elements that this government had said were in fact core to its policy agenda. We have heard some of those mentioned already; they amount to about $2 billion worth of initiatives.

I guess, to paraphrase the Premier, he would see Oakajee as an iconic element of the state's industrial development. It is a project that is very dear to his heart. It will require a significant investment, but none of that is in the budget. Approximately $236 million worth of funding for the Northbridge Link is not in the budget. I think we heard Hon Matt Benson-Lidholm mention the Esperance nickel loading facilities, which have been costed at $100 million. Midland Hospital will cost about $180 million. There has been a debate in the past couple of days about whether it is appropriate for the Under Treasurer, as the most senior public servant with responsibility for implementing the government's financial plan, to say that he remains to be convinced about whether or not it is financially sustainable to run Royal Perth Hospital while running Fiona Stanley Hospital. The Royal Perth Hospital refurbishment will cost about $400 million. There is also Albany hospital. The grain freight rail network has been costed at about $135 million, which I think Hon Matt Benson-Lidholm touched on as well. I briefly touched on what I would describe now as the deferred landfill levy of about $20 million. There is the promised redevelopment, in some shape or form, of Subiaco Oval and the promised redevelopment, in some shape or form, of Perth Museum. I think that reinforces the point I was trying to make about the budget papers. In fact, the story is as much about what is not in the budget papers as what is in them. While waiting for the budget, the opposition found a list of things that are still outstanding. What we were told about that by the Treasurer was that we should not worry about it as he would fix it in the midyear review. The Treasurer made the same comment this morning on the radio in respect of the announcement yesterday that the black hole—if it is to be described that way—got slightly bigger. In fact, the black hole might be in danger of making the Department of Environment and Conservation an endangered department! There are a lot of endangered things around that department. I urge people to think seriously before they stray too closely to that department. The director general of that department appears, perhaps, to be on the endangered list, according to the Minister for Regional Development! The Minister for Environment may well be on the endangered list, if members believe the public commentary on her capacity to handle her portfolio. Now, we have this hole in the budget of the Department of Environment and Conservation. Do not go anywhere near that department, I say, because one could be at risk of seriously bad things happening!

Hon Norman Moore: Like what?

Hon SUE ELLERY: It is becoming endangered, because of the points I just raised—the hole in the budget; another minister has failed to express confidence in the director general and it has been found that someone in the minister's office is actively taking action to undermine the position of the director general; and the performance of the Minister for Environment herself!

I am talking about $20 million. I named it. It is not an insubstantial amount of money. The point I am making is that we have seen a pattern developing. The pattern has been, usually, for the government to tell us to wait until the next financial document, and then it will demonstrate that all is okay. When the opposition proposed the inquiry into the three per cent efficiency dividend, it was asked "What are you doing? Wait until the budget!" Then we get the budget and we are asked, "What are you doing? There are a whole bunch of things that are not included, but so what—just wait till the midyear review!" What happens when we get to the midyear review? We will be told, "Wait till the next budget"!

Hon Norman Moore: All will be revealed —

Hon SUE ELLERY: That is my point exactly.

Hon Norman Moore: — as it has always been!

Hon SUE ELLERY: An amount of $8 billion is not exactly as it has always been. We are being asked to authorise a record-breaking Loan Bill. In addition to seeking authorisation to borrow that amount of money, the government tells us in the budget papers that over and above the three per cent efficiency dividend, it needs to take what I think the budget papers describe as "corrective measures" to the value of a further $5.6 billion in net debt terms to address the changing circumstances in revenue. If that list of corrective measures is not met, I fear that we will be back here again this time next year seeking authorisation for further borrowing because of the combination of Liberal Party election promises, National Party election promises, and increasing demand for government services. All these things are combining to increase demand, but if the government is not able to implement that full range of corrective measures to the value of $5.6 billion, what does that do to the money that it is seeking authorisation to borrow today? Does that mean that the government will need to borrow more?

Those corrective measures include, amongst other things, cutting $200 million of government grants, with $65 million of that to be achieved in the 2009-10 financial year. It appears that some ministers know what that might mean for their portfolios and some do not. That is okay; we are at the start of the financial year. However, $65 million is a lot to cut, and if the program has not even begun by advising the affected ministers what that program might mean for them, I am concerned about the government's capacity to meet that $65 million cut within the period required.

Those "corrective measures" in the budget paper include cutting the number of full-time equivalent employees in the public sector. Members will recall in February that the government issued an announcement about its intention to cap at 99 155 the number of public sector employees. That was taking the figure that was set in the 2008-09 budget, adding to that the number of additional positions offered by way of election promises, and then setting that as the ceiling. From the answer to a question that I asked during the estimates process last week, at least one department has been granted an exemption from that cap. I am pleased that department has been granted that exemption. However, what will that do to the cap of 99 155 FTEs? Does it mean that the cap will remain the same, because another department will be required to lose the FTE for which the exemption was granted, or does it mean that the cap will come down? If the cap will come down, what will that do to the government's capacity to put in place the full range of corrective measures it says it will need to put in place to pay for all the things it needs to pay for, but for which it will still need to borrow $8 billion?

When people apply for a credit card or an increase in their credit limit, they are required to provide certain information about their ongoing liabilities and existing level of debt, and their capacity to repay that debt. Letters arrive in my letterbox on a regular basis, offering to increase my credit limit. Those offers are perhaps a bit loose; I wish they would stop offering me the opportunity to increase my credit limit. Nevertheless, if I were to accept one of those offers, I would be required to provide certain information about my capacity to manage that level of debt. I draw an analogy between that situation and the provisions of this bill. In this bill, Parliament is being asked to consider an application by the government for a new credit card. In order to consider that application, Parliament needs to assess the government's ongoing liabilities and existing level of debt, and its capacity to pay. However, our ability to conduct that assessment is somewhat hampered. It is hampered because, if I can take the analogy a bit further, the application form—if we treat the budget papers as that—does not tell us all we need to know. We do not have all the information we need to have about the things that the government has said it wants to do. These include reasonable things that the government said before the election that it wants to do—so it has a mandate to do those things, and the community expectation is that it will do those things—and things that the government has said since the election that it wants to do. There is a series of gaps surrounding those things. We still need more information about those things. The government has said to us, "Don't worry about that. We'll give you that information in the midyear review. In the meantime, give us the credit card." However, we cannot make a decision about the government's ongoing liabilities and capacity to pay because, although we know that the government has a plan to put in place corrective measures to ensure that everything balances at the end and all it will need to borrow is $8 billion, some of those measures have not been put in place, and some of those measures have already been tweaked or adjusted. That means that our ability to make a judgement about the government's liabilities and capacity to pay is somewhat hampered.

As I have said, one of the government's corrective measures is the cap on FTE numbers. However, that appears to be a process of negotiation and exemption. The second issue I need to raise is that the government's capacity to fund an operational Royal Perth Hospital and a Fiona Stanley health campus at the same time is doubtful. I say that based not on our analysis, but on the comments of the Under Treasurer. The demand for services from government is going to grow. I touched on that in a debate on a motion earlier today. What happens when household income is reduced is that families start to make decisions about where they will seek services from. They start to make decisions about whether they will use a universal provider rather than a provider of their choice—a choice that they might be better able to exercise if their family income was not under so much pressure. We have seen an increase in household fees and charges of about $334—I will talk about that in a minute—plus the loss of assistance that was provided by the previous government to families to fund the cost of sending students to secondary schools. A combination of financial assistance that was available to those families is no longer available.

I now turn to the increasing demand on government services. We know that we have an ageing population and that the demand on our health services is only going to grow. I think Hon Helen Morton made some comments the other night in an adjournment speech about the impact of, and the pressure points in, the relationship between state-funded public hospitals and federally funded residential aged-care facilities, and it does not seem to me that they will be eliminated in a hurry. On the issue of the demand for education services, the Department of Education and Training is predicting significant increases in enrolments in future years. The subcommittee that looked at the three per cent efficiency dividend received some evidence from the director general about the expected level of enrolments. Very significant increases in enrolments are expected. In the course of conducting work in my electorate, I regularly meet and visit principals from a range of schools. I must make the point that I have the luxury of having my electorate office in one of the educational hot spots in Western Australia—Riverton—and it is surrounded by some of the best performing public schools in Western Australia, and those schools are always under pressure for enrolments. The point I am making is that people are always trying to enrol children at those schools. Certainly, I have been advised by many principals in the wider electorate that they have started to notice a greater number of inquiries from parents with children in private schools who are looking to shift their children into the public sector either as a consequence of diminishing household income due to unemployment or through a sense of caution. That is what is happening in the current economic environment. It is as much about people's confidence as it is about the reality of the financial position. People just kind of hunker down a bit, and even though they might not see themselves as being immediately affected by something like unemployment, they start to make decisions to ensure that they have a bit of a buffer if something goes wrong.

In my comments on the motion about the increasing demand for social services, I started to touch on a number of indicators that are showing that providers of emergency relief are receiving requests for financial assistance from families who have never requested it before. They are turning away families that they did not expect to have to turn away. They are turning away an increasing number of people. Their capacity, as non-government providers, to raise funds to see them through the economic downturn is not the same as the capacity of a commercial enterprise seeking to raise funds, and that is a real issue for them.

The government has told us that it has a plan, but we are told that the plan will result in a building of the level of debt over the years of this budget to what I think could reasonably be described as a frightening level. Net debt in the WA public sector is expected to be some $19 billion. My colleague in the other place the shadow Treasurer did the sums and calculated what that would mean for every Western Australian. That is not every Western Australian over the age of 18 and who is enrolled and entitled to vote; it is every man, woman and child in Western Australia. He worked out that the debt level is about $7 850 for each Western Australian. He also made comparisons with the level of debt at the federal level. The commentary by my favourite Liberal—I think he is lots of people's favourite Liberal—Joe Hockey —

Hon Peter Collier: Why?

Hon SUE ELLERY: Because he is entertaining and amusing and he takes the mickey out of himself; he does not take himself too seriously.

The federal level of debt is about \$9 000 for every Australian, but that money will be reinvested in various aspects of the federal government's stimulus package. However, the state government's level of debt over the years of the budget to 2013 is about \$7 850 for each Western Australian.

The PRESIDENT: Before I leave the chair, I indicate to members that the architect is available outside for members to pass on any input or comments they may have about the prototype desks and chairs.

Sitting suspended from 4.15 to 4.30 pm

Hon SUE ELLERY: Before the suspension, I was talking about the level of debt that will be incurred for each Western Australian, based on the state government raising its debt level to \$19.1 billion in this budget over the forward estimates. I had spoken also about the federal government's debt levels and how much that will add to the debt of each Australian, using the same calculations. Those calculations, based on the federal government's actions, result in a debt of about \$9 000 for each Australian. In Western Australia, we are talking about a debt of nearly \$8 000 for each Western Australian. It is pretty scary that the Western Australian government will effectively double the debt for Western Australians. The point must be made that the kind of investment the federal government is talking about will result in a return to the federal government because it will broaden the revenue base so that it will receive money through income tax, corporate taxes and the like.

I made some comments earlier about the effect of this budget on households. If we do not count the amount lost from the budget by households that have secondary students and we add up the fees and charges for electricity, water—an average increase of \$40 extra for the average household—sewerage—an average increase of \$21.40—motor vehicle licences, public transport costs, and the landfill levy, which I have already talked about, it starts to add up. One of the things that the government did in this budget—I commend it for doing this—was to increase the amount of money available through the hardship utility grant scheme—HUGS. I cannot stand that acronym. Nevertheless, it was an initiative of the Carpenter government and it was administered, in part, through the Department for Child Protection. The point I make about HUGS is that it is a good scheme but people must recognise that it was designed for people who are at risk of having a utility service disconnected immediately. Most Western Australians, particularly senior Western Australians, will not get themselves into a position in which they face imminent disconnection. They will give up something else to make sure that they pay their bills for essential services. I do not devalue the usefulness of, and the necessity for, the hardship utility grant scheme as a safety net. It is important to have it because there is a group of people who will find themselves perilously close to being disconnected. However, if the government relies solely on that scheme and assumes that it will be a catch-all and therefore the increases in the capacity to assist those people in financial trouble are met solely by providing such a scheme, the government will underestimate the hidden group of people—particularly seniors—who will find themselves in real financial difficulty and who would never have dreamt that they would get to the point at which they were facing imminent disconnection. They will give up the quality of their food. They will scrimp and save on other matters that may be equally as important to them. They will think twice about whether they need to visit their general practitioner, for example. They will think twice about the nature of the medications and other health treatments they might pay for rather than put themselves in the position of getting that close to disconnection. I recognise the value of the hardship utilities grant scheme. However, we need to keep it in context and recognise that there still will be a large group of Western Australians who will find themselves in financial difficulty because of the increases in household fees and charges and for whom HUGS will not provide assistance, because these people would never get themselves to the point at which they would be facing imminent disconnection. They would be mortified if they were to reach the point of facing imminent disconnection. Therefore, they will give up other things. That is why they will be seen buying food that is perhaps of a lesser quality than they are entitled to expect to be able to eat. They will scrimp and save in other areas to avoid having their services disconnected.

I will touch briefly on what is potentially lost in the budget. I was disappointed to a certain extent with the Loan Bill in a sense that there was potential for investment to be made in capital infrastructure. It must be the case that every day the Treasurer and Premier wake up and thank God for Kevin Rudd, because his investment in infrastructure has meant a significant boost for Western Australia and will mask, for a little while at least, some of the lack of infrastructure investment by the Western Australian government.

Hon Norman Moore: A lot of federal money that is being spent here actually comes from here.

Hon SUE ELLERY: Of course it does.

Hon Norman Moore: Why are we not entitled to our share of that?

Hon SUE ELLERY: I am not suggesting for a moment that Western Australia is not entitled to it.

Hon Norman Moore: We haven't had a good deal for a long time.

Hon SUE ELLERY: I am not critical at all of the investment by the commonwealth government in Western Australia, nor do I question where it gets a lot of its money from. The point I was making is that I think that secretly every now and again members opposite sitting in an expenditure review committee meeting or similar must be saying, "Thank God that the feds have invested the way they have."

Hon Norman Moore: No, we just say, "Thank goodness we are getting some of our money back." As long as you understand that.

Hon SUE ELLERY: Oh, "Mr Grumpy-bum".

I will continue with my comments on what I think are opportunities lost in the infrastructure area. In health there is a cut of about $400 million in capital expenditure, and a number of projects across Western Australia have been deferred. The proposed diagnostic and treatment centre at Sir Charles Gairdner Hospital and the redevelopment of Osborne Park Hospital have been axed. There have also been deferrals of parts of the work at Esperance District Hospital, Albany Regional Hospital, Busselton District Hospital, WA Cancer Centre, stage 1 of Graylands, Bentley Hospital and Harvey District Hospital. As I indicated earlier, the Midland health campus has to be delayed, although, again, thank God for Kevin Rudd because federal money will see that project go ahead. However, it will not be done in time to meet the original commitment of 2014.

The decision I have touched on about the commitment to maintain 400 beds at Royal Perth Hospital while Fiona Stanley Hospital is being commissioned is an unresolved issue. It will be interesting to see how that plays out.

The budget papers showed that important infrastructure projects have been deferred—for example, the Carnarvon police justice complex, the hospitals I have already mentioned and the Albany waterfront redevelopment. These are important projects that would have done a lot to build the confidence of those parts of the labour market that rely on these sorts of projects, which vary in size and dollar value but keep employment and a range of things that go with that alive and well in regional centres. I am talking about the failure to fund Ellenbrook railway, South Perth and Midland railway stations, delayed works on the northern suburbs railway and—one I have already mentioned—the Northbridge Link. There is no commitment to expanding our public transport network. That is something that we constantly need to be planning for to address a number of things, not the least of which is metropolitan Perth's somewhat peculiar urban sprawl, and the environmental issues that come with having too many cars and trucks on the roads.

There are other areas of the budget in which it was disappointing to see a lack of investment. I do not know whether it is called sleight of hand or a bit of smoke and mirrors, but the election commitment to employ 500 additional police officers was a very important election commitment and is the kind of election commitment that community members look for. That commitment has been diluted to the employment of 350 police officers and 140 auxiliary police officers. It is not clear what the role, functioning, training and scope of practice will be for those auxiliary police officers. That is disappointing as well. There are other areas in respect of equipment and communications equipment for police that could have been included but were not to be seen in the budget. At the same time we are being asked to authorise borrowings of $8.88 billion.

The education budget claims credit for building new schools that were already on the board to be built but that will not be built for some six years. For example, Banksia Grove high school, Byford secondary school, Wandina primary school and west Byford primary school will not receive any funding this year, but are described in the budget as part of the government's commitment to new investment in education. Governor Stirling Senior High School was due to have significant work done to be completed in 2012, but that is another capital investment that has been delayed. Funding for Comet Bay College has been pushed back until 2011. Bullsbrook District High School was expecting to receive around $30 million, which it was promised during the election campaign, but it will get $20 million. These are more examples of how the budget offered much promise. Once the announcement was made about the implementation of the three per cent efficiency dividend from 1 January, we were told that the government needed to implement it now, that it needed to act quickly and swiftly with a short, sharp effort to bring the finances in line, but that we should wait until we see the budget because we would be amazed at all the things the government would deliver. We got the budget and those things were not there. Now we are told that we should not worry, that we should wait until the midyear review and we will see it all in the midyear review. I am therefore really looking forward to the midyear review because all sorts of things are going to appear, we are led to believe, in that document.

Members on this side of the house have already said that it is not their intention to stand in the way of the government's credit-card application. However, we will hold the government to account on how it spends the money. We will hold the government to account on the things it promised us when it was elected, the things it has failed to deliver and the things it says it will be able to deliver as a consequence of us authorising a record-breaking $8 billion worth of investment in this Loan Bill.

HON LJILJANNA RAVLICH (East Metropolitan) [4.44 pm]: I rise to support the Loan Bill 2009. On the face of it, this bill does not look to be much. It does not look to achieve very much, but upon closer analysis this bill quite clearly has a very strong punch attached to it—not in any positive way; it will have a very, very bad, negative impact on the people of this state. This is unprecedented. At no previous time in the history of this state has there ever been a loan bill for this quantum of money. It is a request to raise loans totalling $8.3 billion for public purposes to meet the financing requirements of the consolidated account. It really is a bit rough for the government to come to this place and ask for the support of members in this place so that the Loan Bill can proceed. I am sure that it is very, very concerning for not only the people in this place, but also the people beyond the boundaries of the parliamentary precinct, because everybody will be affected by this loan. Most concerning of course is the impact this quantum of lending will have on the state and its effect on future generations.

The government has come to us and has made a point about the deteriorating economic circumstances that naturally impact on the state as part of the international global community and as part of the international financial markets. We are impacted by economic circumstances beyond our borders. There is no doubt that the negative effect of the economic global financial crisis has reached our shores. There is no doubt that consumption levels, investment levels, government spending levels and export levels are all down. Sure, people are still spending money, but they are not spending money like they used to. People are certainly very careful about where they put their discretionary income. It was not so much the case nine months ago, or a year ago. The government is spending. It is spending because it is applying the old Keynesian multiplier effect—the idea of pump priming an economy to increase the level of economic activity and, in doing so, lifting the level of aggregate demand and hoping that that will achieve the required outcome to stimulate the level of economic activity to get us out of the hole we currently find ourselves in. I hope that the strategies are right. I was more optimistic yesterday about the state of the Australian economy than I am today. There is now a prevailing view that the economic financial crisis that we find ourselves a part of has not bottomed out. The news is that the recession will be longer and will cut deeper. I think that is very, very concerning.

I do not believe that the government had to ask for this quantum of money. I think that the government has made an attempt to find some savings, but I do not think that the attempts to find savings are anywhere near as useful as the government would like them to be. This budget has been framed on a number of assumptions. I want to get to those assumptions but before I do, I will give a quick overview of what we are dealing with in this budget. We have a budget with a revenue forecast over the forward estimates. The revenue growth shows some signs of life but there is not much in it. If we look at the forward estimates, we see that the estimated actual was $19.677 million in 2008-09. The forward estimate for 2012-13 is $22.4 million. That is hardly a great level of growth. It indicates to me that the revenue growth will simply not be there to the level that is required in order to repay the loan of $9.3 billion.

Net debt is very interesting because at the same time as we have this revenue, which is fairly stable over the forward estimates, the net debt level will have gone from $6.9 billion in 2008-09 to $19.1 billion by 2012-13. It is quite alarming to compare that with the information that was provided to the estimates committee by the Treasurer a few days ago. He said that over the past decade we have averaged a net debt level of between $3.5 billion and $4.5 billion compared with a debt level of $19.1 billion in 2012-13. Today we are considering authorising the government to take its borrowings up to $19.1 billion. The budget is based on the fact that certain assumptions will be met. If the government’s plan to deal with this issue includes the successful repayment of the $8.3 billion, a number of assumptions or key economic parameters underlie the 2009-10 budget, including real gross state product growth. Page 39 of the chapter headed “Fiscal Strategy and Financial Projections” in budget paper No 3 shows that it is very weak. It goes from minus 1.25 per cent in the 2009-10 budget estimate to minus 0.5 per cent in 2010-11, 3.75 per cent in 2011-12 and likewise for 2012-13. In other words, production will be fairly moderate compared with the production levels that we have seen in more recent times. Real gross state product growth in 2008-09 was eight per cent. That is pretty healthy. In the September quarter of 2007 we had production growth of around 14 per cent. At that time China had growth of about 10 per cent. We were way ahead of China, which was very impressive.

The budget estimate for real state final demand growth in 2009-10 is minus 3.5 per cent. That is projected to be minus 3.75 per cent in 2010-11, 4.75 per cent in 2011-12 and 4.5 per cent in 2012-13. The unemployment rate indicators average around six per cent over the forward estimates. The wage price index growth is anywhere between three per cent and four per cent over the forward estimates. Average weekly earnings are likewise around three per cent to 3.5 per cent over the forward estimates. The factored oil price is listed in US dollars per barrel; the US-Australian exchange rate is also listed.

I went through that because the entire budget is based on these assumptions being met. If these assumptions are wrong, we may in fact have a very, very serious problem on our hands. We already have a very serious problem on our hands as a result of the sheer size of the loan being sought—$8.3 billion. The only way that we can deal with that is to ensure that our gross state product and growth are such that we can generate enough revenue to repay this loan. The repayment of this loan is no different from the repayment of any loan. I am not convinced that the assumptions will be met, and because there is a risk that they will not be met, there are potential dangers in this loan for all of us.

I will express some of my concerns about a range of matters in this budget. The word "rubbery" has been used in the media; this budget has been defined as a rubbery budget. It looks okay on the surface, but the minute we look at the detail it is quite clear that the numbers do not add up. It is amazing that although a number of things have been foreshadowed as having been included in the budget, leading us to assume that they have been accounted for, upon closer analysis we find that they are missing. It is also quite clear that detailed costings for some of these items have simply not been done. I cite the case of the Oakajee port project. It is very unclear what the cost of the Oakajee port will be, and the cost certainly has not been factored into this budget. The issue of the Royal Perth Hospital trauma unit operating at the same time as the commissioning of Fiona Stanley Hospital has been raised many times. There will be enormous cost impacts upon the state's finances as a result of the government making that election promise. It is of great concern when the Under Treasurer of this state makes a public announcement that he has no confidence that the government has calculated the cost impost of these election promises on the Western Australian community. His view is that the costings have not been done and that, to the best of his knowledge, they have not been provided to him. This means that we have no idea how much extra money will be required by 2012-13, over and above the amount that has been budgeted for, to meet the additional costs of running the Royal Perth Hospital trauma unit. Not only that, but also we do not know whether Royal Perth Hospital will be redeveloped; we do not know whether it will be relocated—we have no idea. Does anyone know the cost differential between relocation and redevelopment? Does anyone know the amount of money that will be required? I do not think so. Certainly no-one in this place knows, and what is more concerning is the fact that the minister himself does not know.

Debate interrupted, pursuant to standing orders.

[Continued on page 5402.]