

Hon Jacqui BoydeLL; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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## LOAN BILL 2017

### *Second Reading*

Resumed from an earlier stage of the sitting.

**HON JACQUI BOYDELL (Mining and Pastoral — Deputy Leader of the National Party)** [5.07 pm]: Before we went to question time I was saying to members of the house that people who live in Western Australia and organisations that operate their businesses in Western Australia must be expected to pay their fair share for the ability of the government to invest in the interests of Western Australia. Every government should invest in Western Australia and I am sure every government has the initial incentive to do so, but governments have to find a way to be able to do it. Continuing the development of Western Australia as a major state in our nation means that the government must find ways to deliver infrastructure projects, community development and health and education for the citizens of Western Australia. It is incumbent upon the government to do that.

I want to come back to an article I read last weekend on *The West Australian* online in which Hon Alannah MacTiernan, the Minister for Regional Development, was quoted as saying that some must miss out in order to fix the state's budget. She states —

“All of us are going to have to share the pain,” ...

That is a direct quote from the article.

I cannot see how that is the case. I completely disagree with that comment purely because I do not see where that pain is being spread across the citizens and corporate citizens of Western Australia. The government has an alternative to investigate and I simply ask on behalf of —

**Hon Alannah MacTiernan** interjected.

**The ACTING PRESIDENT:** Order! Hon Jacqui BoydeLL —

**Hon Alannah MacTiernan** interjected.

**The ACTING PRESIDENT (Hon Martin Aldridge):** Order, members! The honourable member who wants to interject when I am speaking has the ability to stand up and seek the call as soon as Hon Jacqui BoydeLL retires.

**HON JACQUI BOYDELL:** I disagree with that sentiment because, if we all must share the pain, I ask why the mining industry, particularly BHP and Rio Tinto, will not see an increase on its special lease rental of 25c a tonne, that was struck in the 1960s, and is not paying its fair share? I do not see the mining industry sharing that pain. In the past 10 years, BHP and Rio Tinto's returns on assets from iron ore have averaged more than 50 per cent. In 2011–12, BHP's \$US27.5 billion earnings yielded an eye-watering average annual return of nearly 70 per cent from the assets of the people of Western Australia. When the price of iron ore plunged to \$40 a tonne in 2015, BHP and Rio Tinto were in a race to the bottom to push the juniors out—if members were to put that sentiment to any of the junior miners, they would agree—and that had an enormous impact on our state budget. As they forced their competitors out of the market, Rio Tinto's annual return was at 29 per cent. I ask members how the people of Western Australia can continue to benefit from the profits of those organisations. Those enormous profits come from the Pilbara and from regional Western Australia in the Mining and Pastoral Region. How are they paying their fair share when they are posting such enormous profits? We still have a state legacy agreement that was set in the 1960s that sees them pay 25c a tonne—a tax deductible amount, no less—for their operations. Why should we ask mums, dads, small businesses, pensioners and, indeed, public servants—the people of Western Australia—to cover the cost to repair the budget? I do not believe that it is fair for the people of Western Australia.

The Liberal–National government supported the growth of the mining sector during its eight-year term. It supported the growth of communities in the mining areas of the Pilbara in particular. People who moved to Western Australia to seek employment and benefit from that mining boom and the construction phase of the mining industry needed places to live, schools for their children to attend, and health care and amenities—all of which the Liberal–National government responded to. We supported that growth, and that growth aided the mining industry by providing it with a workforce that enabled it to gain massive profits. But now we are not asking them to share some burden of our state budget's finances in return; I think that is wrong. Of course the miners do not want the levy to be increased, which is obvious from the campaign they waged in the Pilbara during the state election. Perhaps the scaremongering campaign of the Chamber of Minerals and Energy, BHP and Rio Tinto has managed to scare the current government as it now sees firsthand that mining companies have played a part in state politics. Perhaps the government needs to do what is best for the people of Western Australia, not what is best for the mining companies. The government needs to do what is fair and so does the mining industry.

Hon Jacqui Boyde; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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I return to the media statement released on Friday, 16 June, from the Minister for Regional Development that I referred to earlier. There is commentary in it about the royalty for regions fund and its \$1 billion cap. There is a complex formula behind how that works, but I want to explain how the government—by stealth, I guess—makes savings; how it stops spending from the royalties for regions program. The royalties for regions program has a dedicated funding stream. It is the only government program that does. The royalties for regions fund does not create a budget deficit; it has a legislated income stream. It was supported by members of the current Labor government when it went through the house. Its \$1 billion cap was also part of the legislation that went through the house. If the government does not spend the money allocated in the royalties for regions fund and it hits the \$1 billion expenditure cap, the royalties flowing into the fund overflow into general expenditure. That money goes into consolidated revenue, which allows the government to deliver on its city-centric metro projects, Metronet being number one. The government can make a saving from the royalties for regions fund by instigating the \$1 billion cap. That in itself is exceptionally unfortunate, because if the government delays spending from the fund—I hope we will not see that happen, but the minister has indicated that it will occur—and the fund hits the cap, the money will flow into consolidated revenue.

**Hon Alannah MacTiernan:** Do you acknowledge that the National ministers had an agreement with the Liberal ministers that they would not spend more than \$1 billion and that they in fact underspent so they were spending only 18 per cent of the royalties for regions fund?

**Hon JACQUI BOYDELL:** Minister, I think you are making some accusations there. No; I refute that.

**Hon Alannah MacTiernan:** You don't think that's true?

**Hon JACQUI BOYDELL:** I know that is not true; I refute that.

I am putting to the house a way that the government, by stealth, can make savings through the royalties for regions fund; that is, by stalling projects in regional development and not committing to expenditure out of the royalties for regions fund. I hope that the Minister for Regional Development and government members, particularly regional members, will ensure there is no delay to royalties for regions projects, that the projects coming through will continue to be funded and that the regions are not sidelined to make projects in the city a priority. That is a way of ensuring that happens; but I hope that does not occur.

On the same weekend that the minister flagged royalties for regions disappointments and that we all have to share the pain and all of those sorts of things, the Premier announced the new Belmont train station in Perth's eastern suburbs—"the first stop on the government's promised \$2 billion Forrestfield–Airport Link". I worry about this government's priorities for regional development. On the same weekend that regional people were told they would be disappointed with the budget, the Premier announced million-dollar projects in the city. There is no doubt that royalties for regions has changed regional Western Australia over the past eight years. There has been much debate and conjecture about how that has occurred, whether or not people think it is valuable, and there is a current review of particular projects et cetera, but I can say that when I have travelled around the Mining and Pastoral area, not one person has ever said to me that they believe royalties for regions has not been beneficial to their community. It has been and it needs to continue.

Royalties for regions is legislated. The National Party determined to legislate it for a reason—so it would be protected. Bringing legislation before the house is the only way that this government can change the formula for how royalties for regions works. Maybe we will see that in the future, but I hope not, because it was a way to enshrine in legislation continued investment by any government. We determined in 2008 that regardless of whether the National Party or the Liberal Party was in government, it must be legislated for protection because regional Western Australia deserves investment by any government. I hope that will continue to occur. I do not want people who live in regional Western Australia to continue to be expected to wear the apparent pain of the state's budget repair by increased taxes, increased utility fees and increased GST take. There is also a lack of services being delivered on the ground because there is a lack of investment by government. The government lacks the willingness to pursue, in the interest of Western Australians, every avenue to ensure that it can deliver services. I ask the government to consider that. I ask it to consider whether mining companies pay their fair share. I do not see how they are. The mining companies know they are not because that was the result of the campaign they ran. Our job is to ensure the interests of Western Australians. I think corporate citizens of our state who conduct business here operate in a very fair, regulated, stable and responsible environment. I ask that mining companies reciprocate that fairness and responsibility, and the respect of the people of Western Australia whose assets they mine as they continue to post billions of dollars of profit.

As we consider the Loan Bill 2017 in the house and as members leave the house tonight, I ask that they consider whether all Western Australians are paying their fair share when the government is asking this house to pass an \$11 billion loan bill.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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**HON AARON STONEHOUSE (South Metropolitan)** [5.22 pm]: Before I start on the Loan Bill 2017, I would like to address a couple of the comments made by the previous honourable member. I was trying to figure out exactly when the National Party was taken over by Fabians. Listening to someone advocate for higher taxes, whether it is through resource rents or any other mechanism, when unemployment is so high is really quite confusing. The fact that mining companies are posting high profits is a good thing. They pay corporate taxes on those profits. We should be celebrating. Of course, they also employ hundreds of thousands of Western Australians, so it is really quite remarkable.

My speech today is not intended for the honourable members of this chamber—or even for you, Mr Acting President. My speech is intended for the taxpayers of Western Australia because nothing I say today will sway the hearts of the members of this house; they have already made up their minds. They may rail against the Loan Bill 2017 and give longwinded speeches in which they blame one another for various things, but, in the end, they will pass this bill just the same as they passed the previous loan bills. They will plunge Western Australia further into debt and offer nothing more than vacuous rhetoric in opposition.

The bill before us will authorise the Treasurer to borrow—what was it?—\$11 billion. Eleven billion “dollarydoos” is a lot of money. In fact, it is almost 10 times the amount of the Loan Bill 2016. Why is it \$11 billion? It is based on the Department of Treasury’s pre-election forward estimates. The Labor government is asking for funds that would cover the entire term if absolutely no changes in spending were made. This is a joke. The Labor government was elected on the promise that it would address state debt, yet it is asking for enough money to simply ignore it. This is not a loan bill; it is a licence to spend! Further, the bill shows that the Labor government is not serious about reducing debt. If it were, it would have worked to produce a budget by now, or at least some details of a budget. We cannot even get its comprehensive plan for finances tabled. Instead, it has rushed ahead with a bill to authorise an \$11 billion loan with a vague promise that the government might reduce spending—maybe; perhaps—at some point. We do not really know. I understand that the Labor Party inherited a budgetary problem from the previous Liberal government and I sympathise—I really do. It has a tough job —

**Hon Jim Chown:** It’s only because they won’t sell Western Power.

**Hon AARON STONEHOUSE:** Yes, there is that, too. It has a tough job.

**Hon Jim Chown** interjected.

**Hon AARON STONEHOUSE:** I agree, yes.

The government has a tough job ahead of it cleaning up somebody else’s mess, but it is trying to pull a fast one on us by borrowing enough for an entire term rather than simply enough to get us through to when it can pass a budget. We have no guarantee that this money will not be spent in the next few months to fund the government’s illustrious election promises and that we will not face another loan bill later in the term.

At the moment I am wondering: Where are the real Liberals? Are they here? I cannot see any. The fiscal conservatives have been missing in action for the last eight years. They set aside their principles and values and they toed the party line, blindly following the leadership of economic illiterates.

Several members interjected.

**Hon AARON STONEHOUSE:** Mr Acting President.

**The ACTING PRESIDENT:** Order, members! Hon Aaron Stonehouse has the call.

**Hon AARON STONEHOUSE:** If Western Australia were a ship, it was surely headed for an iceberg. I am honestly surprised that the crew had not yet staged a mutiny and thrown the captain overboard to set the ship onto a safer course. That it took an election for a change in leadership is, in my view, a stinging indictment of the Liberal Party. For the last eight years, the Liberal government delivered successive tax-and-spend budgets. There is a saying I am rather fond of—apologies. It is: with Liberals like these, who needs the Greens?

We heard from Hon Dr Steve Thomas and he seems to get it. However, other members on his side of the chamber are still in denial. They claim they spent the money wisely but what do we have to show for it? There is nothing but vanity projects—a legacy for the former Premier. You would think he was compensating. No; the real legacy will be a \$41 billion debt hanging over our heads.

Members on either side of this chamber will argue that the upper house should not block supply for the government as it is a matter of convention. This misguided idea undermines the role of this place, which is to act as a house of review and scrutinise the government. To argue that we should place on hold our job of scrutinising the government when it comes to supply is a perversion of everything that this place represents. Those who argue that the government has a mandate are equally misguided. The idea of a mandate is a throwback to the

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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House of Lords and it has no standing in our jurisdiction. There is no peerage in Western Australia. Each and every member was elected—each of us with our own agenda. I have my own mandate, as do members on either side of me. Each member's mandate is worth their own vote—no more and no less. We have a responsibility to our electors. A few months ago, each of us swore an oath to serve the people of Western Australia, not the government's agenda. However, from either side of politics in the face of rising debt, we have heard nothing more than ineffective, impotent opposition—dysfunction and impotence. Do not despair; there is a pill for that. It is a pill of fiscal responsibility. On fiscal responsibility, we must remember that in times such as these, government does not have any money of its own; it has taxpayers' money. Government is merely a steward of public funds. Recent governments have shown to be very bad stewards, the likes of which would make Denethor blush. There was once a time when the Liberals understood that big government is not the best way to deliver essential services—in a cost-effective manner, at least. Just look at Perth Children's Hospital, which was initially costed at \$1.2 billion, with a completion date of 2015. Now we have an empty parking lot that costs us half a million dollars every month, with dodgier plumbing than an outhouse and a list of blown-out costs and defects that could keep us here all day. It is a white elephant if I have ever seen one. That is just the beginning.

**Hon Simon O'Brien:** Have you been to visit the new hospital?

**Hon AARON STONEHOUSE:** Not yet. I have not had a chance. How does it look?

**Hon Simon O'Brien:** I know the Minister for Health and it is in my region. It might be worth having a look at it. You might find out that it is actually a very good place, if they could only get the damn thing open.

**Hon AARON STONEHOUSE:** I am sure it will be. I will be in touch with him to find out about that.

The Keynesians, as Hon Dr Steve Thomas alluded to, will tell us that financing through debt is advantageous because spending is a good way to stimulate the economy and push us out of a slump. I have a newsflash for these idealistic do-gooders: politicians are spending addicts who will deficit-spend themselves into a diabetic coma during slump and boom times alike, all the while loudly proclaiming that public debt does not matter, or that there is good debt and bad debt. Lending politicians a licence to spend such as this only encourages them to finance their most feckless spending programs. Even still, debt is not the only problem. When governments spend money, they almost always misallocate resources, make malinvestments or distort markets. As the size of government increases, it takes an ever greater role in our lives, infringing on civil liberties and imposing burdensome regulations and red tape. More often than not, taxes are increased to fund the out-of-control growth of the government. All this only serves to impede economic growth and threaten our freedoms.

**Hon Jim Chown:** Do you think we should have governments or not?

**Hon AARON STONEHOUSE:** A very small government—certainly not \$11 billion worth of government. Thanks to the unprecedented spending of the former government we have lost our AAA credit rating. Borrowing an additional \$11 billion will increase our interest payments up to about \$1 billion a year, assuming interest rates do not go up. It is a big "if". To enhance liberty and grow the economy we need smaller government and lower taxes. The only fair is *laissez faire*.

No-one in this chamber is going to be around to pay off this debt. In perhaps another 50 years, many of my fellow honourable members will have passed on; bless them. Perhaps my fondness for cigars and dark liquor or my desire to ride a bike without a helmet will have caught up with me. The point I make is that it will not be us who pays this debt; it will be our children and our children's children. Future generations will pay for our recklessness.

**Hon Jim Chown:** They will benefit from the infrastructure by having a higher standard of living. Major infrastructure is never paid within 12 months or 10 years. Major government infrastructure is paid over generations.

**Hon AARON STONEHOUSE:** A \$43 billion debt for some roads and rail.

Several members interjected.

**The ACTING PRESIDENT:** Order, members! Hon Aaron Stonehouse has the call.

**Hon AARON STONEHOUSE:** We are engaging in intergenerational theft. The left and right of politics will argue about how to spend taxpayers' money: Funding arts or subsidising industry? A war on drugs or a war on speech? They continue to bleed taxpayers dry to fund the government's addiction to spending. I stand apart from the major parties because I do not want taxpayers' money; I have no need for it. I want taxpayers to keep as much of their hard-earned money as possible, because I believe that they know how to spend it better than even the smartest politicians or bureaucrats.

The previous government sought a Loan Bill to the sum of \$1.7 billion in 2016. The current government is seeking a Loan Bill to the tune of \$11 billion in 2017. What happened during that one-year period? What government services did it commence and what infrastructure projects did it deliver to justify a 550 per cent

Hon Jacqui Boyde; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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increase? A few roads and rail do not justify that. I can think of none, which leads me to believe that this bill is not about keeping the operations of government going—keeping the lights on, so to speak—it is about removing all sensible constraints on spending in one fell swoop. But we have all heard this before. The government of the day will propose a raft of spending measures that will place Western Australia further into debt. The opposition of the day will rail against the practice of reckless spending. I have long thought to myself that as our debt levels rise and the size of government grows, our politicians would come to their senses and realise that this form of service delivery is unsustainable. But I was wrong. The wheel keeps spinning and the same thing happens again and again; therefore, I am left with no option other than to protest in the only way that I know how—to vote against this Loan Bill. I intend to move a motion in the Committee of the Whole to have this bill referred back to the Legislative Assembly to authorise a lesser amount sufficient to see us through to a budget. Let the record show that I did not vote for this bill and that I wilfully broke convention in protest. Let it show that I did everything in my power to prevent debt and that I will continue to do everything in my power.

**HON ROBIN SCOTT (Mining and Pastoral)** [5.36 pm]: I agree with the previous honourable member that the Loan Bill 2017 will pass; however, I would like to put forward One Nation's thoughts and opinions. Devotees of southern rock music will be familiar with a song written by Robert Earl Keen, recorded in 1975 by the Allman Brothers Band, and again 20 years later by The Highwaymen. The title of the song was also the chorus line. For the sake of the aural and cultural sensitivities of honourable members who are not deaf, I shall refrain from singing, "The road goes on forever and the party never ends." Instead, I shall be satisfied with having read the line into *Hansard*. For years, governments of Western Australia acted as if they believed that the road goes on forever and the party never ends. Unfortunately, the road does not go on forever, especially if we are talking about a sealed road east of Kalgoorlie or north of Marble Bar. The party does indeed come to an end, when the keg is empty and the mice are throwing dice for the last cheese slice.

In our state of Western Australia it certainly is time to face reality. I have the honour to represent the Mining and Pastoral Region with Hon Stephen Dawson, Hon Jacqui Boyde, Hon Ken Baston, Hon Kyle McGinn and Hon Robin Chapple. In our region there are serious signs of major economic distress. In Kalgoorlie, Newman, Karratha and South Hedland, the anecdotal evidence is that as many as one-third of houses are standing empty. Rents have plummeted and house values have been slashed. Drilling rigs are standing idle and mining engineers and geologists are driving for Uber. This does not mean that we are in a disaster mode. It means that a lot of good people are doing it tough and that optimism has been replaced by caution. It means that the government has an obligation to look very carefully at what should be done to ease the pain of the post-party hangover. The government's idea is to borrow \$11 billion.

If I understand correctly the figures provided by the Australian Bureau of Statistics on 30 April this year, there were 1 306 000 Western Australians holding a job, which, thanks to the wisdom of the voters, includes all of us. If the proposed addition to state debt were shared with every Western Australian with a job, that would be like saying to everyone with a job: bring your credit card to Parliament House and we will ring up a debt of \$8 423. Do we really want to hammer every Western Australian who has a job with \$8 423 in extra debt? The leader of Pauline Hanson's One Nation in this place, Hon Colin Tincknell, in his speech on Thursday, 15 June, said —

We are now looking at approving \$11 billion. We do not really know how that money will be spent. We are saying that we should be very cautious about this and it should be for immediate requirements only.

The purpose of the Legislative Council is to review. I have heard suggestions that this honourable house should not impede the passage of a money bill. It is true there are jurisdictions where the upper house is inhibited in such a fashion. The House of Lords may delay a money bill but no longer than a month. In New South Wales, the Legislative Council may reject a money bill under section 5A of the New South Wales Constitution Act 1902, as amended —

The Legislative Council shall be taken to have failed to pass any such Bill, if the Bill is not returned to the Legislative Assembly within one month after its transmission to the Legislative Council —

*Point of Order*

**Hon ROBIN CHAPPLE:** Mr Acting President, I do not do this as a specific issue, but I think it is important that members refer to standing order 36; so if I can get your ruling on standing order 36.

**The ACTING PRESIDENT (Hon Martin Aldridge):** For those members who have not had the opportunity to refer to standing order 36, it reads —

Except when introducing a Bill or by leave of the President, a Member shall not read a speech.

I also refer to a previous ruling in 2002 by then Deputy President, Hon Simon O'Brien, in which he says —

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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However, I draw to the attention of the honourable member, and others, that the standing orders of the Legislative Council prohibit the reading of speeches. Of course notes, even copious notes, can be used and referred to in giving speeches, but it is against the standing orders that speeches be read.

I would like to remind members of that standing order.

**Hon ROBIN SCOTT:** Mr Acting President, these are just notes.

**The ACTING PRESIDENT:** Thank you, Hon Robin Scott. You have the call.

*Debate Resumed*

**Hon ROBIN SCOTT:** In such a case in New South Wales, the Legislative Assembly may direct that the bill, with or without amendments suggested by the Legislative Council, be presented to the Governor for the signification of His Majesty's pleasure thereon, and shall become an act of the legislature upon the royal assent being signified thereto, notwithstanding that the Legislative Council has not consented to the bill.

The Australian Senate cannot initiate an appropriations bill and cannot amend an appropriations bill, but, as the events of November 1975 demonstrated, the Senate can certainly reject an appropriation bill. The relevant powers of the Legislative Council of Western Australia are for practical purposes identical to the powers of the Senate. The reason is that section 46 of the Western Australian Constitution Act 1889 was inserted in 1921 and replicates the provisions of section 53 of the Constitution of Australia. I make the point gently that a bill authorising a government to borrow a vast sum of money probably does not fit any commonly accepted definition of an appropriations bill or a money bill in the popular parlance. I am unable to assure the house that the Loan Bill 2017 is an appropriations bill. If it were an appropriations bill, here are some hypothetical situations. If we were the House of Lords, we could delay the bill for a month. If we were the New South Wales Legislative Council, we could not amend the bill but we could reject the bill and the Legislative Assembly could override our objection. If we were Australian senators, we could not amend the bill but we could reject the bill, and a Prime Minister commanding a majority in the House of Representatives could resolve the issue by asking the Governor-General for a double dissolution. As members of this eminent house, like senators, we cannot amend the bill, but we can reject the bill. If we reject the bill, whether it is really an appropriations bill or otherwise, the government of Western Australia does not have the luxury of a double dissolution option.

This is a very simple and straightforward situation. If we reject this bill, the government's course of action is to come back to us with a better bill, perhaps a more prudent bill, perhaps a more cautious bill, perhaps a wiser bill, but in any event a bill that we are willing to pass. Such a bill could, for example, seek authorisation to borrow a smaller sum of money sufficient to sustain the government until the budget has been passed. Section 46(4) of the Constitution Acts Amendment Act 1899, as amended, provides —

The Legislative Council may at any stage return to the Legislative Assembly any Bill which the Legislative Council may not amend, requesting by message the omission or amendment of any item or provision therein: provided that any such request does not increase any proposed change or burden on the people. The Legislative Assembly, may if it thinks fit, make omissions or amendments, with or without modifications.

Subject to the advice of wise honourable members, it seems to me that this house should establish a select committee for the purpose of preparing for consideration by the whole house such a message to the Legislative Assembly.

Mr Acting President, through you, I appeal to the wisdom of honourable members. Section 46(8) of the Constitution Acts Amendment Act 1899 provides —

A vote, resolution, or Bill for the appropriation of revenue or moneys shall not be passed unless the purpose of the appropriation has in the same session been recommended by message of the Governor to the Legislative Assembly.

Is there an honourable member who can warrant to the house that the Loan Bill 2017 is a bill for the appropriation of revenue or money? If that is the case, is there an honourable member who can warrant to the house that the purpose of the appropriation has in the same session been recommended by message of the Governor to the Legislative Assembly? If there is no honourable member who can warrant to the house that the purpose of the appropriation has in the same session been recommended by message of the Governor to the Legislative Assembly, then I submit that we cannot and should not attempt to infringe the Constitution of Western Australia by purporting to pass this bill. Instead of rushing to rubberstamp this bill, we should be carefully evaluating the alternatives.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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With thanks to the leader, Hon Colin Tincknell, I mention some alternatives that can be mixed and matched. The first alternative is that we delay the bill until the budget is passed. The second alternative is that we persuade the government to negotiate for the federal government to borrow \$11 billion. The federal government should then grant the \$11 billion to Western Australia in partial compensation for the \$28 billion ripped out of Western Australia by the GST misdirection or, at the least, on-lend the \$11 billion to Western Australia at zero interest. The third alternative is the government could sell the cash flow from its 25c a tonne levy on around 78 per cent of the state's iron ore exports. Let us not interfere with the first four years of the revenue stream, which is already incorporated into the forward estimates. The net present value of \$149.75 million for 30 years commencing four years hence at a discount rate of four per cent is \$2.2 billion.

The fourth alternative would see the government extending the sale of cash flow principal as part of its royalty income. For example, expected production of the Roy Hill mine is 55 million tonnes a year for a mine life of, say, 30 years. The net present value, at four per cent discount of the 7.5 per cent royalty on the Roy Hill mine alone, is \$5.3 billion at a price of \$A75 a tonne. In other words, the government can sell its revenue stream for the probable life of just one mine for more than \$5 billion. The elegance of selling the royalty cash flow from one mine is that the cash flow can be replaced simply by approving an additional mine.

The fifth alternative involves care. I mention that my own party is not in favour of selling public assets. The fifth alternative is that the government invite equity participation in Western Power. There you have it, Mr Acting President. We do not need to pass this bill. If we want to pass this bill, we do not need to do so yet. Let us follow the constitutional provisions and politely ask our cousins in the Assembly to amend the bill.

**HON RICK MAZZA (Agricultural)** [5.51 pm]: Firstly, I congratulate Hon Colin Tincknell, Hon Aaron Stonehouse and Hon Robin Scott on their very first second reading contributions, on the Loan Bill 2017. It is quite an innocuous looking bill; it is basically one sentence —

**An Act to authorise the borrowing of \$11 000 000 000 for public purposes.**

On the back, it has a few little clauses and things on it. However, it is probably one of the most significant bills we will pass in this place during this term of government; \$11 billion is a significant amount of money. This is basically an approval for the government to seek an addition to its overdraft. We are asked to approve a loan of \$11 billion for the term of this government, but we have not as yet had a budget. We generally have a budget so that we can assess the forward estimates and see how much money is needed over a period of perhaps a year or 18 months, but in this case the government is asking for \$11 billion in one go. We are flying blind, because we do not know what the requirement is for this \$11 billion, because the budget is yet to be handed down. It is a bit worrying. I am quite sure we will have the supply bill coming in after this, so that we can actually allocate those funds to different departments. The supply bill is done on an annual basis, so I am a little intrigued about why we are asking for \$11 billion for the entire term. Like Hon Aaron Stonehouse, I am concerned that we will be considering another loan bill well before the end of the term, whether it be in a couple of years or three years. I do not see that there is any plan in place at this point for continuing without extra borrowings.

There has been a lot of spin in both federal and state governments about good debt and bad debt. Apparently, good debt is for mortgages, et cetera, and bad debt is for things that are more frivolous. I am here to tell members that there is no such thing as good debt. I have had debt during my life, as have many members. I have had a seven-figure debt, but I have never had an 11-figure debt, as is being asked for here, but debt is never good. It always comes with risk and cost. The worst thing about debt is that sooner or later it must be paid back. There is no such thing as good debt. There is necessary debt, but it is never good. I can tell members that debt will keep them awake at night. I agree with the Premier when he said that it keeps him awake at night. In fact, during the briefing we had with Treasury officials, they said that it keeps them awake at night. Debt does that; it has a habit of keeping people awake at night. Many businesses are carrying a fair bit of debt at the moment. We have a very soft business market, so many businesspeople would be carrying debt and not sleeping too well at night.

**Hon Jim Chown:** So why are we increasing state debt?

**Hon RICK MAZZA:** That is what I alluded to earlier. We have yet to see why, because we have not yet seen the budget. As Hon Colin Tincknell pointed out in his speech, in 1997 there was approval for a loan of \$20 million; in 1999 there was approval for \$260 million; and in 2003 there was approval for \$250 million. Then, as in some scene involving Austin Powers' Dr Evil, we went from millions to billions. Suddenly, in 2009, we approved \$8.3 billion; in 2012 it was \$5 billion; in 2015 it was \$8 billion; in 2016 it was \$1.7 billion; and now we are being asked to approve another \$11 billion. The total is \$34 billion. At a modest interest rate of around three per cent—the government gets a fairly good interest rate—that amounts to about \$3 billion a year, as Hon Aaron Stonehouse pointed out. Because we have lost our AAA credit rating, and we are now on a AA+ rating, we have a penalty of 0.2 per cent. That 0.2 per cent itself is worth \$70 million a year. I think that

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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works out to about \$1.1 billion a year in interest payments. That would go a long way towards paying for schools, roads and other infrastructure.

It is a monster of a debt. I remember a Labor Party member—it may have been the then shadow Treasurer, who is now Treasurer—running around in some sort of green monster suit, as the debt monster. I have one criticism of that debt monster, and that was that he was far too friendly! He looked far too friendly and he should have been much more horrifying, because this is a horrifying debt. I am not blaming the previous government or this government. A lot has been said about it being the result of mismanagement. We had a perfect storm in this state. During the mining construction boom, between 1 500 and 2 000 people were moving to this state every week. Those people needed infrastructure and services. Sitting in the estimates hearings, I heard police talking about an exponential growth in population and the need to provide policing services. The government had to contend with demand for a raft of services, such as health and education, with the burgeoning number of people moving to this state. The only way to do that was to build infrastructure and increase services. The government went ahead and borrowed this money in 2009, to be able to cover the needed services.

The construction boom ended in Western Australia—I say the construction boom, because the mining boom is still going on and we are getting royalties—and it left a vacuum. Many businesses that supported the mining construction industry had to either contract or close. Many of those businesses were in the metropolitan area, in the south west or in the north west—right across the state. Suddenly the tap was turned off, and so those businesses either folded or retracted, and laid people off. The income for the government has obviously dropped. It was a perfect storm that would have been difficult to avoid. With the wisdom of hindsight we could say that we could have done this or that—maybe we should not have borrowed so much money, or maybe we should not have built a stadium, or whatever the argument might be. The bottom line is that it was unforeseeable, and we are now living with that hangover.

Hon Dr Steve Thomas gave a very dry but informative speech. Economics is pretty dry. However, I got a lot from his speech. He pointed out the way the goods and services tax and royalties works. He is a self-professed member of the hard right of the Liberal Party, and there is nothing wrong with that, but I did not agree with him supporting a state welfare system. That is effectively what the GST is—a state welfare system. For every dollar that we are receiving and sending off, as of today we are getting back only about 30c.

**Hon Jim Chown:** I think it is about 35c.

**Hon RICK MAZZA:** I think Hon Jim Chown might be incorrect, for the very first time; it is a bit less. It is the very first time that he remembers being incorrect!

We are providing welfare to other states, and that does not give them any incentive to develop their own resources. Queensland has plenty of resources. It has more than enough resources to develop, and so have other states. Queensland gets \$1.17 for every dollar it collects in GST. New South Wales gets 90c, the ACT gets \$1.16, Victoria gets 91c and Tasmania gets \$1.78. There is Tasmania sitting down there—pretty much anti-development and anti-forestry—getting \$1.78. We are enabling Tasmania to carry on with its program. There is no incentive for Tasmanians to develop their state and create jobs.

*Sitting suspended from 6.00 to 7.30 pm*

**Hon RICK MAZZA:** I will recap what I said before the dinner break, because I know that members are interested in going over all that again! Basically, to recap, we are being asked to approve a further loan of up to \$11 billion for the term of the government, and we are pretty much flying blind at this time because we do not know what the budget will be when it is handed down in September. It is a little unusual. Of course, that will take us up to about \$34 000 million, costing the state over \$1 billion a year in interest. It is a big impost on the state.

We spoke about the perfect storm economically in Western Australia, with the end of the construction boom, and the fact that a lot of infrastructure had to be put in place during that construction boom to take care of the huge population growth in the state. I was reminded at the dinner break that prior to that construction boom, we had an ailing power generation system. I remember the blackouts that we had and sweating through hot summers because we had to turn off our air conditioners to save power, so a lot of infrastructure and expenditure had to be put into addressing that.

I also mentioned that the GST is a major issue of concern for Western Australia. A lot has been said about it. Queensland gets \$1.17 back on its GST; New South Wales gets 90c; the Australian Capital Territory gets \$1.16; Victoria gets 91c; Tasmania, which is a bit of an anti-development and anti-forestry state, gets \$1.78, enabling it to go along with its agenda quite merrily; and South Australia, with its renewable energy program, gets \$1.42. I recall a couple of years ago driving from Adelaide to Port Augusta and seeing all the wind farms on the horizon. It is absolutely a blight on the horizon.

**Hon Simon O'Brien:** They're not attractive, are they?



Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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**Hon RICK MAZZA:** They are absolutely a blight on the landscape. I question the economics of wind farms or even solar. I am probably getting a little away from the Loan Bill. Those turbines have to be manufactured somewhere and I would say that they are manufactured using baseload coal-fired power. Then there is the continual maintenance and they have a finite life. I do not know about the environmental benefit of wind farms. South Australia's energy generation came down with a crash.

**Hon Simon O'Brien:** Member, if you go right, right back in history, do you know what the South Australians had before candles?

**Hon RICK MAZZA:** I would like to be enlightened.

**Hon Simon O'Brien:** They had electricity!

**Hon RICK MAZZA:** There you go.

South Australia gets \$1.42 in GST compared with our 30c. It is pitiful. The Northern Territory gets \$5.28; it gets back every dollar that it collects in GST. Western Australia really does get quite a raw deal. Hon Dr Steve Thomas went through the horizontal fiscal equalisation for royalties against the GST, so we really do not have room to grow there. The more royalties we produce in the state, the further our GST will decline, so we have pretty flatline revenue. It must be the competitive businessman in me, but I do not see that as a good deal. It might be that it fiscally equalises amongst other states, but I do not see that a development state providing a welfare system to other states is the way we should go. Some of those states, such as Queensland, could do more to develop their mineral wealth. It gets us really angry that we are being done over by the east coast. It gets us so angry, in fact, that we start thinking about secession. Maybe we should build a wall and make the feds pay for it! It would be a good idea. *Hansard* can put "tongue in cheek" in brackets after that comment, if they would not mind! We are getting a pretty raw deal. The unfortunate thing is that we have to plan for the future. We have \$34 billion in debt and are paying over \$1 billion a year in interest and we have to get this down at some stage. As I said earlier, there is no such thing as good debt; debt is bad and we will have to pay it off at some point.

The state as a whole is really limited in its tax receipts. We have things like motor vehicle registration et cetera, which just covers the costs of that department. The main revenues streams in this state are obviously payroll tax, land tax and stamp duty. We know those three taxes are anti-enterprise taxes. How can we have a tax regime that penalises employing people? I do not know which bright spark came up with payroll tax, but they need to be keelhauled. If they were around today, they would probably be a Greens voter. The fact of the matter is that taxes go down when the economy starts to go down and there is a spiralling effect. The economy softens and those taxes go down. Sorry, Mr Acting President, about that particular quip. Just do not penalise me for that!

**The ACTING PRESIDENT (Hon Robin Chapple):** That is fine; I am in the Chair.

**Hon RICK MAZZA:** We have a spiralling situation. As business softens, we will end up with fewer receipts for our tax coffers. Land tax, of course, is anti-investment. We really need to stimulate business, not penalise business. I know we are a long way from any reform of state taxation. Those taxes are going to be around probably for my lifetime, but we need to start having a conversation about winding down anti-enterprise taxes to make way for a more broad-based tax if we are to have any hope in the world of stimulating business and enterprise and trying to get down our raging debt. A tax on jobs is not a good thing. The trouble with land tax and payroll tax is that it does not matter whether people make a profit or a loss; they pay the tax. It is a terrible situation.

Our unemployment rate has fallen from 6.5 per cent to 5.5 per cent, which is good news, but it makes me wonder whether that is because a lot of people have left WA. A lot of people who would normally be on the jobs list in WA have left and that might be part of the reason that the job rate has fallen. With people leaving WA and the downturn of the mining and construction boom, the pain is being felt in not only government, but also the community. People are worried about job security. Every household is concerned about their future. We have seen house prices fall significantly. I really feel for people who bought houses, particularly first home owners, in the last two or three years because the value of their investment has dropped. They are probably stuck with it and cannot get out. If they sell their house, they will probably have a debt to pay to the bank for the shortfall. In more recent times, we have also seen rents fall. For quite a long time, even though the market softened and house prices started to soften, rents were quite high and the vacancy factor was quite low, but that has turned around in the last 12 months. In fact, rents that were, say, \$400 a week are now down to about \$300 a week, which is good for renters, but if a mum-and-dad investor has an investment property that they are paying a mortgage on and are expecting rental income, they are also under stress. I think there was a story on Channel Nine the other night about mortgage stress in the northern suburbs.

People are hurting, members. People are really hurting. We now have the prospect of increased electricity charges. According to the Treasurer, if we were to bring a competitor into the electricity market, power prices would have to increase by 15 to 20 per cent. What really worries me is that we are already subsidising power

Hon Jacqui Boyde; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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prices by 20 per cent. To me, we bring in a competitor to sharpen up their pencil to share in the profit. However, if there is no profit to start with, I am not sure how a competitor will fit in. We have also had an increase in motor vehicle registration fees, to the point at which people are now able to pay their vehicle registration quarterly, which gives them a chance to be able to afford that fee. Housing affordability in Western Australia is probably at its best level in a very long time. However, of course that is at the expense of other people. As I have said, it is not just the government that carries the burden; the entire community carries the burden.

The state government has three options. The first option is to cut expenditure. The Premier has said that he wishes to reduce the size of government and consolidate some government departments. That is not a bad thing to do. However, it will take a long time to turn that ship around. There is only so much a government can do by slashing and burning costs. It still needs to provide services and infrastructure in the state; therefore the government is limited in the amount of costs that it can slash and burn. The second thing the government can do is increase revenue. As we have discussed, the GST and horizontal fiscal equalisation will not give us any growth in that area, unless we can convince the federal government to make changes to that system. I cannot see that happening any time soon, because states like Tasmania and South Australia would obviously object to that. Therefore, the only option for the government is the third option, which is to borrow money, and that is why we are now debating this Loan Bill.

Unfortunately, I do not think there will be any change in this state's financial position in the foreseeable future. There are not any green shoots of recovery. It is a bit like the drought that we are having at the moment, where we get a bit of germination and it burns off. We do not have any green shoots within the economy to enable us to say things are picking up—house prices are on the rise, the jobs markets is starting to improve and the unemployment rate is coming down. It is just not happening. It must be very frustrating for a lot of home owners to see that house prices on the eastern seaboard are continuing to boom, but in this state we have some real problems. Some of this is long-term stuff. However, we need to start rewarding the risk-takers in our community, our entrepreneurs, our wealth creators and our employers, and not penalise them with payroll tax, stamp duty and land tax. I would call those taxes the three dirty taxes. Too much of the burden is being carried by business.

The forecast revenue from payroll tax is \$3.5 billion a year. Of course if businesses lay off staff, that revenue could fall. The forecast revenue from stamp duty is \$1.4 billion a year. The forecast revenue from land tax, at \$900 million a year, does not even cover our interest payments. It is a real problem. If Western Australia was able to get back a fair share of its GST payments, even on a population basis, we would get around \$10 billion, which is more than double what we are getting from those three state taxes. I do not know what we can do about that. A lot of work is being done at the moment to try to get a fair deal on the GST. In the meantime, we need to get rid of these handbrake taxes, and we need to start the discussion about how to stimulate business and investment in this state, because it is the taxpayer who has to pay back this debt.

**HON PETER COLLIER (North Metropolitan — Leader of the Opposition)** [7.43 pm]: I would like to make a number of comments on the Loan Bill 2017, because having been the recipient of hours upon hours upon hours of comments from members opposite on the four loan bills that we brought into this Parliament —

**Hon Stephen Dawson** interjected.

**HON PETER COLLIER:** Yes, mate! We had multiple hours of comments, so I think it is incumbent upon me to return the favour, and that is what I intend to do. I want to tell members a few home truths. Let us look at this pearler of a Loan Bill—\$11 billion. Let us look first at the Minister for Environment's second reading speech in this house. It states in part —

It is the government's intention that as it goes through the process of formulating its first budget—to be presented to the house on 7 September 2017—it will reduce the need to draw on the full authorisation sought in this bill. In the meantime, until the government can start to implement much-needed fiscal repair as part of the coming budget, it is essential that the Parliament approve this increase in the central borrowing limit to ensure adequate access to the funds required to continue to provide public services and infrastructure investment.

We can agree with part of that. However, the simple fact of the matter is that we do not know whether the government needs this \$11 billion. In fact, as the minister states in his second reading speech, the government does not know whether it needs this \$11 billion. Quite frankly, that \$11 billion is predicated on the Liberal-National government's forward estimates at the time of the *Pre-election Financial Projections Statement*. It is not based on this government's budget, because this government will not be bringing down its budget until September. This government knew the financial status of Western Australia before it came into office. We are hearing all this crowing at the moment, as I have said, with most of the questions that we have been asking, although the government has cut back on that in the last few days, which is showing a bit of maturity. The

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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government has been crowing about the parlous financial situation of this state, and we will keep hearing about that. My point in identifying this fact is that the government knew what it was getting. It is concerning that we will have to wait seven or eight months for the government to hand down its budget. That is why we have to ask: What on earth does the government have up its sleeve? Why does it need this \$11 billion? We do not know. I hope we will get some confirmation about why the government needs this \$11 billion. This \$11 billion Loan Bill is based on promises that have not been costed. The Labor Party did not submit its costings to Treasury. There has been no scrutiny whatsoever of its costings.

I would like to know a few other things, particularly about education. I remember when this government released its \$361 million infrastructure proposal. We cannot argue against that. I do not think any of the things suggested are not needed. We put forward a \$560 million infrastructure proposal. Our proposal was to be funded from the sale of Western Power. The government's proposal was to be funded, apparently, from unallocated funds. I was the Minister for Education for eight and a half years. I never, ever found that little pool of funds called unallocated funds. I would walk down the street and see \$2 and I would pick it up and put it into education. I know that Treasury believes the Minister for Education is the devil incarnate. Treasury hates the Minister for Education. All I ever asked for, and all I am sure Hon Sue Ellery will ever ask for, is more money for education. However, Treasury will tell us where to go time in and time out. When I heard about these unallocated funds, I asked the department, "Where are these unallocated funds? What have you been hiding in the bottom drawer from me so that the Labor Party can come in just before the election and make all these promises based on unallocated funds?"

That is the first thing. The other thing is the Safe Schools program. I mentioned this the other day. The new Minister for Education made a commitment, on behalf of the Labor Party, to fund the Safe Schools program. I said at the time that I am not sure why the minister needs to do that, because it is an online program. That was proposed to be funded from existing resources. Those two examples may be flippant, but they are good examples of why we need a lot more scrutiny of this bill. I hope we will get these answers from Hon Stephen Dawson. As I have said, yes, there can be all sorts of criticisms of the previous government about spending priorities et cetera; however, let us face facts. When we won government in 2008—I do not know quite how we did it, but we did—it was wonderful. Things were a lot rosier then. We were on the precipice of greatness. We did not have an economic downturn. Yes, we also did not have the debt levels that we have today. But then of course, back in 2008—I remember this vividly; I will again use my previous role as education minister—I inherited an education system, the curriculum of which was an absolute mess, teacher registration was a debacle, and, most notably, we had massive teacher shortages. At the beginning of 2008 throughout Western Australia, 264 classrooms did not have a teacher in front of them. In the twenty-first century in a state that, apparently, had this wonderful set of books, we could not put a teacher in front of every classroom. There might have been a reason behind that. The reason was that at that time—when the current Premier was education minister—we had the lowest paid teachers in the nation. We did not think our teachers were worthy of being paid well, so we did not. We did not pay our teachers the equivalent of what Tasmanian teachers were paid. We had to say to those 21-year-old, first-year-out teachers who had to go into some of the remote areas of the state or to the goldfields, "You've got to take one for the team, but we're going to pay you the lowest in the state. We've got this great set of books, but it doesn't matter; we're not going to pay you." That is one thing. So, yes, we inherited a good set of books, but at what cost? If we ask those thousands of kids throughout Western Australia who did not have a teacher whether they benefited from that, of course they would say no!

Another area of interest to me was electricity prices. Yes, in 2008 the then government proudly said, "We've got these low electricity prices. We haven't had an electricity price increase for the entire time we were in government." In the entire time from 2001 to 2008 there was not an electricity price increase. When I took over as energy minister, I was faced with the prospect that our electricity prices were 116 per cent below cost-reflective levels—okay? At that stage we were subsidising Verve to the tune of hundreds upon hundreds of millions of dollars, but we were nowhere near cost-reflective tariffs. The then Premier came out about midway through 2008 and said the government was going to move towards annual increases of 10 per cent, starting in April 2009. Who can work out the correlation between the commencement of those increases in April 2009 and why he did not do it way back when it should have happened, say, five years ago, or even immediately? The people of Western Australia were warned. We had the lowest electricity prices in the nation. Perhaps it might have had something to do with the fact that we were due to have an election in March 2009: "We will not have any more increases in electricity prices until March 2009. We have this great set of books and this massive debt growing as a result of the fact that we have to pay the subsidy to Verve, but we are not going to have an electricity price increase until 2009." Again, a cynic might suggest that is political opportunism. I am cynical but I am also a realist, and I say that is exactly why there were no increases in electricity prices. The prices were kept artificially low for political expediency. There is no doubt about that.

Hon Jacqui Boyde; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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As a result of that, of course, the government was accumulating this debt through Verve as a direct result of the fact that there had not been any electricity price increases. We did what we had to do to increase prices. As energy minister, I was the initiator of a lot of those increases and got criticised by members opposite because we increased prices by 26 per cent in that first 12 months. That came at a social cost—we appreciated that and increased the cost-of-living assistance payment and social subsidies—but at the same time we had to get to a point whereby we were actually moving towards more cost-reflective levels. If we had not done that, one way or another Western Australia was going to pay for electricity prices by getting to a point of perhaps becoming a little more, let us say, electricity savvy and thinking about energy efficiency more, and thinking about turning off the lights and electrical appliances, as opposed to living in a fool's paradise from an electricity perspective. Alternatively, the government could have said that it was going to keep its prices low and people would have continued to use an abundance of electricity. If consumers do not pay for the electricity they use, they pay for it elsewhere. Up to \$500 million being used to subsidise Verve could have been going into our schools and health system. Ultimately, the public will wear it. They will pay for it one way or another. That is what happened.

So now this mob has come into power and I hear this stuff down in the other chamber about how we increased electricity prices, but then the energy minister has the gall to come out and say, “We want to get to cost-reflective tariffs”, and I nearly threw up. How hypocritical is that? A party in opposition cannot—it can, apparently, because it is doing it day in and day out—criticise us *ad infinitum* for moving towards cost-reflective tariffs to create a much more competitive market and then, when it gets to sit on the other side of the other chamber, after criticising us, say, “That’s actually a good idea.” You can bet your bottom dollar —

**Hon Simon O’Brien:** We’ll do more of it!

**Hon PETER COLLIER:** Yes, I reckon!

You can bet your bottom dollar that when the electricity price increases come out next week, if they are more than seven per cent, guys, you are going to wear it! I am telling you right now! I am a firm believer that, ultimately, we should pay for our electricity. If we are to get to a point at which consumers out there are more mindful of the use of the electricity and they understand they have to pay for it, they can look for more energy-efficient areas like solar panels *et cetera*, of which we have hundreds of thousands now. That is the way to educate the community, and that is what we tried to do. We have become much more energy efficient as a result of that. That this crew relentlessly moaned and groaned about what we did on electricity prices, and has now come out and wants to do exactly the same thing in about 12 months is the height of hypocrisy.

**Hon Stephen Dawson:** How much did you increase electricity prices by? About 84 per cent, wasn’t it?

**Hon PETER COLLIER:** No; about 65 per cent.

**Hon Stephen Dawson:** No, I think it was more than that.

**Hon PETER COLLIER:** Is Hon Stephen Dawson talking about when I was energy minister?

**Hon Stephen Dawson:** No, not you—as a government. About 80-odd per cent, I think it was.

**Hon PETER COLLIER:** Yes, and that is why we are still not even cost reflective. In January 2009, at the time I took over, as I said, we were 116 per cent behind cost-reflective tariffs.

I will put something to honourable members opposite. Perhaps if they as a government had been moderate in their increases—eight or 10 per cent every year—the public would have worn it. They are living in a fool's paradise if, after eight years in office, there has not been one electricity price increase. Did they think the cost of production, generation, fuel and employment for all the utilities had not gone up in eight years? They just keep on saying, “We have this wonderful set of books.”

**Hon Stephen Dawson:** You can’t blame power prices under us for the state of the books now, can you, really?

**Hon PETER COLLIER:** Mate, you are not listening to what I am saying!

Several members interjected.

**The ACTING PRESIDENT:** Members!

**Hon PETER COLLIER:** It is called a double standard. Sorry; I apologise.

**The ACTING PRESIDENT:** Thank you. I do like some of the conversation that is going on. It has been enlightening. But I think we should keep the tone down a little bit.

**Hon PETER COLLIER:** So there!

There cannot be a double standard. As I said, members opposite can sit there and moan and groan all they like about this wonderful set of books, while at the same time having artificial electricity prices and the lowest paid

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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teachers in the nation, and then moan and groan when they come into office. It does not work that way. I am making these points because this is the scrutiny that you guys are going to come under, particularly when the minister gets into the chair during committee stage, about where this money is coming from, or why the government needs \$11 billion. Apparently, we overspent and did all these sorts of things; the Labor Party comes in and in one fell swoop seeks \$11 billion without any scrutiny at all. At least within our budgets we could adhere to three of our loan bills; the other was the *Government Mid-year Financial Projections Statement*. Three of our loan bills came after a budget, and the other came from a midyear review. At least there was a set of books there that the money could be put to. There is still about \$1.2 billion left from the last Loan Bill, and only—what was it?—\$4.5 million is needed for the general government sector, according to this Loan Bill and the advisers. In anyone's terms, even that amount will give the government more than enough for a couple of years. Why does it need another \$5 billion? It beggars belief. I cannot work out why it needs it. That is the real concern for me on this side of the chamber. As I said, we copped it from those opposite week in and week out but, quite frankly, this is the same group of members who had that good set of books but they had it at great expense.

The real concerns for me come down to whether we have the capacity, given that lack of understanding, knowledge and detail of the Loan Bill, to do anything about it and to have that full scrutiny because I do not think we have. I have to be honest with members: the government has had a terrible start to open and transparent government, which is what the Premier condescendingly said to me in one of his responses a couple of weeks ago. I mentioned that in one of my contributions last week. There are a number of reasons I have some concerns about the capacity of this government to be open and transparent and open to scrutiny over this loan of \$11 billion. We are not talking about pocket money here. We are not talking about a cash bonus for a week. We are talking about \$11 billion for the people of Western Australia. The government was elected on the premise that the previous government—our government—had increased the debt level. It beggars belief that in one fell swoop it has increased it even further by \$11 billion without any understanding or scrutiny of it whatsoever. There are some reasons I am a bit uncertain about the accountability of the government's tenure at this stage. I mentioned reluctantly in my Address-in-Reply speech last week that we had to sit in this place and listen to the constant barking from members opposite about how they are the upholders of the feminist movement and the suffragettes. They said that they truly represented women, the philistines on our side of the chamber had no idea and members opposite were the only ones who could hold their heads up high. Having said that, they spent the first two months of their tenure trying to find a male from this side of the chamber—I do not mean “a male” but any male; anyone would have done—to take on the role of President. That is true. I raised that—it was a sensitive issue—in my Address-in-Reply speech. I could not believe the response from the Leader of the Government in the Legislative Council. I stated in the chamber —

Why were members opposite so keen to get someone from this side of the chamber to be President?

Hon Sue Ellery's response was —

**Hon Sue Ellery:** Why do you think?

My response was —

**Hon PETER COLLIER:** I am going to tell the member. The answer is numbers, and 18 always beats 17.

**Hon Sue Ellery:** That is correct.

**Hon PETER COLLIER:** Absolutely! Hon Sue Ellery actually admits it. The government was willing to compromise the presidency for the numbers; is that right?

**Hon Sue Ellery:** How was it compromised?

**Hon PETER COLLIER:** The government was willing to forgo the presidency for the numbers.

Hon Sue Ellery said—this is a pearler —

Wouldn't it be in everyone's interests, with such a massive majority elected in the Legislative Assembly, to ensure that we could deliver on our election commitments and the policies that we took to the election and ensure that we could pursue our agenda?

I still do not get it even after that call because there are not 18 members on that side of the chamber, unless I have misread the situation, or perhaps the Greens are a part of government! But they are not. Yet the government was arrogant enough to say that in the chamber. It has 14 socialists over there. We can take one away, which is the President.

**Hon Stephen Dawson:** I'm proud.

**Hon PETER COLLIER:** I am a proud Tory. I wear it as a badge of honour.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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Several members interjected.

**The ACTING PRESIDENT:** Members.

**Hon Pierre Yang** interjected.

**The ACTING PRESIDENT:** Members, I have advised you. Please.

**Hon PETER COLLIER:** I missed that but it sounded very colourful.

**Hon Pierre Yang:** I can start again if you want.

**Hon PETER COLLIER:** That is all right.

I think the sensitivity of the Greens should be adhered to here. I do not think the Greens would like to think that they will be taken for granted and just be a part of government, yet that is exactly what the government wanted. If not, why on earth did government members spend so much time trying to sacrifice the presidency? I will tell them why. They had the Greens in their pocket. As the Leader of the Government in the Legislative Council said, they wanted to —

ensure that we could deliver on our election commitments and the policies that we took to the election and ensure that we could pursue our agenda?

**Hon Diane Evers:** They would only get through the ones that we would agree to, which would be great for us.

**Hon PETER COLLIER:** That would be great but if that was the case, why would it matter if the government had a majority? If members opposite are going to scrutinise legislation, why were they so fanatical about giving the presidency to someone from this side of the house?

**Hon Diane Evers:** Because they know that our policies are good.

**Hon PETER COLLIER:** The government will need more than the Greens to get its legislation through, and that was the issue. As I said, it was quite willing to compromise the integrity of the role of President just to hold onto a majority. As I said—I mean this quite sincerely—the government has great respect for the Greens because they adhere to an ideology. As I said last week, I disagree with most of it but I respect it, and I expect Hon Diane Evers is right. Let us face it: members opposite are over there and I am over here. In most instances, I regard myself as pretty much a liberal Liberal. Economically, I am probably more right of centre but certainly in the centre from a social perspective. But we always work things through. We did that in the last chamber and we will this time.

As I said, the first thing that concerns me with this bill is that the government was already trying to do whatever it could to get a majority in the chamber. That majority would be to ensure that it could steamroll the legislation through. That is the first thing with regard to the Greens. The second thing that concerns the Greens, which really bothers me, is the nonsense that is being peddled in the other place at the moment. We get used to the rubbish that comes from the other place. True intellectual debate only takes place in the Legislative Council, as we all know. I have heard a number of things over the last few days about the composition of one of the most sensitive committees in the Parliament. It absolutely galls me. To hear the members over there, particularly the Premier today, lay claim to the notion that somehow this was a conspiracy on our part collectively beggars belief. The Joint Standing Committee on the Corruption and Crime Commission should be a committee that rises above politics. If we want the integrity of the committee to be retained, it needs to have a bipartisan composition. By convention, its membership consists of two members from the lower house and two from the upper house—one member from either side. I have no problems with that whatsoever. When we negotiated the membership of committees, the final submission from the leader of the government in this chamber for the CCC committee from the government's perspective was Hon Alison Xamon. I have great respect for that honourable member and I do not in any shape or form question or doubt her integrity. I think she would do a great job on that committee. I had no problems with that at all.

*Point of Order*

**Hon RICK MAZZA:** In reference to standing order 47, my point of order relates to relevance. This does not have anything to do with the Loan Bill.

**The ACTING PRESIDENT (Hon Robin Chapple):** Thank you for your point of order. I would remind members that things like the Loan Bill are quite wideranging in their debate and as long as they have some financial implication, which I am sure the honourable member was coming to, then there is no point of order.

*Debate Resumed*

**Hon Rick Mazza:** Thank you for your clarification.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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**Hon PETER COLLIER:** That is good! We will have a break again in about five minutes!

I will go through that in a moment, but the whole point of bringing that up is that if we are going to scrutinise the government—I said that at the start of my comments—it is not a good start, particularly with a committee like the Joint Standing Committee on the Corruption and Crime Commission, if we cannot look at the integrity of that committee and say it is beyond reproach.

In the other place today, the Premier was asked about the composition of the committee. The opposition agreed with the government's submission. In its submission, the opposition nominated Hon Jim Chown. The government put forward its submission and recommended candidate Hon Alison Xamon. That is fine and it had the unanimous support of this chamber. That is before the mob down the other end made its call. They made their call and they put on two Labor members. That abrogates the notion of the integrity of the committee. When asked about it today, after numerous debates in the other place, the Premier said that if members opposite were so concerned about it, they might have called a division or there might have been a debate about it in the upper house, but there was none. He said that there was an agreement in which, in effect, two opposition members got on the committee. Hon Alison Xamon is a member of the opposition now! Later on, the Premier said that Hon Alison Xamon was not a member of the government, but a member of the opposition! Can I suggest to the Premier that Hon Alison Xamon is not a member of the opposition. I would love it if she saw the light and perhaps came over to this side, but I doubt that is going to happen. Hon Alison Xamon is a member of the cross bench. That is irrelevant. The point that needs to be made is that Hon Alison Xamon was recommended for the position by the Leader of the Government in the Legislative Council. I am unambiguous about that. I will repeat it: Hon Alison Xamon was the recommended candidate put forward by the Leader of the Government in the Legislative Council. This house gave unanimous support to that recommendation. It had no problem with Hon Alison Xamon in that position, and none of us do, at this point. The issue is not in this chamber; the issue is in the other place and they need to face that fact. They stuffed up! It is as simple as that.

Can I say that with a committee like the Joint Standing Committee on the Corruption and Crime Commission, which should be beyond reproach, to already have a political bias really concerns me and members on this side of the chamber in terms of its now having two Labor members from the Legislative Assembly. With scrutiny, we are already starting to see this pattern emerge from the government. If we have issues with scrutiny in less than six months, imagine what it will be like after 12 months or two years.

I will go to another area of concern about this government and why we need to question the validity of a loan bill for \$11 billion. In opposition, our job on this side of the chamber is to scrutinise the government and hold the government to account. As members opposite will remember, just a week ago I stood in this chamber and talked for about two and a half hours, and for about an hour of that I went through a litany of questions I had asked in the previous six weeks. Invariably, I was shunted from pillar to post. I was told to put my question on notice or the answer was no; I was given ambiguous or flowery responses or nothing at all. I was trying to get to the heart of the matter and whether members opposite double dipped on their car allowances. It is no big issue; it will not bring the government down, but they still will not tell me. We still do not know which ministers were double dipping. We know that some of those ministers, as I mentioned last week, have been allowed to keep that \$4 000. That is the moral fortitude of members opposite. Ministers on \$270 000 a year can keep their \$4 000, but teachers, police officers and nurses will take four years to get their \$4 000! If the state's situation is so parlous, surely the ministers can pay back their \$4 000. Again, it is not even a rounding error in the big picture, but symbolically it is very powerful when we hear from the government: up you, we don't have to answer your questions and the ministers can keep the money! That came through in the six or seven questions I asked last week. I thought that, surely, after that, members opposite would perhaps have learnt the error of their ways over the last week, so I did it again. There is a pattern here, guys! I set you up and you fall for it every time! I do not know why they bother, but they fall for it every time. These things are very insignificant, but I am keeping a record of them—as you can imagine. I will go through a couple of those questions. Let us look at this question, which I asked the Minister for Health last Wednesday —

- (1) What exact date did the minister become aware of the dead leg water pipe issue in the Queen Elizabeth II Medical Centre precinct?
- (2) How did the minister become aware of the issue associated with the dead leg in the QEII precinct?

That is a very valid area and it has serious financial implications for the state.

**The ACTING PRESIDENT:** I am glad you mentioned that.

**Hon PETER COLLIER:** I can tell, Mr Acting President, that you do not need a PhD to work that one out! Let us see how the minister responded to this, because I asked this question for a reason. I always have a reason for asking a question, and I know that the Minister for Health knows why I asked this question. Did I get a direct

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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response? It was a very easy question. I asked, “What exact date did the minister become aware ...” The response I got reads —

- (1)–(2) As the shadow Minister for Health, he was informally made aware of the issue concerning the dead leg. Upon becoming the Minister for Health, he requested and was provided with a briefing from the department on the issue.

He completely ignored the question. He did not give me a date he was given a briefing. He knows why I asked that question and he chose to ignore that response. Yet again, it continues.

This is another pearler. I asked this question because the government is going to increase electricity prices and I wanted to find out what modelling it had done on which to base the increase. On Thursday, 15 June, I asked —

- (1) In 2014, what was Synergy’s forecast cost to serve for the years 2014–2017?
- (2) In 2015, what was Synergy’s forecast cost to serve for the years 2015–2018?
- (3) In 2016, what was Synergy’s forecast cost to serve for the years 2016–2019?
- (4) What is Synergy’s forecast cost to serve for the years 2017–2020?
- (5) What was Synergy’s actual cost to serve for the years 2014–2017?

That was a valid number of questions. As a member of the opposition I want to know—as do the public—whether the government is going to increase electricity prices, and to make sure it is done on a sound basis. Do you know the response I got, Mr Acting President? It was, “... this information cannot be provided in the time available and I request that the member place the question on notice.” That is an insult. I know damn well—I was energy minister for four and a half years—that the minister knows what the cost to serve is. The minister knows it and he can do it with a push of a button! I thought I would check on this, so I asked a question today. I set them up and they fell straight into the trap. I asked the minister today —

- (1) Does the Synergy board and/or executive receive briefings on the cost to serve?
- (2) If yes to (1), how often does the Synergy board and/or executive receive briefings on the cost to serve?
- (3) If yes to (1), do these briefings ever include expected cost to serve?
- (4) Does the chief executive officer and/or any executive members have cost to serve as a key performance indicator?
- (5) If yes to (4), which members of the executive?

I actually got an answer to this one, but they fell straight into the hole. The answer was —

- (1) Yes.

So the board gets briefings on cost to serve —

- (2) At each board meeting.

That is every couple of months at the very least, so we know they have the information because the board gets briefed every couple of months —

- (3) Yes.

They do get a briefing on cost to serve —

- (4) Yes.

The CEO has cost to serve in his key performance indicators —

- (5) All executives have responsibility for overarching operational expenditure.

They are guilty! They did not know on Thursday, 15 June, the cost to serve. Today we learn that the board is notified of cost to serve at all of its board meetings. How on earth can the minister ask me to put this question on notice less than a week ago, when he knows the information? We know damn well that he has got that information right in front of him. I knew he had that. That is why I asked the question. Yet again, we have these guys here are asking us to give them \$11 billion. But if they cannot give us basic information like that, what integrity is there around that figure? Another specific question I asked today was —



Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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- (1) Since 11 March 2017, have the member for Collie–Preston or his electorate staff made any representations—phone, email, letter—to the Minister for Transport or her ministerial office regarding the completion of the dualling of Bussell Highway from Capel to Busselton?

We want to know that. I want to know whether there is money in the budget and funding associated. It continues —

- (2) If yes, please list the dates and method of this communication.

The response, another palm-off, reads —

- (1)–(2) The member for Collie–Preston regularly raises regional road issues with the minister.

There has not even been a honeymoon period before these guys have fallen into complacency. These specific questions we have asked, requiring specific responses, have been given flippant disregard by members opposite. As I said, when we take all those questions—there is another three and I think last week I read in about six or seven—this government, which prided itself on being an open and transparent government already has been anything but. As I said in my comments last week, it has form. As Minister for Education and Training, Mark McGowan told me to get lost 27 per cent of the time. More than one in four answers that he provided to me when he was Minister for Education and Training and I was the shadow minister was “Put the question on notice”. The habit is there. We are all creatures of habit and when we are already in a habit, it is very hard to get out of it. The Premier has not learnt from those days. He has brought in that practice and it is already festering through into his cabinet. The Labor Party thinks it has a whopping majority in the Legislative Assembly and it can bulldoze legislation through. The government did everything that it possibly could to ensure that that legislation was bulldozed through here. When it fell flat on its face, it did not care. The government thought it would still do it and treat us with flippant disregard, which is what it has done. It is very, very disappointing. Members wonder why we on this side of the chamber have concerns with this Loan Bill. Let us move on.

The next matter shows why we have concerns about this bill. I will go back to my favourite topic at the moment and that is western suburbs schooling. As I mentioned last week, we as a government spent the better part of two and a half, almost three, years forensically going through the western suburbs schooling issue. We funded it all according to a complete and comprehensive forensic assessment from the Department of Education. Once again, we funded it completely, from City Beach and Shenton College through to Churchlands, Carine, Mount Lawley and Balcatta Senior High Schools. It is in the forward estimates so we have no problems whatsoever. I am not going to go right through the Perth Modern School–Education Central debacle again or the \$30 000 trip to New South Wales, which was an unmitigated waste of money. But I will say that I was pleased when members opposite saw the light and said that the Perth Mod idea was a ridiculous policy in the first place and fell back on it. That was good. It was a backflip; that was great and it satisfied everyone. That is only half of it.

The other half concerns the Kitchener Park proposal. How on earth the government can completely change and go to building a new school at Kitchener Park in two weeks is beyond me. What financial integrity is there around that proposal? There is absolutely none. We are being told that it is based on a number of premises, one of which is the City of Subiaco, which is apparently considering it tonight. Even if the City of Subiaco agrees to the proposal, the government will not get it done by 2020. This is how ridiculous it is. The government will put 2 000 kids in a four-storey or five-storey building at Kitchener Park, but the year 7 students are going to be in there in 2020. I do not know how the government is going to do it. Will it put the year 7 students in the bottom floor and build the second, third and fourth storeys while they are there? That is what the government’s press release states. It will have a gradual intake for year 7, 8, 9 and 10 students. It is a tiny, little area. It is minuscule in comparison to any of the other schools in the area. But this gives the government another problem. There can be no financial integrity around what it did.

I know how the department operates. I was proud to be its minister for almost five years. As I keep saying, it is a magnificent department and I have nothing but respect and adulation for the department, the director general, the corporate executive and everyone who works in the department. They do a great job. They will be pulling their hair out with this nonsense. When we did that modelling that took so long, we always knew that City Beach college was one part of the equation. I stated this consistently: ultimately, we would need an inner-city school. As I said, that would be in 12 to 15 years. By about 2028 or 2030 we will need an inner-city school. We would have plenty of time to work through other options—perhaps the old Perth girls’ college or the Department of Education. We looked at a number of other areas for a potential inner-city school for when we need it. No work was done on it. It was just thought bubbles of what might happen in 12 to 15 years. Apparently that has all been resolved by the government. The government’s inner-city school will be at Kitchener Park. That is not going to solve the problem. In 10 to 15 years, we will need another school. Is the government going to put another one in the inner city so we have two inner-city schools, and hock off the City Beach site to land development? We already know that. The government has already flouted that in the public arena. Apparently it will get \$100 million for that site.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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The government carries on about how bad we left the financial situation and it comes up with this nonsense. I remind members that several schools were closed over that period by both sides of the ledger. One of the schools that were closed was Scarborough Senior High School. The current government sold that land for \$15 million. It was very short-sighted. Do not blame us; the Labor government was the one that did it. Now it is talking about selling the City Beach site. In 12 to 15 years when we need another secondary school in the western suburbs, where will the government put it? I am promising members right now that there is no land in the western suburbs. We have the perfect solution there. It is called City Beach college. It is Department of Education land. It is perfect. Why on earth the government cannot eat humble pie and say, “Let’s move on and stop this nonsense”, is beyond me.

I heard the Minister for Education and Training say that our school would cater for only 1 600 students and the government’s school would cater for 2 000. Bring it on. I cannot wait to see 2 000 kids on that tiny, little block of land. I cannot wait to see Roberts Road at eight o’clock in the morning when we have 4 000 kids, a couple of thousand from Perth Mod and a couple of thousand from Kitchener Park, trying to get to school. What a totally ridiculous comment to make about City Beach college. We would build it for 1 600 students, but have members seen the land space down there? If we wanted to build it for another 5 000 students, we could do it. It is a huge landmass. Of course, if the numbers grew, we would just extend the school. We were doing what was required. It is called being financially prudent. Why would we build a school ready for 2022 or 2023 for 5 000 students when we need it for only 1 500 or 1 600? We would not do that but apparently this mob does. But we do not know because we cannot find out. We do not know where that \$11 billion is going.

**Hon Michael Mischin** interjected.

**Hon PETER COLLIER:** I do not know where it is going, but all I am saying is that the government going with this Kitchener Park proposal is creating another headache for the next government. These guys will not be in power by then. A Minister for Education will be standing up here in 10 years’ time saying that they have a terrible legacy issue that the previous Labor government has left them. That minister will say, “They sold off the land at City Beach. We’ve got another school over there that’s full to the brim. It hasn’t worked. We’re going to have to widen Roberts Road to try to get two cars through and now we’ve got nowhere else to put a second high school.” We are going to need another high school; all of the Department of Education modelling is showing that.

**Hon Simon O’Brien:** What about the Scarborough high school site?

**Hon PETER COLLIER:** That is what I said earlier; Labor sold it off.

**Hon Simon O’Brien:** Oh, that’s right; they sold that one off as well!

**Hon PETER COLLIER:** Labor sold it off. Labor has form in this area. It might have its little win now, but I say it is a little win. Government members say, “Nope, we’re not doing what the Tories want—we’re not going to City Beach. Why not? Because the Tories want it.” God; grow up! Listen to what I am saying. The government is so wrong about this, I promise it. We will have this problem in 10 years’ time. That is the shame of it, because we are going to suffer. In 10 years’ time, the government will look for another place for a school and there ain’t one. Churchlands will have its 4 000 students—it will inevitably have 4 000 students—and Mount Lawley Senior High School is going to be brimming to the roof. The students have been climbing from the rafters at Mount Lawley because the government has allocated no money at all—not a cent—to that school. Actually, the government has allocated \$4 million for a spit and polish.

**Hon Stephen Dawson:** God, I hope I’m still not listening to you in 10 years’ time!

**Hon PETER COLLIER:** Mate, I will still be here in 10 years’ time.

**Hon Stephen Dawson:** You’ve got unlimited speaking time. My goodness!

**Hon PETER COLLIER:** These are my introductory comments! The government could shut me up on this one if it just saw reason. I will leave it at that. All I am saying is that the government is creating another problem.

I asked Hon Sue Ellery whether any consultation had been done. She went into a tirade about not needing to consult. I would like to remind Hon Sue Ellery about the speech I made last week on Perth Modern School. She should look at the consultation we did right throughout our secondary school expansions. I went through and explained the public consultation in Fremantle, the public consultation in Armadale and the consultation in Geraldton and Kalgoorlie. Good; Hon Sue Ellery has just come back into the chamber. There was also consultation in Mandurah. I explained the public consultation. We have a very, very strong record on consultation. Hon Sue Ellery then went on about schools about which there had been no consultation on the acquisition of land. She listed a few—Ashdale Secondary College, Dalyellup College, Byford Secondary College, John Butler Primary School, Treendale Primary School and so on. She said that because we did not consult there, why should the government consult in Subiaco? Would anyone like to hazard a guess? They are all

Hon Jacqui Boydel; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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new areas. Do we consult with the bandicoots or what? Sorry, I should not say that with the Greens present. Whom should we consult with? They are new areas, with all due respect. Subiaco is a built-up area. Not only that, the Premier said ad infinitum that the government would consult with the community. I took him at his word, but he let me down. That is why I think we need to look at this government and at this bill in particular with regard to the scrutiny of finances, because with \$11 billion and the track record I have shown thus far, it is of great concern to me.

Another area of concern to me is the public service cuts and whether they can be justified and how much it is going to cost. Aw!

**Hon Sue Ellery:** I'm here.

**Hon PETER COLLIER:** That is all right. Look what I have done!

**Hon Samantha Rowe:** You've cleaned out your own side!

**Hon PETER COLLIER:** Okay. The reason I have done this is because we are talking about reducing costs. I am not quite sure where the reduction of costs is. There are some areas in the reduction of the public sector with which we can all agree. The government will reduce the number from 41 to 25, which of course equates to both departments and agencies, so we need to have a bit of commonsense there. The one area that concerns me, and I say this to the Minister for Education, is the amalgamation of the Department of Education Services, the School Curriculum and Standards Authority and the Department of Education. That is something that will come back to haunt the minister, I promise her. Curriculum needs to be separate from the Department of Education. As soon as the government starts to do that, it will alienate the independent sector and the Catholic education sector and it will be compromised. That decision will come back to haunt not necessarily the current minister, because the national curriculum is about to be fully implemented, but certainly future education ministers.

Conservative governments normally get lots of scrutiny from the union movement. That is quite commonplace and we expect it. I would have expected that with the reduction in the number of public sector workers and of the number of departments from 41 to 25, there would have been outrage from the union movement. However, on that announcement, this is what we heard from the Community and Public Sector Union—Civil Service Association of WA in an article in *The West Australian* of 29 April —

Community and Public Sector Union secretary Toni Walkington said the reduction ... would be painful, but better than again forcing "efficiency dividends" ... across the public service.

"What's needed is consideration of the employees and identifying the priority services for the government of the day," she said.

My point in bringing that up is that pretty much at every level, this government is getting a free run. It is still a darling to the media. That is fine; that will change, I can assure members opposite. The union movement is obviously more worried about who will take on which position at the next election, so they will be kowtowing to the current government. They will not be an issue. The process of parliamentary scrutiny is not working because the government is showing flippant disregard to the integrity of this Parliament by fobbing off members opposite with very questionable responses, which, as I said, if anything shows the lack of openness and transparency from the government. In each and every area there are some issues.

Something that is of concern at the moment is the imminent departure of the chief executive officer of Lotterywest. If there is an attempt by the government to somehow influence Lotterywest projects—the way to do that is by getting a more compliant CEO—that is a real cause for concern. Again, we have a CEO who has met all his key performance indicators. From what I understand and the investigation I have done, he is well regarded throughout the sector.

I am again concerned that, at this stage, without a budget and without any understanding of where the government is going with its spending priorities, we are flying free at the moment and there is a lack of scrutiny. There is, of course, a solution to this. We, as a government, went into the last election with a very clear understanding of where we were going with state debt. Our commitments were fully costed by Treasury, so we were open and transparent. One of the ways we were going to service that debt was through the sale of Western Power. Some members will disagree with that, and that is fine, but we were open and transparent about the sale of Western Power. The public of Western Australia were, of course, frightened by the fear campaign of members opposite on the sale of Western Power. The biggest crock of nonsense I heard during the entire campaign was that the sale of Western Power was going to lead to electricity price increases. I just remind members that network charges are regulated. There is an independent regulator that sets network charges. Western Australia has one of the largest aboveground isolated electricity networks on earth. There are more than 700 000 poles. A lot of them are very depleted and around one-third, or it might be a bit less than that now, are pre-World War II poles. Western Power also has a mountain of debt.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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If, on that assumption, we had sold 51 per cent of Western Power, it would have provided, conservatively, a dividend to Western Australia of around \$11 billion. Immediately, \$8 billion could have been taken off the books straightaway. That would have been \$1 billion for education, \$1 billion for transport, \$1 billion for edge-of-grid electricity and other areas such as health. We were quite transparent about that. I was excited about that, because, from my perspective as the then education minister we were able to commit to upgrading 69 secondary schools in desperate need of repair; in particular, those 1970s schools. I think the architects lost the plot in the 1970s. They built horrible, flat-roof buildings in which the design and technology rooms were too small, there were no exhaust fans and the gymnasiums were too small. They were just awful and are now falling down. We would have had the opportunity to completely revamp those building with that \$560 million. It would have revamped schools like Greenwood College, and Hampton and Lynwood Senior High Schools. Right across the state, all those schools would have got a massive upgrade for their performing arts and design and technology facilities, and their gymnasiums. I was pretty excited about that, but that was only part of it.

In addition, we were also going to allocate \$250 million to upgrade primary schools and in a raft of other areas. It was a once-in-a-lifetime opportunity. Hon Sue Ellery will never get that opportunity, nor will any other minister who comes after her. Unless a future government is bold enough to go for the sale of Western Power again and to have that pot of gold, it just will not happen and those schools will continue to languish. We will have secondary schools that are substandard in comparison with the ones they are being built in the twenty-first century. It is a shame for some of those schools because they have committed teachers, professionals, administrators and education assistant, but the facilities will not cope, particularly given the changes in pedagogy over the past 25 years whereby we are offering so much more for students at the secondary level. New schools like Butler College or Harrisdale Senior High School, and many of the others that have opened recently, are works of art; they are like university campuses. They are absolutely magnificent. The colleges or schools that were built in the 70s really do need a lot of work so I was pretty excited when we decided to sell Western Power; but, of course, it did not happen for a very real reason—as I said, it is because there was a scare campaign. Absolutely all the evidence provided by pretty much everyone throughout the nation shows that the sale of the energy network does not lead to price increases. Credible independent sources, including the Australian Competition and Consumer Commission, the Australian Energy Regulator, the Grattan Institute, and leading accounting firms such as Ernst and Young all point to the fact that the sale of energy networks does not lead to an increase in electricity prices. As I said, the very real reason is that the price increases come from increases in fuel and generation costs at the generation level in particular. The Labor Party had no problems whatsoever privatising the generation component—the disaggregation process; that was not a problem—but it has a philosophical disconnect about the networks.

I will identify a few figures. For example, the ACCC chairman Rod Sims, stated recently —

“My thoughts are clear on this,” ...

“I think prices will ... go down post privatisation.

“I say this because I think the private sector will run these assets more efficiently, and that’s no disrespect to any staff member of Western Power.

“And the reason I say that there will be lower prices is that there is in place a proper regulatory regimen.”

That is my point: the regulator determines network prices; it is not done by government. Government does not influence network charges, which constitute about 40 per cent of the cost stack. It is actually regulated.

Let us look at government-owned networks. Between 1996 and 2000 in New South Wales, electricity prices went up by 83 per cent and network charges went up 122 per cent. In Queensland, electricity prices went up by 57 per cent and network prices by 140 per cent. In privately-owned jurisdictions, between 1996 and 2000 in Victoria electricity prices went up by 28 per cent and network charges were reduced by 18 per cent, and in South Australia electricity prices went up by 23 per cent and network charges went down 17 per cent. Again, they are four examples of how price rises have not occurred when energy networks have been privatised; network charges have gone down and that has had an impact on electricity prices.

**Hon Stephen Dawson:** You need one of those big Coles signs, “Down, Down”.

**Hon PETER COLLIER:** That is very good. It gave me a break. I do not mind those interjections.

**Hon Stephen Dawson:** It gave me a break, too.

**Hon PETER COLLIER:** It will be the last one the minister gets after that! No more interjections, Mr Acting President.

Hon Jacqui Boydel; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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Let us look at what some Labor luminaries think about privatisation of energy networks. What about one chief Labor luminary, Mark Latham!

Several members interjected.

**Hon PETER COLLIER:** Mark Latham is a very sensible man.

Several members interjected.

**Hon PETER COLLIER:** He is. My Sunday morning has not been the same since they took him off *Outsiders*. *Outsiders* was a great show and since they got rid of him, I do not watch it anymore; it is a waste of time.

Mark Latham stated —

The only conclusion any sensible person can draw is that the electricity privatisation is overwhelmingly good for NSW ... What I am worried about with Luke Foley is the denial of facts.

In 2014, Paul Keating also stated that he supported it, even though “there are still some obscurantists in the Labor Party”. Bob Carr stated in 2010 —

Iemma was right: the party and the unions and the State Libs—colossally wrong [in blocking the sale].

The Libs saw the light and have now privatised it.

Morris Iemma, a former NSW Premier, also stated —

You’re never going to get a poll that says privatisation is popular. They are either reforms that [have] a social and economic benefit, and you embark on them, or they are not.

Martin Ferguson, a great man—he was a great federal energy minister when I was WA energy minister and I worked with him very cooperatively—stated —

This misinformation that we’ve got led by my own party the Labor Party of NSW suggesting that privatisation will be the detriment of consumer that is a bald lie.

As I said, as far as Western Power is concerned, it is a shame. It is an opportunity lost. I reckon that the Treasurer, Hon Ben Wyatt, honestly would like to sell Western Power. Particularly now that he is trying to formulate a budget, he would be thinking it would be so much easier to have that \$11 billion to write down the \$8 billion in debt and then spend the \$3 billion. I know Hon Sue Ellery would love that \$1 billion dollars for education. Even if the Labor Party decides to not do it and to write off the whole lot from the books, at least it could say this is what it has achieved. However, that is going to be very difficult, because we were told by the Labor Party in opposition that it had a financial plan. We have asked constantly over the last few weeks that the government identify that plan, and that has not been forthcoming. That is why we need the scrutiny of this Loan Bill. We need to understand, with much more rigor, what it comprises.

With that I would like to comment on the education budget. I sat here as education minister for almost five years and heard consistent criticism about the education budget.

I want to know whether the \$200 million that members opposite kept saying had been ripped out of the education budget will be put back. I am not talking about the announcement about education assistants that was made yesterday; that was an election commitment. I am talking about the \$200 million that was reportedly ripped out of education, because it did not happen. I will give members a few stark facts about the Liberal–National government’s funding of education and where we left it. When we were in government, spending on education went up by 70.3 per cent. That is a fact. It went from \$2.84 billion to \$4.84 billion. That was at a time when the student population went up by 16 per cent. That is true. That is rock-solid exactly what happened with the education budget; there is no doubt about that whatsoever.

Funding per student in Western Australia was the highest of any student in any state in the nation. All members have to do is look at the *Report on Government Services* that came down in January this year and they will see that the funding is \$19 462 per student in Western Australia. The Australian average is \$16 177 per student. We are well above the national average. Who came second? South Australia came second, with \$16 749 per student. The Liberal–National government put \$19 462 into our education system per student. We increased education funding by 70.3 per cent. Members can imagine my distress when we received criticism from members opposite, because we kept being told that we were bad economic managers. When we asked our schools to tighten their belts in 2014—there was still an increase, but it was a reduced increase—we got criticised for it. In anyone’s language, a 70.3 per cent increase in education is significant. They are facts. Anything that I say is open to rebuttal by members opposite, particularly Hon Stephen Dawson when he gives his response. I challenge him to question any of the facts that I am providing.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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We spent \$3.1 billion on infrastructure from 2008 to 2016, with 46 new schools and 15 replacement schools. I know that members are waiting with bated breath, but I have something else I would like to go into first. Let us look at base teacher salaries. Our teachers were the lowest paid in the nation when we took office, but they were the highest paid when we left. At the top end of the scale, a teacher's salary is \$100 536. The state with the next highest paid teachers is New South Wales, which pays its teachers \$95 466, and languishing last is Queensland, which pays its teachers \$88 182. At the top of our scale, our teachers are the highest paid, and new graduates are the highest paid graduates in the nation. They are facts. I am proud of that. We pay our teachers more than anyone else in the nation. The reason I am proud of that is that, as you are well aware by now, Mr Acting President, I am a proud former chalkie. I had 23 magnificent years in the classroom and I loved it. I was proud to say to our teachers that they are the highest paid in the nation. That is great. We put a teacher in front of every classroom every year we were in office. Remember, in 2008, the year we won government, there were 264 classrooms without a teacher under a Labor government.

Let us look at the big one—education assistants. We were told ad infinitum that we had napalmed EAs and ripped them out of schools. Let us look at the facts. In 2008, there were 5 457 full-time equivalent EAs. When we left office at the end of last year, there were 7 517. That is an increase of 37.7 per cent at a time when the student population went up by 16 per cent. I will repeat that: that is an increase of 37.7 per cent at a time when the student population increased by 16 per cent. In Western Australia, when we left office, the ratio of students to non-teaching EA staff was 25.7, the lowest of any state in the nation. We have more EAs per student than any state in the nation. This was significantly lower than the national average of 35.2. In New South Wales and Victoria, the ratios are 45.1 and 37.5 students per EA staff respectively. I repeat: the national average is 35.2 students per EA; in Western Australia it is 25.7 students per EA. The stuff that we kept on hearing about how we had ripped the heart out of EAs was nonsense. There are more EAs now than ever before.

With that in mind, let us go to class sizes. This is something that members need to consider, because, again, we were criticised. On 13 February 2009, which is the year that we took over government, there were 23.6 primary students per class; in February 2016, there were 23.3. It is pretty much identical. In 2009, there were 24.5 secondary students per class; in 2016, there were 25.3. That went up marginally—by fewer than one student—but both figures are still well below the national average. In addition, they are well within the enterprise bargaining agreement requirements. They always met the EBA requirements. I had a very good working relationship with the union and it acknowledged that.

Let us look at the number of schools, because we were always open and transparent about where we spent our money. Again, we got constantly criticised by members opposite, who said relentlessly, including in their election policy on education infrastructure, that the Liberal–National government had built only three schools a year. That is garbage. It is just wrong. It shows yet again that the openness and transparency by members opposite leaves a lot to be desired. If we are going to pass this bill, we need to have that openness, transparency and accuracy. We are not getting it through parliamentary questions. Let us look at the facts. Apparently, we built three schools every year. Let me give members the facts. In 2009, we built nine; in 2010, we built four; 2011 was the only year we built three; in 2012, we built four; in 2013, we built six; in 2014, we built six; in 2015, we built four; in 2016, we built five; I opened five at the beginning of this year; and there are another five for next year. This nonsense about us building three schools each year is just that—it is absolute nonsense. As I said, if we are going to trust this mob opposite, please tell the truth.

Let us look now at the money that was purportedly taken out of the Department of Education. We heard constantly from members opposite that it was \$200 million. As I mentioned in my contribution last week, we are keeping a record of all those schools and we are going to look at those schools when the budget comes down and we are going to look at those schools after the audit is done and there is the full composition of staff and students next year to see whether the money that was purportedly taken out has been replaced. We are going to follow it forensically, because members opposite cannot say it for three years, not just once, and put it in their election campaign document and not do something about it.

I can only assume that members opposite will be delighted when the education budget comes down and there is an additional \$200 million above growth and indexation. Do not try any funny stuff. We all know that we fund growth and indexation. Treasury always tries to push back the indexation stuff, and there is an almighty fight. I would love to be a fly on the wall with the Minister for Education and Training in the Economic and Expenditure Reform Committee at the moment, because I know the fights she must be having. We will not accept funding that is based on just growth plus indexation. We want to see the full monty.

**Hon Alison Xamon** interjected.

**Hon PETER COLLIER:** I just wanted to see whether members are awake!

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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With that in mind, I have shown members opposite how the Liberal–National government funded education in this state. In addition to that funding and the enterprise agreement for teachers, from 2015 through to 2016, we provided the following funding. For example, as a result of the student-centred funding model, we provided an extra \$46.5 million for the primary levels of education. In April 2015, we provided an extra \$7.75 million to secure extra chaplaincy services for 2015–16; and for 2017–18, we added an extra \$10.48 million. On 22 May 2015, we provided an extra \$13 million for a classroom refreshment program. In December 2015, we provided an extra \$85 million for maintenance and technology funding. In January 2016, we provided an extra \$15.7 million injection to the high priority maintenance program. We provided an additional \$6.7 million for the science, technology, engineering and mathematics curriculum for 2018. In 2016, we provided an extra \$20 million for a primary devices program, and an extra \$46 million for students with a disability.

That brings me to the student-centred funding model. I want to emphasise again that our government provided literally hundreds of millions of dollars of additional funding, including the \$46.5 million for primary schools in 2015. Under the Liberal–National government, our schools were funded at a much higher rate than they have ever been funded. I know that might be difficult to believe, but that is the case, and our students remain the highest resourced in the nation. I encourage Hon Stephen Dawson to refute that in his response, if he can.

The big issue with funding was whether the funding was going to where it should go. In Western Australia, our students have always been funded well. We can always use more education funding. If an education minister does not ask for more money, they are not a very good education minister. Education ministers always ask for more, and, if they are lucky, they get half of what they asked for. One issue that we have always had in education is the fact that the money does not necessarily follow the child. A man by the name of David Gonski came along with Julia Gillard—goodness gracious, about six years ago now—and brought forward a student-centred funding model. That was a terrific model. It was really good. We had to determine whether this state would sign up to the Gonski funding model. We said no. This is, again, because we had to be open and transparent, and we did not know how we could be open and transparent when we were offered \$188 million over six years out of the total funding of \$16 billion. That is what Western Australia was offered. As I said last week, all our schools could have had a cake stall and raised more money. That was an insult. This state was being penalised by the federal government because of the fact that we fund our schools at a much higher rate than is the case in any other state in the nation. With that in mind, I refused to sign up to Gonski.

That decision was financially based. It was also based on the fact that the federal government was seeking to make changes to the Australian Education Act that would mean that the governance requirements of our schools were aligned more closely to those of the federal government. There is no way on this earth that I would allow that to occur, because it would add another level of bureaucracy to our schools and they would be answerable to the federal government for the equivalent of about nine per cent of their funding. To me, that was ridiculous. I remember that in the week before the 2013 federal election was called, I had a final discussion with Bill Shorten—I am not speaking out of turn here, because it is public knowledge—and said that we would accept the \$600 million that had been offered by Kevin Rudd. He had upped the ante from \$188 million to \$600 million. I said we would accept the \$600 million, although it was still lower than the amount that had been offered to all the other states in the nation, but only if the federal government made changes to the Australian Education Act. He refused to do that. When that election came about, Queensland, Western Australia and the Northern Territory were the only jurisdictions that refused to sign up to Gonski. I am proud of that. That money was taken out of the federal budget. At the election in 2013, there was a change of government. The new government made changes to the Australian Education Act and gave us back our money, plus we ended up with another \$30 million, so we were actually better off.

With that in mind, Gonski is still being debated at the moment. I was fastidious and relentless in arguing that if Western Australia were to sign up to a new Gonski model, our students should get the equivalent of the funding that is provided to students in every other jurisdiction in this nation. A child who lives in Wembley, Port Hedland or Kalgoorlie is just as significant as a child who lives in New South Wales, Victoria, Queensland, South Australia or Tasmania. That was not the case previously. I am delighted that the new offer that is being debated at the moment and hopefully will be passed in the Senate either tonight or tomorrow night will recognise that and Western Australia will get its fair share of the pie. That is all I have ever asked for. I hope the Minister for Education and Training is pleased with that outcome, because it will mean that, as I said, Western Australian students are not diminished in the eyes of the federal government.

Just as an aside with regard to education funding—this is a bit of the gospel according to Pete—if we are ever to get a truly transparent system of funding in this nation, the Feds will need to give the money to the states and let us do what we do best, and that is fund our service industries. As everyone would know, under the commonwealth Constitution, education is a concurrent power, so it is shared between the commonwealth and the states. Inevitably, regardless of the political persuasion of the government in Canberra, the funding always has strings attached—always. The funding is always conditionally based. That is what used to infuriate me. If we are

Hon Jacqui Boydel; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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ever to get to a situation in which we care about what is best for the child, the commonwealth should let the states do what they do best and fund schools. Give us the money according to the child and according to the make-up of the child, and let the states do what they do best.

With that in mind, we decided that we would capture the integrity of the Gonski model and put it into the Western Australian system of education. Again, that would provide openness and transparency in the funding of our schools. We therefore asked Professor Teese from the University of Melbourne to do an assessment of the Western Australian funding system. He provided a very comprehensive report. He was comfortable with the magnitude of the money that was being provided to students. However, he said that there was an enormous inequity at both the vertical and the horizontal level. He said that at the vertical level, we were too top heavy in terms of secondary versus primary. He said that in Western Australia, there was about a 36 per cent weighting for the secondary level as opposed to the primary level. The next highest level was in South Australia, at 22 per cent. He said that we were funding our schools at a much higher rate than any other state, and that was at the expense of primary schools. Therefore, he strongly recommended a more equitable distribution at the vertical level. The horizontal level was where the real problems existed. He said that at the horizontal level there was just no method to the madness, basically. I remember talking to the director general of the Department of Education about this, originally, and she explained it to me. If there are two schools of a very similar ilk—either two secondary or primary schools—they might have a very similar make-up of socioeconomic background, including Aboriginal students and students with English as a second language, but they will have widely divergent funding streams. It is just that schools might have had a specialist program 10 years ago, they do not do it anymore but they still get funded for it. They might have a couple of education assistants for some students with a disability; the students have moved, but the EAs stay there. Maybe a specialist literacy program is no longer being used, but the school gets funded for it. Simply, there was no method to the madness in the funding. Professor Teese recommended that every child gets funded—the money follows the child. He recommended three base levels of funding, from years 1–3, years 4–6, and years 7–12 for secondary. On top of that is a loading for students with a disability, students with English as a second language, Aboriginal students, students who live in the regions, and students who come from low socioeconomic areas. There is a top-up for those students, because of course it costs more to educate those students.

We looked at it and mapped it all out for both areas. The only area I made a captain's call on for that whole funding was at senior secondary level because we had a new Western Australian Certificate of Education, and I talked about that last week. I felt the top end needed more funding for years 11 and 12 for the graduating students. There is now a base level funding—years 1–3, 4–6, 7–10, and 11–12—and then the funding for each child. That was rolled out in 2015 and went over really, really well. It has been very well received, and now all schools have a one-line budget, not just independent public schools, and they can choose where they want the money to go. I can say hand on heart, as I mentioned last year, that I went to about 628 schools in my tenure as education minister. When I went to schools after the rollout of the student-centred funding model, I never, ever had one principal or office administrator who said they did not like it. They liked that flexibility, so they could determine their staffing profile or where the money went in their particular program. The only area I felt needed some tweaking was with regard to disability. That came through loud and clear right across the board—not complaints, just concerns that that was the area that needed a top-up. That is why we put in that \$46 million last year, and, again, that was very well received. In particular, \$32 million was allocated to students with autism. The autism spectrum is very broad now and diagnosis is much more sophisticated. Once upon a time students would be diagnosed as being a naughty child or as having attention deficit hyperactivity disorder or whatever it might be, and then be found to have autism. Some funding was also provided for dyslexia, more funding for the education support centres, and a roaming group of teacher assistants who would assist in areas with students with a disability. That student-centred funding model provides the transparency and flexibility that schools want. It captures what Gonski wanted and recommended, and we imposed it on the Western Australian scheme. As I said, a principal now knows how much money he will get, when he will get it, and the money will follow the child. It cannot be argued against. That transparency is something I am proud of, and I wish this government would learn from it. Quite frankly, the lack of transparency in what has been provided on this Loan Bill at the moment is very concerning.

Having said all that, I would like to finish on the National Disability Insurance Scheme. I will just make a few comments. Although I am new to the shadow portfolio, I am not new to the area. As education minister, which was one of the great privileges of my life, I got to go to a lot of schools. I went to pretty much every education support centre, and I would always make a point of identifying the students with a disability in any of the schools I went to. I learnt just how challenging their lives are. The great part about life in our schools in the twenty-first century is that a student with a disability is now treated with the same respect as a mainstream student. That did not happen for generations upon generations. They were ostracised and alienated from their mainstream counterparts, and it was such a shame. School communities across the state, nation and globally now embrace



Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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students with a disability. They treat them with the same respect as their mainstream peers. It is therapeutic and refreshing to go to a school environment and see those students with a disability being as much a part of the school environment as absolutely anyone. That is wonderful. I think that is a microcosm of our community. Within the community now there is much more of an understanding of the special needs of people with a disability, and they are part of mainstream society. Again, that has come about as the result of a cultural shift within our community, and it has been a good thing.

The debate on the funding of services for people with a disability has been going on in earnest for a number of years. It emanated from former Prime Minister Julia Gillard's endeavour to implement a National Disability Insurance Scheme to ensure that people with a disability are provided with opportunities equivalent to those without a disability. That is good. Getting to the end point, though, has been the hard part. To this point across the board we are almost there; in Western Australia we are still not there. I know the minister will acknowledge and probably appreciate this, but there is now a lot of, dare I say, uncertainty, but also frustration within the sector. I have now met with most of the main advocacy groups and service providers. There is a bit of mixed messaging there from the advocacy groups, not so much the service providers. The fairly consistent message I am getting is that they would like to see it localised. I know this will be difficult for the minister —

**Hon Stephen Dawson:** No, member; I am happy to put some others in touch with you who have diametrically opposed views—service providers.

**Hon PETER COLLIER:** I have just said that there is mixed messaging.

**Hon Stephen Dawson:** Even in service provider land they're not all on the same page. Sorry; you keep going.

**Hon PETER COLLIER.** I have just said that there is mixed messaging, but most I have seen and spoken to would like to keep it at a localised level. I can see why. The notion of having to deal with Geelong seems, to me, extraordinarily obscure, and is really not something most of the service providers I have spoken to would look forward to.

Having said all that, I do not want to pre-empt anything on the minister's announcement, but his ministerial statement last week on the fact that the decision is yet to be made heightens the frustration. Three different areas and three different service models are still being operated in Western Australia, and that is causing further uncertainty. There are again financial implications for Western Australia, and the minister will have to consider that. I strongly urge the minister to expedite this process, because the uncertainty and anxiety that exist in the sector at the moment are growing on a daily basis. Having said that, I do not intend, as I constantly say, to make it a political issue, but I am mindful of the fact that it is a group within the community that has had enormous challenges, and people really want some understanding and certainty on this issue.

Having said all that, I think my argument has been very, very compelling. We have identified the fact that in government we tried to be as open and transparent as we possibly could. We always provided answers to questions whenever we possibly could. When I was in the chair now occupied by Hon Sue Ellery, if at all possible, I was insistent on avoiding answers that asked the member to put the question on notice. My fellow ministers and parliamentary secretaries were very aware of this. I was filthy and used to chuck a hairy when that would happen. I used to say, "Why can't we answer the question?" I used to do it all the time. I said to ministers and parliamentary secretaries that if they could not get a response, they should say they could not get a response that day and go back and ask the minister why not. I used to say in cabinet all the time that ministers and parliamentary secretaries should give a response and not treat our house with disdain or contempt. If they knew the answer, they should give the answer.

In the questions that I have had answered, the lack of transparency and the lack of integrity behind the answers that have been provided is galling. It does not augur well for this government, considering the fact that it has had fewer than six months in office. Then it has come into this place with a Loan Bill for \$11 billion upon which we have absolutely no substance whatsoever and we have no budget to base it upon. The only financial forecasts we have are those provided by the previous government in the previous budget and the costings that were done on its policies prior to the election. That is the only thing that we have to go by. We know absolutely nothing. We are going blind into this \$11 billion black hole.

Having said all that, I will be very interested to hear what the minister has to say about the questions that I and other members on this side of the chamber have asked about the Loan Bill. I hope that provides a bit of insight into where we are as an opposition. I look forward to the response from the minister.

**HON TJORN SIBMA (North Metropolitan)** [9.21 pm]: I do not wish to dwell too long on the Loan Bill 2017 but I want to make some brief remarks outlining how we got here and what we are doing about the fiscal situation we find the state in.

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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As a younger man, one of my first jobs was in the Department of Defence. Effectively, I was a capability programmer. That meant taking about three or four strategic scenarios and attempting to build a capability across the entire Defence Force that would meet the needs that those scenarios presented. Some scenarios were more likely than others and some capability components across land, air and sea and the human and IT elements were more fit for purpose. During that job, I became strangely familiar with dealing with big numbers and projects worth in the hundreds of millions of dollars across very long time frames—everything from air warfare destroyer acquisitions, electronic warfare suites for submarines and F-111 replacement craft. They were big issues. We dealt with rounding errors in the tens and twenties of millions of dollars. As a young person, I found that a distinctly uncomfortable place to be—that we still had that lack of rigour. But every capability case that went to government went through a series of hurdles. Every capability case was attended by a business case at least 100 pages thick and all the financials had been vetted by external consultants, by the Department of the Prime Minister and Cabinet, by the federal Treasury and by the federal Department of Finance. There were three other hurdles: one through a secretaries committee on national security agencies, then through the national security committee of cabinet itself and then, finally, the federal budget. Only when I understood how that process worked did I develop a level of comfort with the amount of money that we were dealing with and the rigour with which we could, hand on heart, say that this capability would cost this amount of money. As I later found out, that was a perilous exercise. Acquisition projects had a tendency to blow out quite considerably. Nevertheless, there was a rigour and a discipline behind it.

In dealing with the nature of this Loan Bill, I am not necessarily uncomfortable with the unprecedented amount of borrowing being sought but I am very uncomfortable with the lack of accountability that attends to it. There is no reliable way to estimate borrowings across a term of government. It is well in excess of the financial requirements of the state. I refer to the second reading speech, which stated that there remains a \$1.2 billion buffer in central revenue and it is expected that this revenue is enough to get us through the July recess. When we as an opposition party took a briefing from Treasury officials, they gave us an order of magnitude requirement to meet the bills of government up until at least the end of next financial year. That was in the order of \$5 billion or so. Again, there is a significant difference between that \$5 billion and the \$11 billion being sought through this bill.

The other thing that concerns me and other members in this place is that the Treasurer himself cannot guarantee that he will not come back asking for more. I would have thought that if he is putting an unprecedented amount on the table, he would at least give some commitment to this being the last time ever but that has not occurred.

I note comments made by Hon Colin Tincknell last week when speaking on this bill. To paraphrase the honourable member, he looked at the trend line of borrowing and effectively asked: when does this madness stop? I think that is a great question. Also throughout that discussion there were some risible humorous remarks made about Hon Aaron Stonehouse and the fact that he was likely to carry the can for this borrowing for the rest of his days. I only want to refer once more to the honourable member, but I did not find that discussion too funny at all. At this rate, the honourable member's future children and their children will be paying off this debt. My seven-month-old son will be paying off this debt and his children will be paying off this debt if there is no serious attempt to get our financial house in order.

In dealing with this bill, I would like to apply the maxim of fixing the problem rather than fixing the blame. There is one thing that has depressed me most about the government's attitude on this matter and other matters. It is far too easy to criticise the people who preceded us than to articulate a sensible, rational and albeit brave way of dealing with the challenge that lies ahead. Frankly, members opposite have the political capital to do that but they have failed to do that so far. One might ask why that is. I think it is because the government holds no credible debt reduction strategy. In fact, there are two plans, both of which lack credibility, and I will deal with them in turn. One of them is the Treasurer's debt reduction fund or plan that will only start dealing with debt once iron ore hits \$85 a tonne and the state's GST receipts are equivalent to 65 cents in the dollar or higher. As my friend Hon Dr Steve Thomas pointed out, that combination of events is likely to occur only three times every 110 years. As an aside, if members thought Hon Dr Steve Thomas's contribution to this debate was dry and detailed, they should try sharing a room with him! I get it every day. The point he made was a profound one: the Treasurer does not have a plan. The plan that he has articulated has no credibility. The second plan is a plan outlined by the Premier himself. It is not so much a plan, but a platitude about having a plan. It was that the state would deal with the debt as people pay off a mortgage. That is the kind of line that plays exceptionally well to focus groups during an election campaign, but it underscores a certain unpreparedness to deal with the very weighty issues of financial management that befall the Premier and his cabinet.

We in the Liberal Party did go to the election with a plan to deal with debt. Before I get to that plan, I want to disabuse some commonly held notions about how the previous government spent its money. I want people to realise that over the seven years from 2008 to 2015 that this state's population grew in excess of 420 000. In our own way, we knew what was happening but we saw it on a seat-by-seat or suburb-by-suburb basis, with

Hon Jacqui Boyde; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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1 000 people a month here and 1 200 people there, but I do not think there was much in the way of consolidating those numbers down and understanding the full weight of them. I understand that 420 000 people is greater than the population in the state of Tasmania. I imagine it would have been one of the largest human movements in Western Australia's history, except for the gold rush. We have dealt with something demographically profound. Those kinds of human shifts come with a financial cost. A significant amount of money was borrowed and it was invested in capital works, but in so doing the state's asset base grew by \$70 billion. As a balance sheet measure Western Australia went from something like \$125 billion to \$190 billion over eight years. That kind of balance sheet growth in any corporation would be envied. It was done to meet real human need, and the alternative to meeting that need would have been to allow a significant number of our population to go unserved. Of the money that was spent, 60 per cent was associated with water and power supplies to service that additional 420 000 people. That is really all I want to say about the past. It did not go on vanity projects; it went on meeting need. We should be seized of that requirement to ensure that the government meets the needs of this community.

As I said, the Liberal Party went to an election campaign with, some would say, a crazy brave decision to partially privatise Western Power. It did so in the full knowledge that it would receive a very well financed and politically tactical sophisticated communications campaign against it. I said in my inaugural speech that we have to get real about the future of electricity generation transmission and use in this state. We deal with a model that is over a century old and technology is fragmenting that. The sale of Western Power would have provided a source of revenue. Whether the sale would have got the price the previous government thought it would is unknown, but it would have been a higher price than not selling the asset at all. As sure as night follows day, the value of that asset is going to decline, and it will decline rapidly. The asset value will diminish. There is a narrow window to take advantage of that, and I assume the government will not take advantage of it. That will come at the expense of the people it purports to represent. The Labor Party utilised a fundamental campaign theme throughout February and March: it was the party that people could rely on to the keep cost-of-living pressure down. The Treasurer has already intimated that is no longer the case. Whether the tariff rises are between seven or 15 per cent, I suppose we will find out next week. The Treasurer and the Premier have conceded that they have made their decision about increases to fees and charges, but they will not tell us until next week. I think that is appalling. They have made the decision, so why not tell us and allow people to get on with some certainty?

It corresponds with another interesting drop to Joe Spagnolo on the front page of *The Sunday Times*. It is a kind of policy announcement without formally making a policy announcement: give it to Joe, run it up the flagpole, see the response and make amendments accordingly, and then release the policy. I think that is the government's game. I think self-funded retirees could do with a bit of certainty about how they are to manage their budgets. There seems to be a view that self-funded retirees are wealthy people. That is not always the case; some of them are in very marginal situations. I will say something about the concept of applying the means test. The government wants to be very certain that its instrument in conducting that means test is calibrated to local conditions and assesses what people's incomes are, and that it is open to external scrutiny. The government does not want to apply a commonwealth-style means test designed in another place and for another purpose. If the government applies that kind of means test, it will hurt people. Some of the people it will hurt will be its own voter base. I can tell government members that right now. The government is in for an interesting time.

I want to reflect on campaign promises that were made. One of the best assessments I have read comes from an opinion piece by Gareth Parker in *The West Australian* on Thursday, 1 June, which I will table if members are interested. It reflects on the campaign to save Western Power. This column should be on the wall of every Labor minister, because I think that in four or eight years' time, they will come back to look at it. The article reads —

The promise to "save Western Power" will come to be a millstone for Labor not just because it removes from the Government's arsenal a big debt reduction weapon which would keep the ratings agencies at bay.

It will also hurt because the Government made low power prices central to the rationale for keeping it, ...

Most voters will be livid when Wyatt hikes their power prices 5 per cent to 7 per cent within the next few weeks having been told during the campaign that only Labor could be trusted to bring prices down.

Central to trust is the notion of accountability. My colleague Hon Peter Collier, in his contribution to this debate, reflected on many of the substandard responses the opposition has received from the government to questions that are answerable and for which no answer has been given or that we have been referred to put on notice. I refer quickly to two questions I asked last week concerning the future of mid-cap miners in this state, particularly the companies that export ore out of Utah Point. Many of us here will be familiar with the struggles of companies that are at that level of market capitalisation and the previous government's policy of applying a \$2.50 a tonne cost relief package essentially to allow these companies to trade through hard times. That arrangement concludes on 30 June. I asked two questions last week about this matter—the first one and

Hon Jacqui Boydell; Hon Aaron Stonehouse; Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Rick Mazza; Hon Peter Collier; Hon Tjorn Sibma

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a follow-up. Basically, I was told that the matter is under consideration. When I drew the Minister for Transport's attention to the fact that this arrangement was going to lapse in the next fortnight and that perhaps the companies could do with the courtesy of arrangements being made, I was once again informed that the matter is under consideration. Since I have asked the first question, the minister has put out three separate media statements on other issues, so I know that she is making decisions somewhere, but not about this matter.

Part of assisting and growing the state is in support for industry. But even more fundamental is providing some measure of courtesy and certainty to the industry that undergirds this state and provides these royalty streams. I find it a very, very strange way to deal with fundamental industry. It is not that the members opposite have no guides to financial management; it is that they choose to ignore them. My colleague mentioned the pantheon of Labor stars who have disabused the fear campaigns that attend privatisations, but I want to refer to just one in my concluding remarks.

Paul Keating once famously claimed that the goal of politics was effectively to do the Placido Domingo: fuse the politics and the economics together. It is a highwire act but it can be done. Those who choose to do it walk the path of greatness. I invite members opposite to channel their internal Keating. Reach down inside themselves and find that Placido Domingo and deal with the situation before them in a creative, robust and courageous way. I am waiting to be impressed.

I want to finish on one thing. About a month ago, journalist Troy Bramston interviewed Paul Keating. It was a wide-ranging interview. Keating was talking about something I do not believe in—the death of neoliberal economics—but his central tenet was that there is a role for government in the marketplace. Even though I am on the centre-right of the Liberal Party, I also agree with that sentiment. But he gave an interesting quote. He said that sensible governments identify a series of assets that they can divest themselves of to generate revenue for reinvestment. It is not a zero sum game. With that, I look forward to being astounded by improved levels of accountability and financial bravery.

Debate adjourned, pursuant to standing orders.