ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 12 May on the following motion moved by Hon Stephen Dawson (Minister for Emergency Services) —

> That pursuant to standing order 69(1), the Legislative Council take note of tabled papers 1270A–D (2022–23 budget papers) laid upon the table of the house on Thursday, 12 May 2022.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [2.09 pm]: Given the budgets that we have had recently, I have always taken the view that budgets should be presented on a Tuesday like they are in the federal Parliament with budget reply contributions happening on the Thursday, because Thursday is a fun Parliament day and given the current budget, I think we will have a little bit of fun with this. It is almost a shame to be amusing ourselves so much on a Tuesday when, in fact, that would be far more appropriate on a Thursday. It would be nice to go back to the federal system whereby the budget is handed down on a Tuesday and the opposition is included in the budget lock-up so that it can ask questions. That is a long-term philosophy and tradition of federal budgets, but it does not occur at the state level. It would be useful if we went to a Tuesday budget and gave the opposition a chance to respond a couple of days later. That would not only be appropriate in terms of "Fun Questions Thursday", but also give the public a greater sense of accountability.

I am going to speak a lot about accountability this afternoon, President, because we need to hold the government to account, particularly on its finances. I do note that the Premier, who promised a gold standard of accountability in 2017, finally came clean in 2022 and said that it is a sometimes gold standard of accountability—an occasional gold standard of accountability—and I intend to demonstrate this afternoon that that sometimes gold standard of accountability is looking somewhat tarnished. It is probably a very old brass standard of accountability. We will get to where I think the government is very carefully misleading the community of Western Australia as part of its budget process in due course.

Let us look at the basic parameters of the 2022–23 budget that was presented this financial year, which also gives us an indication of what happened in the current financial year of 2021–22. It is a bit of a shame that my good friend Hon Alison Xamon, the former leader of the Greens in this place, is not here because Hon Alison Xamon loved a good chart. I know that you, President, are an aficionado of technical work and a good chart when one comes along, so it is my intent to deliver some interesting graphics to highlight the points made. During the course of my contribution, I am hoping to table a few charts that will be germane to the conversation that we, the Parliament, will be having around what the finances of this state look like.

What is the key message that comes out of this budget? Members will not be surprised to know that, obviously, the key message that comes from this budget is that this government, the McGowan government, is enjoying the greatest fiscal boom in the history of the state of Western Australia, but, not just that, it is enjoying the greatest fiscal boom of any state in the history of Australia. This government is making more money out of its business, people and communities than has any government in the past or any other state government in the history of our nation. It is an astounding outcome.

The first message that everybody should take from the budget of the 2022–23 financial year is that this government is rich. It is in the middle, or probably slightly towards the end, of the greatest boom in our history and it is in the process of blowing that boom for its own political advantage and purposes. This government will be remembered for that. I know that the Premier would like to suggest that, historically, he will be remembered in the future as the person who led the state through the COVID pandemic—that is the legacy he wants to leave—but I do not think that that will be his legacy. Over the last few days, we have seen a little change in the way that people perceive the actions of the Premier. History will judge him on how he managed the greatest economic boom, the greatest fiscal boom, of any state in the history of this country. I actually think that he will be judged on that. When in the future people look back at what he proposed to do and what he has done, they will find him wanting because they will know that he looked after his political future and the future of the Labor Party at the expense of the people of this state. We will go through in some detail why I think that is the case, but let me say that this budget has not been met with rapturous applause outside of the Parliament, which is dominated by the Labor Party, and the Labor Party caucus, I suspect. Everywhere else, this budget has raised as many questions as it has delivered answers. That is appropriate. The gloss of this Premier is starting to wear off just a bit more.

What do we know about government revenue and expenditure as a result of the budget? As I say, we know it is the greatest boom in the history of this state. I keep a running total of general government revenue and expenditure for the state of Western Australia. I have gone back only to 1997–98 in my current chart, but that is 25 years. When members stop and look at the tabled papers and compare them with various incomes and expenditures, I know that they will compare the various booms of this state over the last 20 years or so. It has been close to 20 years since this boom-and-bust cycle has been hyper-charged. When we compare general government expenditure and revenue, we see that there was a fairly constant line-up until the 2002–03 financial year. I actually did this chart going back

50 years before I did the one that I am intending to table for the benefit and education of members in the house. The lines in relation to revenue and expenditure are remarkably constant and very similar. There are small variations, obviously, as things came along. There was additional expenditure in the 1960s followed by some additional catch-up in revenue, but the revenue and expenditure lines are remarkably uniform and consistent with each other. Governments did not have massive revenues and they did not tend to borrow when they did not have massive revenues. That was a long-term trend, but it has changed.

When members look at the chart—I am sure they will—they will see that there was significant growth in general government revenue from 2002–03 to 2007–08. On occasions, I call that period the "Gallop–Carpenter boom" after the Premiers in power at the time, but mostly I call it the "Ripper boom era". I have always said fairly nice things about Hon Eric Ripper in this place because I think he was a pretty straight-line Treasurer. I have even said nice things about Hon Paul Keating, which has probably cost me a bit on occasions, but we will not necessarily go back that far. Hon Eric Ripper had a very straightforward and economically sound approach to budget management. He basically looked after additional revenue by putting it into accounts and waiting for the expenditure on major items. As the shadow Treasurer, I remember that in 2007, he put $1 billion aside for the Perth–Mandurah rail line and in 2008, he put $1 billion aside—the first $1 billion—for what was to become Fiona Stanley Hospital. It might have had that name in the last budget. Eric Ripper took a fairly sound approach to that, and that is why members will see that whilst there was significant growth in expenditure, the higher growth in revenue gave him some capacity to put money aside. There was certainly an additional $1 billion to $2 billion in terms of the surpluses at that time. The global financial crisis came along, and whilst expenditure continued to rise, revenue flatlined for one year. It did not drop—it flatlined for a year. The global financial crisis had a minimal impact on the fiscal economy—that is, on government revenue and expenditure. Revenue and expenditure were remarkably similar to what they had been for most of the past 75 or 80 years, which is as far back as I went. In the year of the global financial crisis, as revenue flatlined, expenditure went up and the government got back to even again.

Once again, revenue took off after 2007–08. That was the era of the Barnett government, and that was the Barnett boom. The Barnett government continued with revenue being higher than expenditure up until about 2013–14, at which point the iron ore correction occurred. The problem was that expenditure continued on a fairly similar trajectory as revenue declined. Iron ore first went back to its long-term average and then went below its long-term average, at a point when the GST redistribution system, or what we call horizontal fiscal equalisation, started to change.

A member interjected.

Hon Dr STEVE THOMAS: There is a round of applause already! I am only five minutes in, member; thank you very much. I am not sure that a round of applause is normal this early in a speech, but I will continue. The honourable member might be doing Mexican waves after a while if I continue.

Obviously, there was a twofold correction and then there was a significant reversal of revenue versus expenditure. Then, of course, we hit 2019, when, suddenly, iron ore took off once again. Interestingly, at the same time, the commonwealth government struck a new deal on GST, which no longer penalised the state to the same extent in relation to horizontal fiscal equalisation. I am happy to have a long debate on the good and bad virtues of HFE, but let us for the moment just accept that it changed at that point. When members examine the chart that I will make available to them, they will see that for 2018–19 and 2019–20, there was once again a significant budget surplus. But then the explosion happened.

In February 2019, as members might recall, because I do mention it on occasion, the price of iron ore hit over $US90 a tonne—I think it was $US93 at the time. I asked at the time whether this was the next boom and what modelling the government had done if the price stayed above $US90 a tonne. The then Treasurer, Hon Ben Wyatt, said that it had not been modelled because the continuation of the price above $US90 a tonne was highly unrealistic. I did not actually bring that chart with me, but when we chart the price of iron ore and put a line across at $US90 a tonne, there were a few little blips in the early stages of this government, when it slipped under $US90 a tonne, but it has not done that very much. It hit $US220-odd a tonne at one point. I asked recently what was the average price this year and was told that it was $US138-and-a-bit a tonne. It was higher last financial year, so iron ore royalties have in fact declined a little—from $11 billion to $10 billion expected in the current financial year, 2021–22. Again, it has been the biggest boom in the history of this country for any state jurisdiction. When we see it charted, it is pretty simple to read.

There is now a massive gap between general government revenue and general government expenditure. I make this point, though: general government expenditure has gone up and not down. One would have thought that a Premier who is taking credit for the current financial situation of the state based on good financial management would have been able to reduce expenditure. I am happy to accept that the government has had some expenses that it would not otherwise have had. It obviously had to deal with the COVID crisis in particular, and that is probably the single-most impactful issue the government has faced, but it has not cut expenditure; it has gone up because of that. This government is not a good financial manager; it is simply lucky. It is lucky that it has had the greatest boom in the history of this country, because this is about the only jurisdiction in the world that has made a profit out of the COVID crisis.

I seek leave of the house to table the chart of general government total revenue and expenditure from 1997–98 to 2021–22 estimated.

[Leave granted. See paper 1279.]

Hon Dr STEVE THOMAS: Thank you, President. This government has taken advantage of the greatest boom because it has been lucky. Why has this government made so much money in the last couple of years? Obviously, governments around the world, in response to the COVID crisis, have engaged in massive stimulus infrastructure spending. They are trying to boost their economies. They are trying to build to maintain employment in particular. This is happening all around the world and has created a massive demand for steel, which obviously has created a massive demand for iron ore. At the same time, Australia's biggest competitor, out of South America, has suffered some significant setbacks and constraints in relation to supply. I do not want to get into a debate on how to pronounce that company's name, but Vale is still below full production and will potentially remain so for another year or so. What will that do? Even if it is only the last five per cent of iron ore supply that is not being produced, that will be sufficient to drive up the price. The price, for the time being, remains high.

I have not checked the price today, but I checked it yesterday and it was about $US133 a tonne. It is in a slow decline; it is gradually starting to correct. Pretty much every pundit and economist is saying that it will correct some time over the next couple of years as world governments move through COVID. The problem we need to address, of course, is that as it corrects, the free money of the McGowan government will start to evaporate. As I have said in the house before, I expect that iron ore will be back to $US100 to $US110 a tonne by the end of this calendar year, 2022, and I fully expect that by the end of 2023 or early 2024, it will be back at the long-term average run for iron ore prices, which is around $US70 to $US75 a tonne in today's dollars. When that happens, iron ore royalties will drop from $11 billion last financial year and $10 billion this financial year to the long-term average run of $6 billion, depending on the level of production and export. What will happen? We will drop $4 billion to $5 billion in iron ore royalties. What is the budget surplus this year? It is $5.7 billion, bearing in mind that that is still an estimate. Last year, it was estimated to be $5.7 billion and it went up to $5.8 billion by the time we got to the *Annual report on state finances*. I suspect there might be a chance for it to trickle up a smidgen from here, but let us see what the end result is. So we will see 80 to 90 per cent of the budget surplus of this government drop back. When that happens, it will have flow-on effects to other parts of the industry. It will impact the state of the economy. The big iron ore companies will continue to produce massive amounts of iron ore, bearing in mind that most of those large companies can survive comfortably on a price of $US70 to $US75. However, some of the other companies that are now employing people and undertaking exploration will struggle at that price. There will be impacts in other parts of the economy. We can expect government revenue to start to correct across the board. By the end of 2024, it is my expectation that it will look like a far more normal part of the economic cycle.

That is not to say that I think we will be in a bust at that point. We have been a boom-and-bust economy so it is possible that we will go to the next bust. If the iron ore price were to go down to $US35 a tonne for some reason, particularly if China were to stop buying it, guess what? We would be in the next bust. Companies would go bankrupt. Thousands of people would be unemployed. That would be a problem for the future of Western Australia until the next boom comes along, and we get stuck in this boom-and-bust economy, which I will talk about in a little more detail as we progress. But I think the best that we can hope for at the moment is a smooth transition down to the long-term average price of $US70 to $US75 a tonne, in which case the large companies will still make significant profits and the smaller companies will still be potentially profitable. There might be some struggle. But the state's economy will correct at that point, and the question that will be asked, which is why I raised the question of how we will judge this Premier, is: in the biggest boom in this country's history, what were the outcomes for the people of Western Australia compared with the political agenda of the McGowan government? That is when I think this Premier will be found wanting.

Of course, it is very easy to concentrate on mining royalties. I thought this chart might interest people, as well. It is simply a chart of WA mining royalties, again going back almost 25 years. Again, we see a gradual increase, a significant increase in 2003–04, a big jump up in 2009–10 and then a big jump in 2019–20, and the 2020–21 estimated actual slightly down on last year, dropping by almost $1 million. President, I seek leave to table the WA mining royalties chart from 1998–99 to 2021–22 estimated actual.

[Leave granted. See paper 1280.]

Hon Dr STEVE THOMAS: Thank you, President. Honourable members will be interested to look at that chart. I know that a lot of people like to tell me about the crashes that have occurred over the last 25 years, and certainly there were price corrections in 2013–14 and 2014–15 that continued. The price actually dropped quite low—it dropped into the $US40s a tonne—corrected to some degree and did not then skyrocket again until February 2019. Honourable members can look at that chart. I know that some of us have an economic bent. I know that the Minister for Emergency Services has an economic bent. To be honest, I miss the days of Hon Aaron Stonehouse, who I know loved a good budget debate, and a few others, but I know that the minister will be well aware of these issues. The corrections that occurred in the price did not equate to significant reductions in iron ore royalties in total. The reason that happened was that volumes increased remarkably to pick up the difference, so iron ore royalties stabilised. They dropped slightly. There was a slight drop particularly around 2014. I think that 2014–15 was the most significant year. I urge members to look at that tabled paper and be well educated on this, because it looks to me that we will remain an iron ore–based economy for some time to come through the McGowan government's lack of vision.

Members should have a look at this. Iron ore royalties dropped only slightly and corrected based on the throughput—the volumes of iron ore that were going out at that time—so, to some extent, the state and its revenues were protected because of the increase in volumes. Again, that is not going to happen forever. We can look at the projections going forward, even in the government's own budget papers. I urge members to look, as I frequently do, at budget paper No 3, because I think the most interesting parts of the budget are actually in budget paper No 3. Those members who are new to the chamber should sit down and read budget paper No 3 in its entirety and then pick and choose the departments they are most interested in. This is the budget paper that gives members the best part of the information. If we look at page 3 of budget paper No 3, we see the key budget assumptions. They include, about midway down the table, "Iron ore price". The 2020–21 actual average was $US154.5 a tonne, which is why that year produced an $11 billion royalty revenue specifically in iron ore. The estimated actual for 2021–22 is $US139.5. Interestingly, it is a dollar up from when I asked the question about a month ago. The budget estimates for the next financial year, budget year 2022–23, is $US77.5 a tonne, and then for each further out year it is $US66 a tonne. This government has done something that it does every year—I actually agree with it; I think it is the way it should be budgeted—and forecasted a probably significantly conservative iron ore price for the 2022–23 financial year at $US77 a tonne. I think it could potentially be $US30 a tonne higher than that on average, which will still be $US30-something a tonne on average cheaper than it is in the current financial year, but that $US30 a tonne at $A82 of revenue for each US dollar a tonne for the price of iron ore will mean that the budget surplus, which is conservatively estimated next year, will probably be $2.4 billion higher when we get to the next financial year. In next year's budget, I fully expect to be standing here saying, "Yes, the government's conservative budget estimates on iron ore price means that it will have an extra $2.5 billion to play with that it did not have in its budget papers." That is $2.5 billion of unallocated money that it can throw at the re-election of the McGowan government. That is another issue we need to come to in more detail.

The next section down under "Key budget assumptions" is volumes. The 2020–21 actual was 839 million tonnes; the 2021–22 estimated actual was 853 million tonnes; the 2022–23 budget year estimate is 855 million tonnes; and then, each year after that, the estimate and the out year is 865 million tonnes, which indicates that from the estimated actual throughput and volumes of the current financial year out to the end of the estimate for the out year at 2025–26 is another 12 million tonnes. I think that is again probably fairly conservative, but again, I think conservatism is probably the right way to go with this. But it indicates that volumes of iron ore are not really expected to go an enormous amount higher. Could we get to one billion tonnes of iron ore going out through Western Australian ports at some point? It is vaguely possible, but it absolutely depends upon the infrastructure spending of a number of countries—most significantly China, but not just China. Obviously, there are other nations throughout Asia, North America and Europe that still also get the benefit from that. But the government's estimate is a fairly conservative stabilisation of volumes of iron ore. What does that mean? It means that when the iron ore price corrects, the increasing volumes that saved previous governments in terms of total amounts of royalty going through is highly unlikely to save future governments going forward. What does that mean? It means, to be honest, in terms of the budget of Western Australia—I have to say it—this is probably as good as it gets. The corrections mean that this government has all the free money. This government has the greatest capacity. For those reasons, it was incumbent on this government to make sure that the benefits of that free money were spread across the people of Western Australia. Frankly, I do not see that happening. What do I see happening? I see a figurative giant money bin in which the Premier is figuratively rolling in cash, a bit like Scrooge McDuck. I have to give Scrooge McDuck a run; it is a tradition, President. Scrooge McDuck had to get a run. But that is effectively what this government is doing. It is rolling around in its money bin, lapping up the money, throwing it in the air.

In the presentation of the budget, I detected a fair degree of arrogance on behalf of the Premier, who is the Treasurer, because he was kind of waving his money at the people of Western Australia, and a large number of the people of Western Australia have not seen much benefit from the huge amount of cash that the Premier is throwing up in the air and rolling around in. The Premier is probably very disappointed that his budget has gone down as badly as it has, because the only people applauding it are members of the Labor Party and, probably, I suspect, the federal Labor Party—but we will come back to that later.

For the most part, there is deep disappointment with this budget because the people of Western Australia are finally starting to realise that this government is rolling in cash that is not of its own making. We have heard that in this chamber before in debate on a motion moved by a member of the government in which the government tried to claim credit on behalf of the Premier, who is the Treasurer, for the financial position that the state has found itself in. I said at the time, and I repeat today: Did the Premier instigate a COVID-19 outbreak? No, he did not. Did the Premier instigate a dam collapse in Brazil? No, he did not. Did the Premier instigate massive infrastructure builds in response to COVID? No, he did not. All the things that are driving the economic position of this state are completely outside the control of the Premier, who is the Treasurer, yet he loves to take credit for it. He loves to tell people that this is his doing, and it is not.

Given that the federal election is a few short days away—I do not intend to do any spruiking on behalf of any party—I seek to elucidate for members the contribution that the GST floor has made to the financial position of this state, a position and a floor to which I give great credit to the current Prime Minister. The federal Treasurer instigated and planned it and the Prime Minister delivered it. It would be very nice to hear a bit of gratitude from members opposite, but let us not hold our breath on that. I would like to demonstrate this, though, to members. I have here a lovely chart of WA GST revenue. It goes back only to 2020–21—those who are economic tragics will realise this—because that is when the GST was introduced. Before that we would have to chart the various components of the grants process of the Commonwealth Grants Commission, and that is an internecine process that I do not want to put onto paper. That would be a tome, not a page.

This chart shows WA GST revenues in the time in which we experienced what I referred to previously as the Eric Ripper boom. We received high iron ore income, and also at that point—2005–06 and 2006–07—we received high GST payments, because of the lag. There was a lag when redistribution and horizontal fiscal equalisation was put in place. There was a lag system so the immediate one-off high revenues in one year, for example, did not automatically set a new level; it was averaged over a number of years. However, with the lag, GST revenue stayed reasonably high and then levelled out. Again, around the global financial crisis, in 2008–09, GST levels started to stabilise and drop. They did not disappear. The lowest level of GST given to the Western Australian government was in 2015–16, when it was a bit under $2 billion. That, in theory, was to balance out, at that point, the previous high iron ore prices, but, of course, iron ore crashed at the same time, which will explain things when I get to the debate on debt. But, in 2018–19, there was a sky-rocketing in GST. What happened in 2017–18? The Prime Minister of Australia delivered on what he planned, which was a 70¢ floor in GST payments to Western Australia. GST payments continued to rise. For example, in the first six months of the 2021–22 financial year—it is only six months because we have not completed the second six months of it—GST payments to this state have been nearly a couple of billion dollars higher than they were the year before, in 2019–20. In 2019–20, by the way, the state also had massive revenues. This government is rolling in cash in part because of the work of the Prime Minister in delivering a floor in the GST, a floor that will in a couple of years' time go from 70¢ to 75¢.

If I am correct and in about 2024 the price of iron ore goes back to $US70 a tonne, for example, by 2026, we can expect that number to climb again because we are into the correction part of the cycle. I will not say bust necessarily, because a bust happens more occasionally than people think. Corrections are normal and are far more common. At some point we need to acknowledge that the boom-and-bust cycle in Western Australia has been probably better than some people think, because we have spent a lot of time in boom; we have spent a fair bit of time on average and we occasionally bust a bit. But when we go back and look at some of the ancient history when iron ore prices were at $US10 or $US15 a tonne, the companies that were producing it were doing it pretty damn tough. Bear in mind, of course, that production costs 40 years ago were a lot lower as well. But, in fact, in some cases, production costs are probably as low in real terms as they have ever been, as companies make more efficiencies.

I seek leave to table this document detailing WA's GST revenue from 2000–01 to 2021–22, estimated actual.

[Leave granted. See paper 1281.]

Hon Stephen Dawson: That table is getting very full.

Hon Dr STEVE THOMAS: I have only 20 or 30 more, so we should be okay! I will try to space them out. I acknowledge that the minister has some urgent parliamentary business to get to so I will send him copies so that he does not miss out!

What has been the result of these things? Where is the money that is rolling into the Premier's money bin coming from? Obviously, it is from massive amounts of royalties and massive amounts of grants, including GST from the federal government. It is not just GST. I have to say that the federal government has invested massively in this state government's infrastructure programs. I do not have the exact number with me, but my understanding is that there is now more than $3 billion in federal money in Metronet. I remember a time when the whole of Metronet cost $3 billion. The entire original plan of Metronet is effectively being funded by the conservative federal government. That makes me think that there is a fair bit of support going on, support that I might not necessarily have always been a great fan of, but this government is doing very well.

The other thing that this government does very well is to take credit for spending the money that is coming in from the commonwealth and calling it its own. It is very good at that. I note that in the electorate of my good friend Hon Colin de Grussa, $200 million was announced for transport infrastructure, particularly for logistics around grain freight—the agricultural supply chain improvement announcements for which I think $160 million came from the commonwealth and $40 million came from the state. Did the state run around saying, "Thank you very much, federal government, for your $60 million; your 80 per cent to our 20 per cent"? No, it just said that it was spending $200 million. It also talks about the Bunbury Outer Ring Road down my way, some questions about which will be asked in due course, and an extra $400 million. Does the state government say that the commonwealth is putting in $320 million and the state government is stumping up the last $80 million? Again there is a split. No, it is not very good at that. The state government is very good at claiming credit for all the investment the commonwealth is putting into this state. It may be that that is on us. Maybe the opposition and the alliance has not been good enough at pointing that out and saying, "Hang on a minute! There's a sleight of hand going on here." Maybe that is true so I will cop a bit of criticism for that. Let me say outright that the commonwealth government has put a phenomenal amount of money into this state. You would almost think there was an election coming with so much money going in! A phenomenal amount of money has gone into this state, for which this state Labor government keeps taking the credit. It is about time for a bit of evening up. I thought it was time that a bit of gratitude was shown to the commonwealth government, with this government saying, "Yes, you're putting a massive amount of money in here. Gee, thank you, guys, for that."

Hon Kate Doust: We look forward to expressing our gratitude on Saturday at the polling booth.

Hon Dr STEVE THOMAS: I was looking forward to the member expressing her gratitude in a budget speech.

Hon Kate Doust: Maybe I might do that, too.

Hon Dr STEVE THOMAS: If the member wants to express her gratitude in a budget speech, she should probably do it before Saturday. That might be nice; that might make a headline or two. I do not want to get the honourable member into trouble. She is a very good member of Parliament.

Hon Kate Doust: I am happy to talk about some of the dodgy announcements from your team during this federal campaign.

The PRESIDENT: Order! I think that little exchange has probably gone as far as it possibly can go in order to keep good order. Minimise the chatter more on this, thank you.

Hon Dr STEVE THOMAS: I thank you for your guidance, President. I shall return to the substance of the debate from which I was diverted.

What are the three pillars of this massive revenue? It is iron ore royalties; massive amounts of income from the federal government—the coalition Morrison federal government—and increases in taxation. No better example of this is payroll tax, which has gone up by 48 per cent under the McGowan government. From 2017, when it arrived, to the current budget estimate period, payroll tax is up 48 per cent. On a compounding basis, that is five per cent a year. I will tell you what! People who have invested their life savings in a bank would not mind getting five per cent a year at the moment. I would not mind seeing the government get five per cent a year on consolidated fund interest. But none of that is anywhere close. We have had five per cent a year increases in payroll tax since 2017. Yes, this government gave a little bit of payroll tax back; it moved the threshold up a couple of million dollars a couple of years ago. The opposition thanked and credited the government for this act, and welcomed it! In fact, every time the government reduces taxes, I give a nice little speech welcoming this; and when we get to debate the Duties Amendment Bill, I will make another speech. I like to see government giving a little back into the pockets of the people of Western Australia. Payroll tax has skyrocketed. Stamp duties are up. In six months, from the previous year to the current financial year, in payroll tax and duties we had a jump in one of $800 million and in the other of $400 million. Prices are up, and income and revenue to the government is up dramatically. The government is relying on these three pillars of revenue. Firstly, the price of iron ore, which will correct itself; secondly, the GST, which the government gets to keep the majority of—when the price of iron ore corrects, the government will probably get to keep a bit more of that; and thirdly, taxation, for which it puts its hands into the pockets of the people of Western Australia, in particular, the businesses of Western Australia. I want to come back to that in a little more detail in the not too distant future.

The government's position is one of great wealth because of those three pillars. The question before the house is what is happening on the other side. In particular, the Premier, who is the Treasurer, should be judged on what he has done with the massive surpluses that he has received, not because of his financial management but because he had the good luck to be the Premier during this time—at least for now! We will see. I note a bit of shuffling of the deckchairs down in the lower house. It is always a bit interesting to watch what happens down there. At least for now, he retains the job as Premier.

Several members interjected.

Hon Dr STEVE THOMAS: He might go off into the private sector. He might discover a great rush of conservativism in his economic modelling. That is what Hon Ben Wyatt did. He returned to his conservative economic roots and suddenly joined the private sector. Heaven knows his commentary recently has been beautifully conservative. I think we have convinced him. I blame myself, President. When he was a younger man, when he was starting his own family, my wife and I gave him various baby blankets et cetera. We were good friends at that time in the house that shall not be named. I hope my conservative economics rubbed off; and hopefully, the conservative economic germs rubbed off on the entire family. I will keep my fingers crossed on that. He has turned quite conservative; in fact, if members read what the former Treasurer said in Parliament he always had something of a conservative bent. That is something that the current Treasurer, the Premier, could probably learn from.

What will the government spend its massive revenue, these massive surpluses, on? It could spend it in a number of ways. The first would be to announce further infrastructure spending. That is a little problematic in its own right. The problem with higher levels of infrastructure spending is that no government has been able to attain the expenditure levels that this government is starting to talk about. I would again like to reference for members' education the asset investment program on page 44 of budget paper No 3. When we look at asset investment programs going back to 2011–12, governments attempted to have investment programs in the area of $5 billion to $7 billion. The current government has forecast an increase to $9 billion. The problem the government has is that $9 billion is effectively undeliverable. The government is putting in these massive asset investment programs but the most that any government has ever spent is $5 billion to just over $6 billion. When we look at the actual investment spending at the end of each financial year, we discover that with the best intention in the world, governments have been unable to spend the amount of money they put in their asset investment program. Not only is that the case, because there are restrictions on how much they can spend with a restricted labour force and restricted materials, but at a time when all those restrictions are exacerbated this government is proposing to make it worse. This government proposed to shift from an infrastructure spend of $7 billion to $9 billion at the same time that people cannot get their houses built and major infrastructure projects cannot be delivered. Metronet is blowing out from $3 billion to $9 billion because of the conflicting competition for resources, labour and materials. This government is driving up infrastructure costs by putting in this budget a theoretical massive infrastructure spend—or is it? Is this just another way for the government to hide money away so that it is sitting in an account and the government does not have to spend it? There is no way that this government can deliver on the infrastructure spend it has put aside in its budget. It cannot. It has not done that to date: it has never delivered on the level of infrastructure to date. That failure to deliver is one of the reasons that the Premier, who is the Treasurer, is very concerned about his reputation.

This Premier has a reputational problem in delivery. Although he says he will deliver $9 billion worth of infrastructure, I can guarantee that he will deliver $5 billion to $6 billion worth of infrastructure. If I were the Premier of the day, I could not deliver $9 billion of infrastructure either.

As much as I would love to say that we, the conservatives, will deliver this more efficiently, that is a nonsense because it is undeliverable. This Premier has built for himself a platform of failure. By putting in place an undeliverable set of parameters, he will fail. Here is one of my Nostradamus predictions of this speech. I will take great pleasure in that failure and point it out on repeated occasions.

A member interjected.

Hon Dr STEVE THOMAS: Members would not believe it, would they—it is astounding. It is not hard to see it coming, we just have to be able have this really basic, sensible economic debate. The Premier cannot deliver infrastructure to the level that is in the budget. What will happen? The pressure will come on. The reason a lot of people are waiting two and a half years to have their house built at the moment is because there is massive competition for the resources of labour and materials. Building companies are going broke because they signed up workloads that they cannot deliver. There has been an explosion of costs and they cannot meet those costs. It is a disaster in the making, and the government of the day, the McGowan Labor government, is contributing to it by pushing up levels of construction activity in particular and by turning the construction industry into a boom-and-bust cycle, alongside the mining sector, without managing it in a way that looks after the industry.

Now, President—Acting President, I gave you a promotion there. The money is better! Somebody needs to take a really good, hard look at this state's infrastructure program and take a measure of what is deliverable versus what is ideological. It is as though the government has learnt nothing from the experience of the last few years or, for example, from the Langoulant report, which it likes to throw in our direction all the time. Some of the issues with proper infrastructure management were outlined in the government's own report. The report tells us what to watch out for, but it might as well be used as a doorstop for the Premier's office door, because the government has learnt nothing about the proper management of infrastructure programs. In theory, this government could have put more money into infrastructure. Guess what it did in the budget? It will go up to $9 million, but it cannot spend it, so it is a nonsense. It is a bit more smoke and mirrors on behalf of the McGowan government.

Where else could the government spend its budget surpluses—budget surpluses, by the way, that look like they will be $24 billion over five years? How can we have crises in services when we have $24 billion in surpluses over five years? What an outrage! I will express that outrage on behalf of the people of Western Australia in a bit more detail in a minute. Where else could the government spend these budget surpluses? The government could attempt to invest in the delivery of services in the way that it has used smoke and mirrors to attempt to deliver infrastructure. In fact, the government has done quite a reasonable amount of that, Acting President. The government has invested in services. It has not necessarily done it efficiently and effectively, but it has put more money into the delivery of services. It has put a significant amount of money into the delivery of health services, and that is appropriate given the health crisis that the state finds itself in. The health crisis is not just in Western Australia or in Australia; health services around the country and around the world have had fairly similar experiences. But there is a problem with spending additional billions of dollars on these services. One of them is this: With a massive infrastructure build, where will we get the workers to build it? With a significant increase in expenditure on services, where will we get the workers to provide those services? There is a nationwide shortage of teachers that I am sure the Minister for Education and Training is well aware of. There is a nationwide shortage of nurses and doctors. As we get to the end of the current COVID wave, if you will, around Australia, some of those workers will go back into the health system, but significant expansion of the system will be incredibly difficult, and this jurisdiction will be in competition with every other jurisdiction around the world trying to compete for that labour source. It is good to see that the government is investing in some of these areas, but the issue is that it will not be able to significantly get that money out the door. The government will struggle to spend the surplus on infrastructure despite it being in the budget. It will struggle to spend it on services, although the bit that it does manage to improve will be greatly welcomed, I suspect.

If the government is not going to invest $24 billion of surpluses over five years in that, what should it invest in? The government should invest to ease the impact of cost-of-living pressures on the people of Western Australia. As I said when I spoke on the last topic, the government has made an investment in this area; it announced a $400 rebate on electricity charges. Again, I put out a press release welcoming that decision. I said that the government could have been more generous, but that it had done something and not nothing, and that was a good thing. Members might call that damned with faint praise, but credit where it is due; the government has given something back—but it was not generous. I think the government, particularly the Premier who is the Treasurer, was surprised at the lack of support and enthusiasm for that announcement. On a very personal level, with a degree of comfort and gratitude, I made the announcement for the Premier a week early. I was a bit surprised when we suggested that a $400 electricity rebate would be forthcoming that the Premier did not suddenly jump out and say, "Yes, that's right." He left it until the final day. He gave me a week effectively to tell people what I thought he would probably do. It was not even that complicated. The Premier said he was going to act on cost-of-living pressures, and this was obviously the easiest and simplest way to deliver that. What the Premier has done is a positive, but it was met with some disdain and a very muted level of enthusiasm because this government could have done so much more.

I did make an error; I predicted the $400 electricity rebate with 100 per cent accuracy but I was five per cent out on the size of the budget surplus. I overestimated that; I got a bit enthusiastic. The government thought that it would be absolutely applauded for the $400 rebate. On 1 May, two weeks before the budget, I put forward my position to freeze fees and charges until the end of the boom. Although the government has the $400 rebate in the budget this year, in the one year—depending on when it is applied—we will see a slight reduction in charges to the average household, but every year after that things will start to go back up again. Things will start to rise continuously by 2.5 per cent and that $400 will be eaten up very quickly. I am not suggesting for a minute that the government should put a permanent freeze on household fees and charges, but when it is receiving budget surpluses of $5.8 billion, potentially as high as $6 billion, during the biggest boom in the history of this country, surely the government could give back a little bit more than it did. It is not complicated: with $450 million, just over one million households will get $400 each. It is welcomed for what it is, but one would hardly call it generous. Freezing household fees and charges until the boom subsides, which is what I proposed the government should do, would have been a more generous outcome for the people of Western Australia. It would be a higher cost to the government now, with slightly reduced income going forward, as a rise of 2.5 per cent starts in a couple of years' time, but the government is starting at a lower base so the level of fees it will get in will be slightly lower. It certainly would have been more generous than where we are right now with what has been provided by the government. The $400 is welcomed, but the people of Western Australia have spoken on this, and they have said that at the very best it is an E—perhaps not an F. They have said, "It tried a bit but could have worked a lot harder!" That is how this budget has been received. It could have been more generous.

How much of the estimated $5.7 billion surplus has gone into this measure, this third tranche, if you will, that the money could have gone to? It is $0.45 billion. Of the $5.7 billion, a small percentage has been handed back. It is somewhat embarrassing that that is the percentage that I think that the government reached because it is a tiny amount. It could have been far more generous and people recognise that. People walked away. They went, "Ah, well, for what it is, thank you, but gee, is that it? Is that all you have?" I think the Premier was surprised despite the fact that I had announced it for him a week early and the story had been run on the ABC and in *The West* and everywhere else. I thought he might send me a nice thankyou card but I did not get one, which was a bit disappointing. He must have lost my address, or perhaps it is still in the mail. People were highly sceptical of this measure. They are the first three components of where we might invest. The government might invest in infrastructure. It cannot really do it. In fact, it cannot really introduce the infrastructure on the program now. The government might invest in services. It is very hard to do. The opposition wishes the government well in providing additional services and more effective services, but good luck. I think it will be a real strain. The government has given a little back; approximately $0.45 billion of $5.7 billion will be given back to the people. That is not a bad idea.

Where else should the government have invested where it has not invested? There are a couple of critical issues here. Before I get to the sixth pillar of where the government is investing, where else should the government have invested? It should have invested in reforming the economy. It did not do so. I know that sections of the media think that the little bits that are in the budget papers are reforming the economy, but the government did not do that it. It did not reform taxation. It did not touch taxation. That is one of the things the government could have and should have done because taxation is through the roof in this state. As I said, payroll tax has gone up by 48 per cent over the two terms of the McGowan government. What could the government have done? It could have taken a bit less out of the pockets of the people of Western Australia and businesses in particular. It could have given a little back.

Payroll tax to me is the obvious one. The government could have put in a rebate system for payroll taxes. I took that policy to the last election and that is what I would do now. I took to the last election a rebate system whereby businesses with a payroll of up to $1.5 million would not pay payroll tax and then there would be a declining rate of rebate up for businesses with payrolls of up to $3 million, which would roughly then support those businesses that have approximately 10 to 30 employees. It would not be big businesses with thousands of employees that have the capacity but those small businesses that struggle. This is a tax on employment. When we have the greatest revenues and the greatest surpluses in the history of Australia, there is never a better time to reform the taxation system. Why is this important? It is important because we should be trying move out of a boom-and-bust cycle. These are the businesses where the mining industry corrects and the iron ore price goes back under $US70 a tonne and might be able to expand to employ more people and to raise their turnover, but they struggle to do it when the government has its hands in their pocket, standing on the hose of turnover by taxing them and preventing them from giving jobs to people. There is never a better opportunity. When we have massive revenues, it is the only opportunity to reform the taxation system.

Here is one out of left field. There has been a bit of talk over the years about shifting the duty on the transfer of real estate, in particular homes but all real estate, to an annual land tax. Personally, I am not the biggest fan of it in the world and I recognise that there are shortcomings. Like every economic argument there are pluses and minuses and I do not know anyone who wants to get into that debate right now. I can tell members that there is a significant cost involved if the government wants to go down that path. Probably the only modelling that was done was out of Victoria. The cost estimate in Victoria over 10 years was $8 billion. We would assume that if the government wanted to go down that path and instigate significant reform, it would probably be $4 billion in Western Australia. When will we do that level of taxation reform? We do it when there is money in the bank and we can afford to do. When can we afford to do it? No government will have greater capacity than the McGowan Labor government today. What did it deliver? Nothing. No payroll tax reform. No duties reform. Duties are up. Payroll tax is up. None of those reforms. These are minuscule amounts. When we debate the Duties Amendment Bill 2022 next week, I will make a very short speech welcoming it; under that legislation, $7.2 million will go back into the pockets of Western Australians. We have a $5.7 billion surplus—that is, $5 700 million. Does the government call that economic reform or taxation reform? It is a joke. With these massive, massive surpluses the government should have looked at proper economic reform.

I note that in the speech beautifully delivered by the Minister for Emergency Services last week, economic reform got a bit of a mention. He referred to the WA jobs plan and economic infrastructure, but there is no real economic reform in there. There is a list of funds into which the government will put money. Sometimes it is not a bad investment. The government has doubled the amount of money from $50 million to $100 million for the development of industrial land. There are bits and pieces, but that is not economic reform. That is not reforming the economy. That is having little pots of money out of the massive budget surplus available to people to apply for grants. Some of that might be good investment. Some of it might be slush funds. Until we get to the point of seeing exactly what we are spending it on, we will have no idea. Do members know what it is not? It is not economic reform. It is not reforming the economy. It is not fixing taxation issues. That is not economic reform. There are probably some good bits in here. Tourism WA's destination marketing received some money, and tourism marketing is critically important. It is not economic reform but it is critically important. There will be more trade offices around the world. It is not economic reform, but well done. I welcome that. It is a good investment. Well done, people. There we go. That should cheer up the Premier because everyone else has been giving the budget a fair old kicking. The shadow Treasurer says that he has done a few good things. Nice. But that is not economic reform. There are some nice investments in there. The proof will be in the delivery and the outcome at the end of it, but that is not economic reform either. If we can attract more people and more tourists to Western Australia, great. If we want some more big events coming to Western Australia, fantastic. I have a ticket to the State of Origin, which is coming up, I think, next month. I am hoping Queensland gives a better showing than when they last came, two years ago. I am the eternal optimist when it comes to that, but let us see how they go.

A member interjected.

Hon Dr STEVE THOMAS: There will be 60 000 people there, honourable member. There are a lot of people over here who care.

Several members interjected.

Hon Dr STEVE THOMAS: The Premier was wearing banners last time. I think the member will find a few people care. I have heard a few people get a bit excited by it. Funnily enough—here is a bit of free advice for the member—it is a good thing for the state of Western Australia. There is a bit more credit for the government. I am in a very generous mood today. I might have to test the water later.

A member interjected.

Hon Dr STEVE THOMAS: Again, that is why they do not let him speak very often. They will be taking his phone off him again soon. There is another $31 million in a range of diversification issues including "a second round of funding to attract business call centres". There are bits and pieces, and that is fine. But it is not economic reform. There is some investment in various bits of economic infrastructure. Again, as I said before, I note that the state government is very good at taking federal government money and taking credit for it. I guess that is what it gets to do when it writes the speech. There are some "not bad" things in that either. But guess what? That is not economic reform. Do members know how much economic reform is actually in this budget? None! There is no economic reform in this budget. That is a major missed opportunity. If a government is ever going to do economic reform, now is the time to do so when this government has the biggest budget surplus and the biggest income this state will probably ever see. This is not a once-in-a-lifetime opportunity but probably a once-in-a-century opportunity that this government is throwing away for its own political benefit.

Where are we, Acting President? The government cannot spend the surplus on infrastructure. It can spend only a small amount of it on wages for services. It has given a little bit back in terms of cost-of-living expenses, but it has not reformed the economy. That leaves the government with two of the six major forms of investment to spend on.

I want to talk about debt. I know that members opposite might think that that is a fairly brave thing for an opposition member to do, but this is —

A member interjected.

Hon Dr STEVE THOMAS: Well, some members think that. This is an important debate because the most effective use for some—not all—of the massive surplus that this state will receive should have been in significant debt reduction. Despite the rhetoric of this government and this Premier, who is the Treasurer, he has not engaged in significant debt reduction. I think that he has a cunning plan. Just like I preannounced his $400 off energy rebates, I might just be about to announce his cunning behind-the-scenes plan for what he thinks about debt in the state of Western Australia. But he should have engaged in significant debt reduction. Why? It is because no government for 100 years will have the same opportunity to do so. What is this Premier doing? He is trying very hard to simply attribute debt to one side of politics and to leave it sitting there. He might think that it is a millstone around our neck but it is not. The time has come. The people will shift. When John Howard came to power, he paid off about $98 billion worth of Labor Party debt. Why did he do that? It was not the Labor Party that owed the debt. Paul Keating did not owe the debt. Bob Hawke did not owe the debt. Kim Beazley, who I quite like, did not owe the debt—despite the attempts to call it Beazley's black hole and all the rest of it. They did not owe the debt. No-one went around knocking on their door and saying, "Where's my $98 billion, thank you very much?" The people of Australia owed the debt and ultimately somebody had to pay it off. That is going to be a really interesting experiment as gross national debt hits a trillion dollars. I do not have time to give a long economic treatise on what I think of that. I simply refer members to an opinion piece I wrote last year if they really want to know; that will tell members what I think.

The debt in Western Australia is attributed through the government to the people of Western Australia. The people of Western Australia, in my view, are getting sick and tired of this Premier, who is the Treasurer, playing politics with that debt. There has to come a point when enough is enough. The member is right. It is a little brave minister who talks about this, but it is time for this debt to be addressed properly. This government will never have a better opportunity to address debt than it does in the current circumstances.

When this Labor government wanted to get elected, what did it say about debt? This is instructive. On 11 February 2017, Hon Ben Wyatt, who was then the shadow Treasurer, put out a press release on behalf of the Labor Party in which he said —

> **A McGowan Labor Government will protect future iron ore windfalls from being exploited by future governments, by bringing in laws to allocate 50 per cent of iron ore royalties into a new Debt Reduction Account.**

> …
>
> The legislation will see 50 per cent of iron ore royalty revenue directed into the new Debt Reduction Account when WA's GST relativity returns to above 0.65 and the iron price is more than $85 per tonne.

A month before the 2017 election, this was the promise from the Australian Labor Party when it wanted to get elected. This was its economic centrepiece. Did the Labor Party deliver that promise? It introduced a debt reduction account. Did the Labor Party allocate 50 per cent of iron ore royalties into that account, honourable members? We will look at just iron ore royalties in the estimates for 2018–19, 2019–20 and 2020–21. In 2020–21, they were $10 billion, in 2019–20, they were $11 billion and in 2018–19 they were $6 billion. That is $27 billion worth of iron ore royalties over three years. If the Labor Party were interested in keeping its promise, $14 billion worth of iron ore royalty money would have gone into the debt reduction account over three years. Did that happen? No, it did not happen. The Labor Party got into power and this promise immediately got chucked out the window. It has never occurred. No iron ore royalties have gone through the debt reduction account—not a cent! What does the debt reduction account get? It gets the GST floor delivered to it by Scott Morrison and some dividends from the Insurance Commission of Western Australia and the Western Australian Treasury Corporation. But it gets worse than that! In the last year it added up to $2.5 billion, $2 billion of which came from the top-up of the GST, but the GST money does not go to debt reduction. The government has siphoned that off and it goes back to the consolidated account to spend on whatever the Premier, who is the Treasurer, wants. What actually comes off debt reduction? About half a billion dollars from the state government's Insurance Commission and Treasury Corp. That is why, over its first four years, this government took debt from $34.5 billion to $32.5 billion. It dropped off by $2 billion in four years. That is not very impressive in the middle of a boom and nothing like the commitment that this government gave to the people of Western Australia. The promise that this government made has been thrown out the window. We should have seen $14 billion come off state debt. The wording of that media statement is fantastic —

> **A McGowan Labor Government will protect future iron ore windfalls from being exploited by future governments** …

Throughout history, which government is now the most guilty of exploiting iron ore windfalls? It is the McGowan Labor government. The McGowan Labor government said that it would protect any windfall and, suddenly, it is the greatest exploiter of it. The very thing that this government said it would try to prevent is the very thing that this government did when it threw that promise out the window. This is astounding, Acting President. When it is in the political interest of the McGowan Labor government to break its promise, it absolutely does so.

The net general government debt would have been smashed with $14 billion. That does not include the total public sector government debt, which is currently at $32 billion and will drop to $30 billion before it climbs again. To take $14 billion off that debt is a significant amount of debt reduction at a time when this government can afford to do so. It is the only state government with the capacity to do so and it has not done it. I think that is outrageous.

It is interesting that the government has received a bit of credit for paying down debt. I must admit I was a little shocked to see the government get some credit for this. As I said before, the government inherited $34.5 billion worth of debt in 2017 and it has continued to rise slightly. I want to address one concept that some of the media in particular struggle with. The position put by the Premier; Treasurer is that debt was on its way to $43 billion. If we look at the budget papers of 2016–17, which was effectively the last set of budget papers of the previous Liberal–National government, we see that, yes, debt was predicted to rise over the full forward estimates to more than $40 billion to $42-point-something billion—I do not remember the exact amount—bearing in mind that if members read the tabled papers that I have given them today, they will obviously see that that was at a point at which revenue was declining and expenses were increasing, and this was prior to the greatest boom that the state has ever seen. In the first couple of years of the McGowan government, debt increased. Far from saying that it walked in and fixed the economic principles and that its good financial management is responsible for the state's position, debt increased for the first couple of years. But it was never to know that it was going to get to $42-and-a-bit billion because—what happened?—the iron ore price boomed and the GST floor was put in place. For the government to talk about the expected $42 billion to $43 billion worth of debt is a fraud, with the exception, perhaps, that we might say that if there was no correction of the GST and no increase in the iron ore price, the budget might have reached that level, and that would be a true statement to make. One could make that statement and it would be acceptable. But given that those things did happen—the GST floor and the increase in the price of iron ore—it is a lie to suggest that the budget would have reached $43 billion. It was a bigger lie to make the comments that I saw made a week or so ago that not doing that saved $2.5 billion in interest. How outrageous! How arrogant of the Premier to suggest that the money that he did not borrow has saved the state $2.5 billion. It was money he did not borrow because of the iron ore boom and a correction in the floor of the GST. How outrageous and arrogant is the Premier in his claim that he saved money on money that he did not have to borrow? What business would possibly do that? The fact that people fall for that is a joke. This is more than smoke and mirrors—it is absolute deception.

Let us look at the prediction for debt. I refer to a page from the government's budget papers released last week. It is the net debt section. Members might be interested to see that, yes, net debt increased significantly. The net debt inherited in 2017 was $34.5 billion. I have drawn a line across the chart to work out where net debt is going. There is a little drop down in the forward estimates for the next financial year. If members look very carefully, they can see a sliver of light between where net debt was when the Premier inherited the budget and where it will be in a couple of years. It is a sliver of light. I seek leave to table the net debt chart from budget paper No 3, *Economic and fiscal outlook*.

[Leave granted. See paper 1282.]

Hon Dr STEVE THOMAS: It is a sliver.

Hon Colin de Grussa interjected.

Hon Dr STEVE THOMAS: I appreciate your enthusiasm; thank you very much.

Hon Colin de Grussa interjected.

Hon Dr STEVE THOMAS: Yes, I know. I will get you a bottle of wine later.

The sliver of light in that chart for a reduction of net state debt is $0.06 billion. The Premier, who is now the Treasurer, inherited $34.6 billion of debt and it will be $34 billion or $33.99-something billion by 2025, according to the Treasurer's figures, with $0.6 billion of debt reduction under eight years of this government during a time of the biggest boom in the history of this state and the history of this country. Indeed, it is probably one of the biggest booms in the history of the world, but I have not compared the figures internationally. We have had the biggest economic boom, fiscal boom, in the history of this country and debt in this state is going down, over eight years of a McGowan government, by $0.6 billion. The debt is more than $34 billion. At half a billion dollars a year of debt reduction, which is what the government has managed to date, despite having the biggest economic boom and promising to reduce it by $14 billion, by the time we add in interest, it is a century's worth of repayments. At this rate, if every future government for the next 100 years has the same debt reduction policy as the McGowan Labor government, it will take 100 years to pay it off. But other governments will not have the advantage of the greatest fiscal boom in 100 years; they will be trying to do it when the revenues of this state have corrected and we are back to normal revenue cycles in which budget surpluses are, at best, half a billion dollars to $1 billion with good economic management. The opportunity that this government has had to pay down debt has been squandered. That is the fifth column in which this government could have and should have invested this wealth.

What is the government doing? What is the government doing with its wealth? It is stashing it away in the money bin. That is what it is doing, and it is doing it in a number of ways. It has obviously announced major infrastructure programs that it cannot deliver, but it is also stashing money away in things called special purpose accounts for its future use. There is a very good reason why debt repayment would be a better solution than this. If the government paid down debt, it would reduce the interest payments for future governments. Future governments, including future Labor governments, would be able to make economic decisions about the best things for the people of Western Australia at the time. That is what happens when governments pay down debt. This government has had the best opportunity to do so. In squirrelling the money away for its pet projects, the government has taken that money away. That money will sit in the budget for a little while and make the level of debt look a bit better because it is a liquid asset. But once it is spent, it ends up on the bottom line and it is money that future governments, including future Labor governments, do not have to invest in the things that they think they need.

This government is putting at risk the economic welfare and benefit of future governments and future generations by tying the money it has received during the biggest boom in our history to its own particular outcomes. It just keeps tipping money into the Treasurer's special purpose accounts. I have asked a few questions about this. I am sure that the Minister for Emergency Services is very keen, because we will be asking more questions about this over the next few months. I like a bit of homework so I have done a bit of homework on this. I was interested to see how much of the Treasurer's special purpose accounts made it into the budget papers. I asked a few questions about it and the answers I have got back have been questionable. Apparently, there was $19 billion when I asked a question on 7 April. On 4 April, the government said there was $19 billion in 24 accounts. I thought that was interesting, and it might be something that the Minister for Emergency Services can take on board because we might get to it during budget estimates. That is an advanced tip. I went through the answer and then asked for a list of the Treasurer's special purpose accounts. It might interest the Treasurer to know that of the list of special purpose accounts given in the answer, six special purpose accounts are listed in the budget papers, including the debt reduction account, which is a bit different. Nineteen special purpose accounts never made it into the budget papers. I refer members to the special purpose account section, which, for members' ease of access, is appendix 5, which starts on page 281 of budget paper No 3. It says this in terms of the key special purpose accounts —

> It is not an exhaustive list of all SPAs, but covers major/material SPAs established to achieve priority policy outcomes. The forecast SPA balances (and transactions in and out of these accounts) form part of the overall consolidated projections for 2022–23 outlined elsewhere in this Budget.

What it basically says is that if someone wants to go looking for how much is in special purpose accounts, they should not bother, because very few of them are listed in the budget papers and the balances are hidden away in overall balances of the state government. But special purpose accounts have exploded. I did a list of the special purpose accounts listed in budgets going back 20 years. There were some previously, but the number has increased significantly—it has pretty much doubled since the McGowan government came to power. The amount of money in special purpose accounts listed in the budget papers has risen from $1.6 billion to $1.7 billion 10 years ago to an estimated $7.5 billion in 2021–22. There is basically $7.5 billion sitting in there in special purpose accounts. These are not the special purpose accounts listed in the question; these are the ones that actually made it into the budget papers. Members should bear in mind that there are 19 others out there that apparently totalled $19.1 billion on 4 April.

What is clear is that a significant amount of money is going into special purpose accounts, as well as other accounts, let me say, in which the government is hiding the amount of money that it has available to it. Why is this important? Here is what I think is the strategy of the Premier, who is also the Treasurer: he is trying to squirrel away money for future Parliaments. It is not just for 2023 and 2024 and the next state election, because, in effect, as we have already discussed, he cannot get more infrastructure out the door in that time. He cannot spend what he already has listed out to 2025. This is money that he is squirrelling away to spend in his next term of government. This is money that he is squirrelling away for his political benefit—for the benefit of the Labor Party in Western Australia, not for the benefit of the people of Western Australia. The cost will come in this form: in the clumsy way in which this government delivers its projects and services. I think there is an enormous risk that this money will be largely wasted. No doubt there will be lots of announcements and the cutting of ribbons and all those things in the lead-up to the 2029 election, for which I think this money is dedicated. The aim is to extend the life of the McGowan government; it is not actually for the people of Western Australia.

Hon Stephen Dawson: You are far too cynical for a Tuesday!

Hon Dr STEVE THOMAS: I did say at the start, minister, that it should be a Thursday.

The Premier’s plan is to squirrel away this money in the money bin. He will throw it up in the air and wave it in people’s faces, saying, “Aren’t we good; look at all this money we’ve got.” He will have it carefully squirrelled away in special purpose accounts, some of which are brand new. Only a handful of special purpose accounts actually made it into the budget papers—certainly not 25 of them. There is a new $1.25 billion special purpose account in the current budget. The government is creating new accounts and adding to existing accounts. It has $1.25 billion squirrelled away in one. That is out of the handful that are in the budget papers, let alone where else it is being hidden. This Premier is squirrelling away his money in the money bin, looking for an opportunity down the track to get the best political benefit out of it that he can. What should he be doing with it? That is the sixth pillar; that is the sixth way that he might make use of his money—by squirrelling it away for his personal benefit. That is the most obvious outcome of this budget. That is the great shame, I think, of the McGowan government in the greatest boom that we have ever had.

If the Premier used this money to repay debt, it would allow future governments, including future Labor governments, to target their expenditure on the people and services that require it most, rather than leaving them with the legacy of the dictation of outcomes by the current Premier. It would be a better outcome for the people of Western Australia. This government should be spending its money on reforming the economy, but it is not. It added money to an infrastructure spend that it cannot deliver and has no chance of delivering. It put some money into services, and we hope there will be some improved delivery of those services. It has effectively done nothing about debt. The $0.6 billion reduction in debt is a furphy. It has made what the people consider to be a token effort on fees and charges and the cost of services. I welcome that, but, as I say, I do not think it is deserving of a round of applause. More than anything else, the Premier has been squirrelling it away in his money bin to roll in until he requires it for a future use some time down the track, dedicated, no doubt, to the re-election of another McGowan government when he gets the opportunity.

There is another area that I would like to address in a little detail in relation to the budget that came down. One other thing the Premier spoke about, as relayed by the Minister for Emergency Services, was the issue around housing supply. I am sure other members will provide much greater detail on the government’s impact on, or successes and failures in, housing supply. The government has made some small contributions in state capital. There will be a reduction in land tax for build-to-rent properties, off-the-plan purchases below half a million dollars in multistorey dwellings will get a rebate on their stamp duty for five months, and there are some changes to Keystart eligibility. There are a few very small contributions to the housing crisis in which the state finds itself. The debate around housing has become remarkably oversimplified. People do not seem to want to get an understanding of the economy of housing. It is not simple; that is probably what scares people off. I have never been of the view that simply building lots of social housing is a solution to any housing crisis. Again, housing crises are cyclical—they are not necessarily new—but there are some issues that we do need to address around housing. It is an area in which I have a great deal of interest. I think the contribution of the government is probably minute to minuscule, but I also accept that it is not an easy thing for governments to fix, particularly state governments. I know that people will argue that housing is a state government issue, and to some degree that is true. The commonwealth puts a significant amount of money into the state budget to address the housing issue. But I want to make a couple of points around this.

There is a crisis of confidence in investment in housing for rent. This has been with us for a little time now. This is not the state government's fault, as much as I would like to blame it for everything. This issue exists because of a range of policies over a number of years. But what has shifted? Those who are old enough will probably remember that the purchase of a second house was part of a wealth creation strategy for a lot of people my age and older, particularly through the baby boomer generation. I apologise to any baby boomers present. I am not sure exactly what is the cut-off year.

A member: It is 1959, I think.

Hon Dr STEVE THOMAS: Is it 1959? I thought it might have been 1963, but I am not sure.

Several members interjected.

Hon Dr STEVE THOMAS: Acting President, there may be some vested interest in people putting dates and years out here! The younger generation likes to blame the baby boomers for everything that has gone wrong on planet Earth, so there might be some vested interest in what members classify as the definition. But one of the most significant things that has changed, in my view, is the vilification of investment in rental housing as a wealth creation tool. I think this is critical not just in Australia but also around the world, but it is worse in Australia. I do not know whether it is because—dare I say it—the socialists have come out to dominate the debate, but there was a time when investment in rental housing did two things: it created wealth for the person who invested and it provided a home for the person who needed a rental. But I tell members what: there has been a massive shift in housing. The returns on rentals have not matched the returns of the stock market in recent years, for example. Today I was talking to somebody of about the turn of the baby boomer generation who owns investment houses. They are going to get out of it because the return on their money is not there. As a society in Australia, we have vilified wealth creation to the point that someone who makes a profit out of providing housing is seen as a villain. We have made capital gains tax much more difficult. Negative gearing is a negative term.

When we try to have a sensible economic debate around housing, the first thing we usually get is the screams and rants that everybody should be provided a house by the government. It would be really easy for me to say that the McGowan Labor government sitting on that side should build everybody a house, but it is obviously a nonsense policy. It could not do it if it wanted to. It does not work and it should not work. When John F. Kennedy said, "Ask not what your country can do for you, ask what you can do for your country", he was kind of saying, "Don't expect everything handed to you on a platter", and he was a Democrat. They are perhaps not ultra-left wing when compared with Australian politics, but they are left enough to be able to recognise it. But that was a different era of politics when we were more able to call things what they were.

I have a suggestion for housing policy. I know it is very topical at the moment and we are running around in the federal sphere. If we want to look after housing policy, one of the best things we could do would be to accept that house ownership is a good way to create wealth over time, without ripping people off, and make it attractive for people to invest in housing and the provision of housing as an alternative to the stock market or sticking their money in the bank. I can tell members that probably since 2003–04, or around then, the returns on investment housing have been pretty average. For those who remember who were in housing at the time, in 2003–04, everybody's house prices basically doubled. A house that was worth $500 000 was suddenly worth $1 million; a house that was worth $250 000 was suddenly worth $500 000. A lot of people benefited from that, including me—I put my hand up; I have a vested interest—but it drove the dream of housing out of the reach of a whole pile of people who earn a normal income. When I bought my first house many years ago, I paid $42 500 for it, and my wage was $25 000. That was the average Australian wage at the time, so I paid less than twice the average Australian wage for a pretty rough three-by-one fibro. The type of house we buy is another part of the issue. The average wage today is a bit over $90 000. Let us assume, then, that someone would purchase their first three-by-one house for about $160 000 to $170 000—good luck!

A member: Norseman.

Hon Dr STEVE THOMAS: Norseman—yes, there are a few towns that are quite isolated where one could probably do that, but for most people in the real estate market looking in the major centres, that is not going to happen. The state—bless the state—cannot afford to build a house for everybody who wants one, and it should not. We should be encouraging people to dream. We should be recognising and rewarding ambition. We want people to rent to a point that they can ultimately own, but, in the meantime, there has to be a marketplace that they have to get to. How is this for an idea: we actually start to recognise that the provision of housing is a good investment for those people who can afford to invest, and make it realistic. It is hard because no-one wants the price of housing to go down. In debates about housing, the biggest issue is that house prices are now so far ahead of wages that it becomes very difficult. The average house price even in Western Australia is $600 000-ish, which means that the equivalent wage to get into the market is about $200 000. People normally borrow something like three times their household level of income. That is pretty hard. The cost is absolutely an issue. Let us have policies that reward that. Let us not be frightened of negative gearing or of allowing capital gain that is taxed at a point when the asset is sold at a level that will encourage non-government home ownership.

Some people think that the housing debate is simply around the government building more houses. It is important that the government builds houses for those people who require it, and it is important that the government builds more houses. There are fewer houses on the government list now than there were when the McGowan government came to power. I think it is down a couple of thousand houses. I am sure that when Hon Steve Martin gives his contribution to the budget address, he will give us the exact numbers. The government has sold off houses and has not replaced the housing stock and there has been a decline. But beyond that, let us look at policies that actually encourage and enable the marketplace to deliver some of those things. I think that would be an outstanding result.

I am not planning to talk an enormous amount about other individual departments and components of the budget. I gave a commitment to the Leader of the House that I would not make an excessive contribution to the budget address. I think my record is about six hours, and I have decided to cut myself significantly shorter than that.

Hon Stephen Dawson: Economising!

Hon Dr STEVE THOMAS: Yes; I am economising! We are here to help. I know that other people want to make a contribution to the address. I just make the point, then, in terms of the other things mentioned in the budget speech, obviously, the Premier, who is the Treasurer, mentioned law and order. The government refers to “strong, safe and fair communities”. I have to say that this Labor government has absolutely failed to provide stronger, safer communities to date. We only have to look at what is happening up north with the communities that are in crisis, but we do not even have to go that far. In a few hours, we could take a walk down to central Perth and look at what is happening around Yagan Square, for example, and ask people there how safe they feel in Perth at 11 o’clock at night. This government has absolutely failed to maintain safety. There are a few investments in the budget around this, but—wow! When we talk about where the McGowan Labor government has failed, it is not just in converting the economy. It is about not only looking after the people of Western Australia financially, but also keeping them protected. That has been an utter failure. Unfortunately, when governments swing to the left, these things tend to happen, and often the response from the opposition is to swing a bit harder to the right. I do not think we have done that, but I think it is completely appropriate to start calling out the lack of performance that has occurred under this government in public safety, because the outcome has been utterly appalling.

President, I will sum up. Why has this government released a budget that has been received so poorly outside of the rapturous applause of the Labor members who listened to the speech? It is because it does not show a great deal of vision. It takes the money that this government has received on behalf of the people of Western Australia and directs it to the benefit of not those people but the McGowan government. People are starting to figure this out. It will not happen overnight. It will not happen tomorrow. It will take some time. But I will be there to remind people all the way through that this government took the greatest fiscal boom in history and used it to look after itself and its own political interests. It abandoned looking after the state of Western Australia, in particular its future and its future generations, for the crass self-promotion that we have seen over the past week. This is, in my view, what the Premier, who is the Treasurer, will be judged by in 10, 20 or 30 years. He will probably still be in the workforce. This is how this Premier will be assessed. I know that he wants to be remembered as the greatest Premier the state has ever seen, but I think he is doomed for disappointment. I think Premier McGowan is going to be remembered poorly. He is going to be remembered as the Premier who wasted the boom. He did not do a bad job with COVID-19 at the start of the process, but he will be remembered as the Premier who wasted the biggest boom we ever had, tied up future governments and the future people of Western Australia, and left them with a legacy to fix long after he has gone, at a time when budgets have corrected and the capacity to fix it is slight. That will be the legacy of this Premier, and the level of wasted opportunity that he put into a set of budget papers that he handed down last week astounds me.

HON TJORN SIBMA (North Metropolitan) [4.01 pm]: I rise to make my contribution on the 2022–23 budget papers that were handed down last Thursday. I do so largely by echoing exactly the sentiments of the Leader of the Opposition, Hon Dr Steve Thomas. This budget is in many respects, at least in Western Australian history, very odd in terms of its reception. The fanfare, praise and adulation evaporated within the 24 to 36-hour media cycle of pre-budget drops, the budget lock-up, the immediate budget release and the inevitable morning-after breakfasts. Why is that? If I were to be charitable, I would say that a lot of the oxygen was consumed due to the fact that the federal election is on Saturday. There is some reasonable claim to be made for that, but I think the budget has fallen flat largely because of the reasons Hon Dr Steve Thomas identified—this budget lacks vision in any meaningful sense.

To some degree, we elevate budgets as a platform of political spectacle when we are not having elections. There is a lot of build-up and journalists get very excited, but they have a half-life that peaks probably by the lunchtime or the weekend immediately after they are tabled. That is a very odd outcome for something that in a very superficial way is an enormous and astonishing outcome. A $5.7 billion surplus is obviously the highest surplus that any Western Australian government has reported—I think it is the highest in any Australian jurisdiction. I would not be surprised, potentially, if we were to get to the midyear revision and find that that surplus has gone up another $100 million or so. But there is something odd in the reception, something universal, that despite the enormous size of the reported surplus, that has fallen flat, and there might be one or two reasons for that. One reason I will identify is that to some degree the government has demonstrated the absence, the talent void, left by Hon Ben Wyatt. I think that the budget could have been more interesting, transformative and dynamic had Hon Ben Wyatt decided to stay in political life and likely remained Treasurer. That, obviously, did not happen and is not going to happen.

There is something about that legacy on which the Premier, post-retirement, will have an opportunity to reflect upon. I think that it is reasonable to start to talk about the fact that although he might be the Premier and Treasurer today, it will not always be the case. We live in volatile political times; people have options and competing demands. The Premier could justifiably say, "I've done a great job. I'm moving on to my next chapter." He might do that in this term. Should he do that—I am obviously hypothesising—what kind of challenges will he bequeath the next Treasurer or Premier of this state if, indeed, he chooses not to go to the end of his term? What kind of challenges will Hon Roger Cook, Hon Rita Saffioti or Hon Amber-Jade Sanderson have to deal with if any of them become the Treasurer or Premier, because it is absolutely the case that they seem to be the three heirs apparent to either replace the Premier in either of those roles as Treasurer or Premier?

I think that the Premier, strangely, might live to regret this budget, because it was an opportunity to establish something beyond a political legacy for himself—to secure an economic, social and industrial vision for Western Australia as we move into more uncertain times. If there is one lesson from the last few years, it is that times are uncertain and we need to make preparations for all kinds of potential outcomes—some known but others unknown. But we need to ensure that the state is fit, and one way of doing that is to ensure that there is a focus on much-needed economic reform and public sector reform. I hope to make one or two observations on that latter point should time permit.

I will shift gears somewhat and focus on two dominant portfolio areas of interest canvassed in this budget. I will start with the Metronet project and then reflect upon the way in which the environment portfolio has been managed, particularly over the last 18 months. If I do not get the chance to say it later, I will say it now: I think the focus on reform, vision and balancing our ecological stewardship with the need to ensure that Western Australia remains an attractive and competitive place in which to do business and to take investment, has not been secured through three ministers in the course of 18 months. All reforms of their nature are very difficult; they are exceptionally difficult when there is effectively a backed-in bureaucracy and a minister who is learning the portfolio as quickly as they can. That tends to encourage the appearance of an achievement through activity, but leaves the underlying settings unchanged, and some of them, I will argue later, most definitely need to change.

I will start with Metronet. Luckily, or unluckily, I was handed the responsibility to ride shotgun on the Metronet project. I have had that job for the last five or six weeks and have taken an interest in the project overall as well as its various project subcomponents. When coming to grips with anything, it is helpful to go back to first principles or to reflect on where it all started. How did this all begin? I note that during the 2013 state election, as well as during the 2017 state election, Metronet featured quite significantly in the ALP's campaigning. I will go back to 2017, specifically, two media statements released on the same day, 6 February 2017. They were joint statements by the then shadow transport minister, the now Minister for Transport, Hon Rita Saffioti, and the gentleman who I recently named, the then shadow Treasurer, now ex-Treasurer, Hon Ben Wyatt. To reflect on where I started, I refer to one of these documents, which was titled "METRONET given the tick of approval by independent review". The then opposition had done what oppositions do and had gone out and obtained independent costings for its signature projects. The three dot points in this statement say that Metronet costings and assumptions were independently assessed by Professor David Gilchrist and Adjunct Professor Michael Wood, and that key priorities of Metronet would be delivered over six years from 2017–18 to 2022–23—the year in which we find ourselves now—and that Metronet would create more than 10 000 jobs and apprenticeships. The three key commitments given in this statement are, first, that Metronet stage 1 would be rolled out continuously over a six-year period beginning in 2017–18 and concluding in 2022–23 and that the cost of stage 1 priorities was $2.535 billion, including escalation costs—it was all stage 1 then, and there is still not stage 2 demarcation that I can ascertain in the budget papers; and that, in addition, the new Metronet railcars would cost $410 million. That amounted to $3 billion. The commitment in 2017 was pretty clear: Metronet would be circumscribed in terms of the number of its subcomponents; it would cost up to $3 billion; and it would be delivered in the course of six financial years.

There was an element of defensiveness following that. Every opposition, by virtue of the fact they are resource depleted or they operate in a political context in which they have to grapple with resource asymmetry, has to do a lot of work to overcome not only the quite predictable political attacks but also media scrutiny, which is obviously heightened in the course of a campaign. It is also fair to say that, unless they are particularly skilled, many time-poor journalists writing to a deadline on big issues have cultivated or have had relationships cultivated with them by government media officers, of which there is one in every minister's office and a few more in the Treasurer's office, who often put up interesting interference or counterfactuals, which oppositions also have to get past. There was a degree of defensiveness on behalf of the then opposition as well. I know that for a fact because on that very same day there was another press release issued by both the individuals I mentioned titled, "Liberals' Metronet analysis shows why they cannot be trusted." It contained some interesting dot points, including that Liberals produced fake news in response to Metronet. I doubt any government member would invoke that phrase now. Fake news is probably a time-limited phrase that not necessarily anybody would want to dip into in the current context. Let us be charitable. What was the fake news they were responding to? Apparently, it was that when the Treasurer in the then government Hon Dr Mike Nahan looked at what was being proposed by Metronet, he thought it might cost, in terms of capital allocation, anywhere between $6.7 billion to $9.7 billion. In the context of 2017, and ensuring that an opposition is politically credible, it has to respond with gusto to anything that might cast a shadow of doubt on its position, so the then opposition responded strongly. The concept of Metronet costing anywhere between the high $6 billions and the high $9 billions was a nonsense. That was fake news! It was fake news because I think at the time they claimed that Dr Nahan used a smorgasbord of other projects to tell people what Metronet was like. That is where we started. Every budget —

A member interjected.

Hon TJORN SIBMA: You do not have to be here!

A member interjected.

Hon TJORN SIBMA: If you are not, I can send you the notes later if you like! I do not take interjections from first termers.

Several members interjected.

Hon TJORN SIBMA: Everybody earns their stripes here. There are a lot of stripes yet to be earned!

This is the sixth budget in a row, at least in budget paper No 3, that has the cut-out box of Metronet, explaining —

A member interjected.

Hon TJORN SIBMA: Only in No 2!

They explained the overall capital context of the project. In each of those years, the capital expenditure has gone up. It has gone up, to some degree for explainable economic reasons, but also because the time of delivery has gone out to the right and the overall scope of the project has increased. If we look at the current document provided on Thursday, at least insofar as budget paper No 2 on pages 633 and 634 under the Public Transport Authority portfolio budget allocation is concerned, there is a series of projects commencing with the Bayswater station and ending with the Yanchep rail extension as "Other Works in Progress". Then, when we add in "New Works" on the following page, which is everything from the new Midland station multistorey car park, CCTV programs and the like, we get to a full capital allocation of just over $9 billion. Now, five or six years ago, when Dr Mike Nahan said this project might cost $9 billion, that was fake news. Dr Mike Nahan did not get everything right, but his position seems to have been validated by the government's very own budget papers.

It does not stop there, because a variety of Metronet allocations are spread elsewhere throughout the budget. On page 639 there is over $600 million in the standalone line, "Metronet Projects Under Development", which is in addition to everything else I have gone through; there is about $100 million in a transfer from the Western Australian Planning Commission; and, interestingly, in the Main Roads budget is $800 million over the course of the estimates on Metronet-related roadworks. That puts the full capital allocation for Metronet in 2022–23, including the Forrestfield–Airport Link, which I will get to next, at around $9.5 billion. Is that good, bad or indifferent? It is exactly the size and the scale that Hon Dr Mike Nahan said it would be. He has been proven right after a long time, and after he left this Parliament, but he was right.

I will refer to one problem, and then there are a series of other related problems. The first problem, consistent with Hon Dr Steve Thomas' observations about the inherent difficulties any government faces in fulfilling its infrastructure plan, is that the government cannot get it done in the time available. The $6 billion worth of infrastructure works yet to be done anticipated in this budget are unachievable in the time frame the government has provided for obvious reasons that have emerged in the course of the last 12 months, including severe supply chain disruptions—some related to COVID, others to the geopolitical situation in Ukraine—and severe skilled and unskilled labour shortages. I think it almost verges on economic irresponsibility for the government to claim that it will be able to spend its infrastructure allocation in the time made available. If the government makes that claim, as it has done in the budget papers, it will obviously be held to account for its performance. That is a reasonable and fair expectation, and should not come as a surprise.

Why would one doubt the government's capacity to deliver each of those Metronet subcomponents in the time it says it can? I will cite one good reason—that is, the Forrestfield–Airport Link. I understand contracts for the project were entered into in late 2016. The project was due to be delivered initially, I think, by the end of 2020, or maybe 2019–20. We are running about two years late—that happens. But the delivery schedule for the FAL has been moved by six months or 12 months consistently throughout the iterative budget papers, and by even more recently. Before the budget was tabled, on Tuesday and Wednesday last week, I asked the Minister for Transport successive questions about whether the government will be able to open the FAL by 30 June, which is when it promised to do so. I could not get a straight answer, which is not unusual, and I am not casting aspersions because it is very rare that opposition members actually get straight answers out of government unless they persistently try, but I thought that if the government cannot commit to that first bit by 30 June, it might indicate some broader problems. An expectation has been built up for the delivery of that component. Certainly in Mt Lawley, the closing of the Caledonian Avenue crossing and the creative destruction, or disruption, needed to achieve a larger macro vision has built up people's expectations.

I was speaking to journalists on the Thursday night that the budget came down and made the point that it appears to me implicitly that the FAL will not open before 30 June. "Why is that?", they asked. I said it is longer provisions. The most clarity on this we have received has come from the Premier, who has indicated that the opening might be some months off. Strangely, we know when disruptions to that service will occur; the Midland line will be shut down for 24 days in late September. We know to some degree when the FAL might close down before it opens up. If the people of Western Australia who are likely to use the FAL cannot get some certainty about when the very first macro dimension will be delivered, what faith should they have in the broader program? I put to members that I do not think they can have much. There will be some components on which progress is more advanced and others on which there is less in way of delivery.

An issue that will be relevant to this chamber, maybe not in this sitting fortnight but perhaps after the winter recess, is the Railway (METRONET) Amendment Bill 2022, which deals with the Armadale line work and the Byford extension. In the course of that debate in the other place, I do not think it was ever clarified when the Armadale line with the Byford extension will commence operations. To me, that question seems to have been answered somewhat by virtue of the works to remove level crossings and elevate the rail line in Victoria Park being funded until the 2025–26 out year. We will have to deal with the legislation in the way we deal with railway legislation in this jurisdiction for a project that will probably not be operational until 2026, and with the problems the government faces programming its infrastructure capital works program, it might be beyond 2026. In four years' time, potentially, the Armadale line will be open.

Metronet is an enormous project growing like Topsy and largely funded, it has to be said, by the commonwealth government, which has been very, very generous. I say very generous because when I see subcomponents that have benefit–cost ratios of 1.1 or 1.2, I think the underlying economics of those projects might be somewhat marginal and vulnerable to a range of externalities. That might be the cost of materials or the availability of labour, and that cost is not insignificant. Traditionally, whether commonwealth or state governments are Labor or Liberal, commonwealth governments are very happy to fund road and rail infrastructure but they never have to bear the costs of operating those lines, fixing those roads or to some degree subsidising fares on the rail network. There will be an ongoing recurrent cost of Metronet. Investment in public transport infrastructure is a very good thing, but, as with all investments, governments have to be reasonably economically sensible and have an eye to the financial implications of those decisions. The current budget has absolutely no increase in the service line provision so we do not know how much the Public Transport Authority will require into the estimates to operate these lines and we have very little insight on the level of fare subsidisation that will be needed to keep the lines operational. I suggest that that will be of a higher magnitude because the projects themselves have very low benefit–cost ratios and Western Australia has not seen the population growth required to boost patronage levels to make them viable in their own right.

I welcome the attendance of the President in the chamber and wonder what time I might have left. Perhaps in the next 30 seconds I will move on to the next issue.

I think Metronet costings, implications and project management are absolutely live issues and will be an increasing focus for the opposition, because it will be the project that eats future budgets. It will have an enormous recurrent spend impact that will come at an opportunity cost—the money that government needs to run other critical services in Western Australia, be it in education, health services or funding community safety and ensuring appropriate law and order. All those key government services will come under increasing pressure as a consequence of building all of Metronet all at once at a time when we have an uncertain horizon for the state government's capacity to fund those operating costs.

I might move to or foreshadow, which is a more accurate way to describe it, some key issues in the environment portfolio. I will identify some hits and some misses. There have been some hits along the way. The initiation of some credible, sensible reform work has unfortunately progressed at too slow a pace and become mired within the bureaucracy. That is absolutely no discredit to our bureaucrats, but institutions often revert to type. A lot of the promise of the reforms that were brought into this place and passed by the now Minister for Emergency Services have gone unfulfilled to date and are likely to continue to go unfulfilled.

Could I adjourn my remarks?

The PRESIDENT: I was just about to call order on you, member, so excellent timing.

Debate interrupted, pursuant to standing orders.

[Continued on page 2293.]