

ECONOMIC AND FINANCIAL MANAGEMENT

Motion

HON PIERRE YANG (North Metropolitan) [11.25 am] — without notice: I move —

That the Legislative Council notes —

- (a) the McGowan Labor government's prudent and excellent economic and financial management, which is vastly different from the reckless and disastrous management of the previous Liberal–National state government; and
- (b) strongly encourages the McGowan Labor government to continue its assiduous and meticulous management of Western Australia's economy and state finances.

I move this motion with pride in the fact that the Western Australian economy is the best in the nation. Unlike the opposition, which constantly talks Western Australia down, we on this side support Western Australia and Western Australians, and we do not talk Western Australia down. Any debate on the budget or the state finances is a serious debate. I want to make a departure from the normal Thursday morning hoo-ha and treat this debate very, very seriously. It is a very serious debate, so unfortunately for opposition members, I will not be taking any unruly interjections. The only interjections I will take are the “ruly” ones!

I want to outline what I am going to talk about. There are two limbs to my debate. The first is to look at the state of the state's economy and the second is to look at the economic record of the former Liberal–National government in Western Australia. I will conclude by showing how the porky pies that the former Liberal–National government and members of the Liberal and National Parties told or have been trying to tell Western Australians have been fairly and squarely disproven. WA Labor is the undisputed and indisputable superior economic manager in this state.

Let us look at the facts; I have so much material, I do not know where to start! I may have to seek an extension. I turn to CommSec's “State of the States: State and Territory Economic Performance Report” of July 2022. It states, on page 4 —

Western Australia continues to lead on relative economic growth. Economic activity in Western Australia in the year to March 2022 was 35.6 per cent above its ‘normal’ or decade-average level of output.

When it comes to employment, the same report notes —

Western Australia still in second spot

...

3.4 per cent jobless rate is 37.8 per cent below the decade average.

It is just under Queensland's figures.

Let us look at what the Department of Treasury put up in *Highlights of WA economy as at 20 October 2022*. WA's gross state product in the year 2020–21 was \$320.7 billion. That was a 2.6 per cent increase and we now represent 16 per cent of the national economy. When we took office, it was just around 15 per cent; we have actually increased that. When it comes to export, we exported \$241.3 billion of goods for the same period. That is 45.2 per cent of the national export. Let us talk about mining. We are the world's largest producer of iron ore and have produced 844.4 million tonnes. We also produced 46 million tonnes of LNG, \$17.4 billion worth of gold and \$6.8 billion worth of lithium for the same period of time.

On 28 September, the government had the pleasure of announcing a new revised \$6 billion budget surplus, which was \$344 million more than expected at budget. What is more important is that the public sector debt was reduced by \$4.3 billion to \$29.2 billion. If the debt projection continued from the time we took office, it would have been \$43.7 billion but the state debt is now one-third of that projected number because of this government.

Standard and Poor's Global rating agency upgraded WA's economy to AAA; “outlook stable” in June 2022. In fact, the Western Australian economy is the envy of the world. It was announced by S&P back in March 2021 that the WA economy was the best performing economy in the world for the 12 months before that. I do not think anything will make the opposition happy; nothing will satisfy them!

On 12 May this year, Hon Dr Steve Thomas moved a motion on the budget day that contained the following line —

... the current massive revenues coming into the state's coffers are due to high iron ore revenues ...

Hon Dr Steve Thomas interjected.

Hon PIERRE YANG: He even repeated that line yesterday.

Several members interjected.

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

Hon PIERRE YANG: The opposition thinks all this government's economic achievements are fortuitous and everything is just rolling in.

Hon Dr Steve Thomas: What about the GST piece?

Hon PIERRE YANG: Let us not forget that the former Liberal government wasted a mining boom. Hon Dr Steve Thomas's argument conveniently ignores the fact that this government had to make so many hard decisions when it came to power because that mob wrecked the economy! Just this year the opposition has moved a number of motions attacking my dear friend Hon Alannah MacTiernan, whose achievements in public service are something of which the opposite side could only dream. We are proud of our ministers and we are proud of our ministers' achievements. The opposition's motions are just a fastidious attempt to cover up its inability to come up with any policy that is relevant or that matters to the people or the state of Western Australia. Its constant nagging makes the Liberal Party partisan to the point of caricature.

I am of the view that the Liberal Party has been telling porky pies for so long that it has bought into them. It thinks it is the better one but the hard truth is that this government is the superior economic manager in Western Australia. This must be deeply neurologic for the Liberal Party. The constant and umpteen positive economic news coming out must be a source of throbbing pain for members of the opposition because, in their little minds, they think they are the better ones but they are not. I am sorry to break the bad news to those guys, but they are not. Who could forget what the Liberal Party did during its eight years in power? It wasted a mining boom; it lost WA's AAA rating. It turned a good set of cards that it received back in 2008 and lost the game. It is egregious that it could do all those things. How incompetent must it be to have been in that situation?

Hon Tjorn Sibma: Unreliable historian!

Hon PIERRE YANG: This is something very reliable. When we lost office in 2008, the state debt was \$3.6 billion. What did the former government have? What did we have when we took over and when the former government lost? It was more than \$31 billion.

Hon Dr Steve Thomas: It was \$32 billion.

Hon PIERRE YANG: Yes, \$32 billion. It was projected to grow to \$43 billion!

Several members interjected.

Hon PIERRE YANG: Surely, because of this, the Liberal Party's economic credentials are dead, buried and were cremated by the Liberal Party themselves. Surely, that has happened. That mob just cannot manage the economy; they just cannot do that. I urge members opposite to stop their quixotic crusade against this government on economic grounds because they do not stand a chance.

We have heard the reference to Scrooge McDuck time and again. I appreciate Hon Lorna Harper for giving us the background about how Scrooge McDuck became who he was. It was because of his hard work and entrepreneurial skills that he became wealthy. Good on him! The Labor Party believes in individual effort.

Hon Tjorn Sibma interjected.

The ACTING PRESIDENT (Hon Jackie Jarvis): Member, I note that we have not only interjections but also a number of side conversations. I also note that our Hansard reporter is having difficulty hearing. Perhaps we can allow Hon Pierre Yang to continue and be mindful that Hansard are trying to record this. Thank you.

Hon PIERRE YANG: Thank you, Acting President. It seems that the Liberal Party has some problems with hard work and achieving great results. I think they rather jealously and wistfully use the reference that somehow a state that has worked so hard to correct the wrongs of the previous government is up for ridicule. I just cannot understand it. I do not understand why the modern Liberal Party is in a state like this. I do not know whether "The Clan" had anything to do with it, but it is up to the public to debate that.

I would like to reciprocate the Liberal Party's gesture and the reference. I was thinking about which cartoon character best explains and represents the modern Liberal Party. I did not have to think hard and I did not have to think long. I think it is Jerry Smith from *Rick and Morty*. For those who have not watched *Rick and Morty*, it is an animated TV series. These are not my words. According to Wikipedia —

Jerry is portrayed as a mediocre, jobless loser who finds content in his simple life. He uses pity as his "signature move", which leads to people hiring him or giving him any sort of consolation.

I think it is rather fitting for the modern Liberal Party.

Hon Darren West: Is that the Liberals or the Nationals?

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

Hon PIERRE YANG: The jury is out! Think about this. Think about the Liberal Party's pathetic track record for managing the economy between 2008 and 2017 and its concession of defeat just before the last election. It is Jerry's signature move to use pity to beg for people's support and sympathy.

Hon Alannah MacTiernan: It does not seem to be working for David Honey, though, does it? At least not with 91 per cent of the population!

Hon PIERRE YANG: How did that go for them?

When one knows what one does not know, one has a chance to learn and improve. The problem with the Liberal Party is that it does not know what it does not know. It thought it was better, but it is not. If the Liberal Party continues down this track, I am sorry to inform it that it will become the slapstick of Western Australian politics.

Hon Alannah MacTiernan: They already are!

Hon PIERRE YANG: They already are! Eventually, as has been shown in the lower house, that mob will become the junior partner and the National Party will overtake the Liberal Party to be the senior partner in their marriage of convenience.

I make a lot of references to Standard and Poor's because I think it is a credible agency on economic assessments. On 30 October 2020, Standard and Poor's said —

... 'we believe Western Australia's financial management has improved in recent years. The current government has displayed a track record of robust cost control since its election. We expect this discipline to continue in the lead-up to, and beyond, the next election'.

It is widely predicted that the economic outlook for the world is rather bleak, but do not worry, because Western Australia and Western Australians can trust the McGowan Labor government to keep them safe and strong.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [11.41 am]: It was lucky that an opposition member jumped up, otherwise another Labor Party motion would have fallen over. I will make a bit of a contribution.

Several members interjected.

Hon Dr STEVE THOMAS: There we go. It did not take long, Acting President (Hon Jackie Jarvis). It is not enough that the Premier acts like Scrooge McDuck; we have members over there behaving like Donald Duck with the old temper tantrum going on. Let us try to raise the standard. Let us not hear from Huey, Dewey and Louie in the corner. There are enough ducks in the room already. They do not need to add to them.

What an interesting contribution from Hon Pierre Yang, who, in his initial stages, obviously got confused between the state economy and the fiscal economy. For the education of the member, the state economy is all those things that occur in the state, and the fiscal economy is the economy that the government has control of. The state economy has done very well, and we have always said that it has done very well. The question is why it has done very well, and the answer is that it is very much based on the mining boom and the mining economy. As a result, not much of which is the responsibility of the state government, I might add, the mining boom has also resulted in a massive revenue boost to the state government, which is the fiscal economy. What has happened? Royalties have gone up. How much have they gone up, honourable members?

Several members interjected.

Hon Dr STEVE THOMAS: Here we go. Let us get the Donald Duck impersonations out there quickly. Come on. Let's go.

The general economy stimulated the fiscal economy and the royalties have doubled. They went from \$6 billion to \$12 billion in the financial year before last, and it was about \$11 billion and a bit in the last financial year. What were the surpluses —

Hon Alannah MacTiernan: You had the same circumstances.

Hon Dr STEVE THOMAS: They were never \$6 billion surpluses, minister. There was never \$12 billion worth of royalties coming in. There was never anything like that. The royalties did not double when the Labor government came to power in 2017. This is where Hon Pierre Yang frequently gets the message wrong. He says that the economy is doing really well as a result of the McGowan government. The McGowan government is very good at taking credit for all the things that happen in the economy and for which it did almost nothing. When did the price of iron ore explode? I might have to remind members of a question I asked in Parliament in February 2019 about the price of iron ore reaching \$US90 a tonne. That was nearly two full years after the McGowan government came to power. What happened in those early years? Yes, we left \$32 billion worth of debt. We accept that, but what happened to government debt in the first two years of the McGowan government? It rose. It went up, and it continued to go up until what happened?

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

Hon Alannah MacTiernan: We inherited a set of forward estimates and we were bringing it down.

Hon Dr STEVE THOMAS: The forward estimates changed. Do members know why the forward estimates changed? It was because there was another mining boom, and this one is bigger than all the mining booms that preceded it.

Hon Alannah MacTiernan: It's never your fault. During the whole Barnett era, it was never your fault.

Hon Dr STEVE THOMAS: And the credit does not go to this government. This government did not do it. If it was just the government's economic management —

Several members interjected.

The ACTING PRESIDENT (Hon Jackie Jarvis): Order, members! Again, I am having difficulty hearing the Leader of the Opposition, who has the call. Perhaps if the Leader of the Opposition directed his comments at me, we would not have such fun and games.

Hon Dr STEVE THOMAS: I will take your advice, Acting President, but I am not sure about its outcome. Let us see.

In 2019, there was not a change of government. The circumstances of the state did not change and nor did the economy. When did circumstances change? They changed in 2019 as the world started to buy more iron ore. What came along at the end of 2019? COVID came along, and guess what happened? The iron ore price boomed. It went to \$US230 a tonne. What then happened? The royalties flowed through to this government and went from \$6 billion to \$12 billion. The government got \$6 billion more in royalties and the government suddenly had a \$6 billion surplus. It also spent a bit more money, which is great. Another thing that happened is Scott Morrison corrected the GST by putting the floor price in place.

Several members interjected.

Hon Dr STEVE THOMAS: Sorry? What legislation changed in Western Australia? What legislation did the McGowan government change? Nothing. Do members know what changed? Federal legislation changed to underpin the floor price.

Hon Dan Caddy: Why did it change?

Hon Dr STEVE THOMAS: It probably changed because there was an election happening in 2019. The floor price was put in place, thanks to Scott Morrison, and that gave the government more money to spend during the crisis. That was fantastic. The government spent more money during the COVID pandemic. I have always said that the government's handling of COVID was pretty good. The government followed the health advice and did a reasonable job. It was not perfect. The government's business compensation packages fell apart, but a lot of it was really good, so well done you. I am happy to give the government credit as long as members start telling the truth about the economy when they come in here. It is no wonder the other members were a bit slow to jump up because they were in shock at Hon Pierre Yang's contribution, but the opposition has again saved the day so that the government's motion did not fall over. We are looking for the government to acknowledge that a mining boom came along that made the government's set of books look really good, and it did. The government cannot argue the simple truth of that. The government likes to claim credit for all the things that occurred in the economy that the government had no control over. Unless somehow the Premier, who is the Treasurer, snuck over to South America and drilled a few holes in a dam wall and unless he instigated COVID coming along—I do not think he did either of those things because he is not that terrible, surely; we can put that to a vote —

Hon Alannah MacTiernan: We accused Ben Wyatt of having done that!

Hon Dr STEVE THOMAS: I am a huge fan. I am glad that the minister mentioned Ben Wyatt. At least Ben Wyatt understood the need to manage this. Do members know what Ben Wyatt said? Let me remind them that in 2017, before the election —

Hon Dan Caddy: It's Hon Ben Wyatt.

Hon Dr STEVE THOMAS: Thank you very much. Hon Ben Wyatt 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 government had legislation for a new debt reduction account, but did that ever happen? No. Hon Ben Wyatt was trying not to be Scrooge McDuck. He was trying to be a sensible duck. The Premier is rolling in his money bin instead. It does not matter how much noise anybody trying to imitate Donald Duck or Huey, Dewey and Louie make, those are the simple facts of the case. The government had a massive boost in iron ore royalty income because of international stimulus. It is laughable for this government to say that this was its fiscal economic management.

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

Unless they went out there and did those things, surely it is tempting to attribute it to people who got the benefit of it, but I do not think either Hon Ben Wyatt or the current Premier were capable of those things. Hopefully, they are both nicer people than that. They did not do it. The position the government finds itself in is not the result of its fiscal magnificent. We could have a four-hour debate about this, but in the very limited time that I have I say that instead of rolling around like Scrooge McDuck in the massive amounts of money it has in its money bin, the government could have a proper economic plan for staged expenditure over high cost projects. It could stage them out so that the government does not have a negative impact on the construction economy that it currently does. Right now, the government is in competition with the private sector, be it commercial or residential, because it is in such a rush to get things such as Metronet done so that in the lead-up to the 2025 election it can cut the ribbon and other things. I am sure it is all stage managed.

Hon Alannah MacTiernan interjected.

Hon Dr STEVE THOMAS: Here we go, a former Minister for Transport, famous for delays and blowouts. The new one is going down the same path.

The government could have a proper staged economic plan, if it wanted to, that would take some of the heat out of the infrastructure and construction market. It could then start to assist the construction industry to support the rest of the economy. The government continually claims credit for all the work of the private sector, all the work of the mining industry, all the work of those people who are working hard, Hon Pierre Yang, who are bringing in the money and generating the income. It takes credit for that —

Hon Dan Caddy interjected.

Hon Dr STEVE THOMAS: Yes, it has created a few jobs. In a boom, it is pretty easy.

For all the stuff that is happening, the government could actually assist the people of Western Australia, instead of claiming credit where it is not due, and it could help them to get into homes. It could help them to manage the infrastructure that they need to make a better community. It should stop thinking about it as publicity and start doing its job.

HON DAN CADDY (North Metropolitan) [11.52 am]: The hypocrisy of it all! The opposition is talking about the GST when the former government had years to fix it.

Hon Dr Steve Thomas interjected.

Hon DAN CADDY: I listened to Hon Dr Steve Thomas's drivel.

The former government had years to fix it and did nothing about it. I want to go back even further because one of the limbs of this outstanding motion from my good friend Hon Pierre Yang talks about the record of a previous Liberal government. It does not say which Liberal government. Let us go back to the genesis of the GST and put it on the record. I made a few notes here. I was reading through them and had written at the top in handwriting, "GST—atomy of a mess!". That is pretty much what it was. In 1999, amid all of this, the federal coalition government guaranteed that no state would be worse off. However, the Labor opposition at the time, led by Hon Dr Geoff Gallop, highlighted during debates that the guarantee was based on the commonwealth's assumptions. It did not care what we thought. On 19 October 1999, the then shadow Treasurer told members in the other place —

... Western Australia is vulnerable because it is still dependent on commonwealth calculations of how it is fairing. If there is a disagreement between the State and the Commonwealth over the amount of revenue the State has missed out on, we may find that the Commonwealth will pay up on the basis of its calculations rather than Western Australia's calculations.

Hon Dr Steve Thomas: Was that Hon Eric Ripper?

Hon DAN CADDY: That was Hon Eric Ripper. That is what he said. The Liberal Party was warned. Hon Dr Steve Thomas's party, which was in government then, was warned. Premier Hon Richard Court dismissed the concerns and relied on the federal government's guarantee. The opposition leader Hon Dr Geoff Gallop said —

If those assumptions are wrong, the guarantees from the Commonwealth Government are not worth the paper they are written on.

That was prophetic. On 13 September 2001, the then Treasurer, Hon Eric Ripper, outlined a Gallop government's first budget —

... the steady deterioration in Western Australia's share of State allocations through the Commonwealth Grants Commission.

Today, we are receiving \$364 million less than if our share of eight years ago had been maintained.

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

At that time, when this deal was entered into, WA made a \$2.5 billion net contribution to the Federation, the biggest contributor per capita by a long, long way, with over \$1 350 per capita. New South Wales was next at less than one-third of that. When members want to come in here and talk about the GST and say, “Gee, it was a big problem but Scott Morrison fixed it”, they are absolutely rewriting history and ignoring the fact that the Liberal Party allowed the state to get into this position in the first place. The biggest thing they are ignoring is that Scott Morrison was dragged kicking and screaming, like Hon Dr Steve Thomas said, leading into an election, because he was the ultimate marketing man and that was all he cared about. He thought he could save some of his political bacon. It was the hard work of this Premier who dragged him in and it was the efforts of the McGowan government that resulted in the GST being fixed. The Liberal Party created it, it was warned about it, it went ahead anyway and the McGowan government fixed the issue.

Let us look at the state finances as a whole, because this government turned the state finances around. The Liberal–National government left us with a projection towards \$44 billion of debt. The state budget was then in surplus for the first time in five years once we came to government thanks to our responsible management. In the first two years of government, in 2016–17, we turned around a disastrous \$2.5 billion deficit of the previous Liberal–National government. I do not remember the exact figure, but at the time it was projected to be a half a billion-dollar surplus. My good friend Hon Dr Steve Thomas talks about record iron ore revenues. He seems to forget that when his party was in government, it also had record iron ore revenues. The Liberal Party in government never had a revenue problem, my friend; it had a spending problem. That was the heart of the issue. It does not matter whether the Liberal Party is managing a household budget or the budget of the state, if it has a spending problem that is poor financial management. That was the hallmark of the previous Liberal–National government. Under the eight years of the previous Liberal–National government, now the National–Liberal opposition, general government expenses grew—this is reckless—by an average 6.3 per cent over its time. When it took government, net debt was at \$5.6 billion, more or less. By the time it left —

Hon Dr Steve Thomas interjected.

Hon DAN CADDY: I might have that wrong. Anyway, it was pretty low. I will take the member’s interjection because he has just about halved it. It was \$3.6 billion and by the time it left, with projections towards \$44 billion.

Hon Dr Steve Thomas: It was \$32 billion.

Hon DAN CADDY: It was \$32 billion sitting there; the projections were towards \$44 billion. That is there in its own figures. They were its forward projections, not ours. We turned them around.

Hon Dr Steve Thomas: You know what?

Hon DAN CADDY: I do know what. We worked hard and turned them around. I tell members what: Hon Ben Wyatt and Hon Mark McGowan worked very hard along with all their cabinet colleagues to turn that around and they did an outstanding job. That is why we have a budget surplus at the moment.

Hon Dr Steve Thomas wanted to lecture Hon Pierre Yang on different things. In order to pay down debt, we cannot just run operating surpluses, we need to run cash surpluses. This is something that was never, ever understood by the previous government. I do not lay the blame on Hon Dr Steve Thomas because he was not the one in that cabinet room making decisions; it was the leadership at the time. But as Hon Pierre Yang pointed out, our fiscal discipline has been recognised by credit ratings. Standard and Poor’s has recognised the McGowan Labor government’s continued budgetary outperformance compared with domestic and global peers and its “exceptional fiscal metrics”.

It does not get any better than that. You guys lost it; we got it back. Members opposite seek to pontificate about good economic management to us when the former government left us such a disgraceful set of books. It is only our good management that turned it around. Members opposite should not talk to me about record iron ore revenues because they had exactly the same thing when they were in government. The former Liberal–National government had record revenue, but it blew the lot because it did not know how to budget and it did not have any sense of what is good, sound financial management. The former government did not have a revenue problem, member; it had a spending problem. It absolutely blew the lot.

I have been through this before; they are not doing much better in opposition. Government members have no idea who to listen to when the opposition is talking about different issues because they constantly contradict each other. The opposition does not have any sort of plan or even a common theme moving forward when it comes to looking at the management of the state’s finances, or even for small issues. I have brought up the electricity credit in this chamber before. That was a fantastic initiative of this government. What did Hon Dr Steve Thomas say? He said —

“It is the simplest most obvious way that the premier can put some money back into people’s pockets and I would support that. I think that’s a good outcome for everybody.”

What did the Leader of the Liberal Party—“Mr Nine Per Cent”—think about the \$600 credit? He called it “a disgraceful waste of a precious resource.”

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

Hon Alannah MacTiernan: Is that “Mr Nine Per Cent”?

Hon DAN CADDY: It is “Mr Nine Per Cent”. You guys are not even on the same page! Members opposite cannot agree amongst themselves what good financial management is, so how could anyone possibly trust them to manage the finances of this state in the future?

Hon Dr Steve Thomas: Did you agree with me?

Hon DAN CADDY: I did agree with the member. I would not trust your mob to run a chook raffle, to be honest. Where do we go with this? Freezing utility charges is another issue on which the member and good old “Mr Nine Per Cent” down there in the other place were on completely opposite pages. It is unbelievable.

HON TJORN SIBMA (North Metropolitan) [12.02 pm]: It has been a little bit difficult to keep track of the divergent thoughts and examples cited by government members in support of this motion. I concede that Hon Pierre Yang and Hon Dan Caddy have spoken with gusto, enthusiasm and pure ideological intent, but they have gone nowhere near proving the premise upon which this motion is founded.

I want to draw Hon Pierre Yang back to a fundamental issue raised by Hon Dr Steve Thomas; that is, the member is confusing the management of the state’s finances with the broader economy, magnifying the role of the state government to principal economic actor in the state, which is completely and utterly disproven when one reads the state budget papers. The revenue page in, I think, budget paper No 3 gives the reader a sense of where the cash and operating surpluses are derived. It is principally iron ore royalties. Essentially, 85 or 90 per cent of revenue is given to the government by industry’s activities. It is a consequence of private investment and private endeavour.

The government cannot claim what does not belong to it. I do not begrudge any government luck because we all need luck—both individuals and governments. But it is tempting the fates, in a classical sense, to grasp what is not yours and to lay claim to things that did not come to you purely by your earned endeavours. A range of macro-economic circumstances, geopolitical shifts and global economic moves have largely underwritten our mining boom. We were also benefited—it is sad to say this—through the collapse of Vale’s tailings dam in Brazil. That was an unfortunate consequence for those concerned, but we were a beneficiary. That event seems to have gone unremarked upon, although I note the Minister for Regional Development reflected, perhaps a little whimsically, that Hon Ben Wyatt had a special operations squad inside Treasury that would go around the world undermining the economic endeavours of our trade competitors! That is obviously not the case.

The most appalling aspect of the government’s inability to grasp the difference between the economy as a whole and the state government as a financial manager is this, and I offer this invitation to the honourable member who moved the motion: go and give the same speech to the queue at Foodbank and tell those people queueing up for assistance what a wonderful economic manager the McGowan government is. I make this analogy only because Hon Dan Caddy reflected on household budgets. It has not been acknowledged during the course of this debate that household budgets are under pressure for a variety of reasons. It behoves the government to act as a responsible financial manager. If it wants to lay claim to economic supremacy, it should make sure—I hate to use this phrase—it has all its ducks in a row when it comes to financial management.

Here is some advice: when the government is developing and delivering its infrastructure plans, particularly its public transport plans and signature project Metronet, it should ensure that the investment is up to the return. We do not begrudge the government investing in public transport infrastructure. We do not begrudge Metronet conceptually. Where the government has gone wrong is that it has expanded that project beyond all reasonable scope and scale and is attempting to deliver too much, too fast. That is just plain stupid and reckless. I cite as evidence of that stupidity and recklessness the benefit–cost ratios for two elements on the Armadale line. I have referred to this previously. The government is spending \$1 billion. It is wasting \$1 billion. The government will get no return from that investment in tangible economic terms. It is overheating the local construction market at a time when costs are already escalated, there are already supply-side shortages, and there is a complete and utter shortage of, and constraints on, available labour. That is economically reckless.

This is not an injunction; we are not saying do not build this; it is just some advice for the government to perhaps live the apparent virtue that the member is attempting to signal with this motion. Do that hard thinking and hard work that Hon Dan Caddy is happy to laud the government for. I see more an absence than evidence of that, but to be charitable to the member, I am sure that hard work is going on in government. But if hard work is going on, it is not being directed in the right way and I think certain ministers are now doing victory laps and building monuments to themselves. Although they might be talking about fiscal discipline and financial management, not all of them are walking the talk. I think about walking the talk because we are asked to rely upon the written word and the argument that goes with it. I recall the written words of the then opposition in 2013 that wanted to establish a new office to restore the public’s faith in election costings. I quote a document dated 27 February 2013 —

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

a WA Labor Government will establish an independent Parliamentary Budget Office in its first term of Government to independently cost election amendments, WA Labor Leader Mark McGowan said today.

That was an excellent idea. It was also the brainchild of Hon Ben Wyatt, who I have to say was and probably remains the single most impressive figure the government has had. I wish him well in his new endeavours, but his departure from Parliament has exposed a complete and utter lack of talent around the Premier. There is no talent.

Several members interjected.

The ACTING PRESIDENT: Members!

Hon TJORN SIBMA: The problem in Western Australia is not so much that the Labor Party dominates both houses; that is just the outcome of the election. The problem with the government is that it is only a one-man government. Every government member here chirps the talking points from headquarters. Not one single member —

Several members interjected.

The ACTING PRESIDENT: Members! I can hardly hear the honourable member; I am certain that Hansard cannot. Please direct your remarks through the chair.

Hon TJORN SIBMA: Not a single member of the government has an original thought. Not a single member is prepared to take on the Premier. What will happen when he leaves? There will be a point of departure. Who will fill the void? Will it be filled by Hon Rita Saffioti, the person who is blowing a billion dollars that she does not need to blow on Metronet? Will it be filled by Hon Amber-Jade Sanderson who is doing her level best?

Several members interjected.

The ACTING PRESIDENT: Members! Stop! Same as I said before: I cannot hear what he is saying; I am certain Hansard cannot.

Hon TJORN SIBMA: There is absolutely —

Several members interjected.

The ACTING PRESIDENT: Members!

Hon Kyle McGinn interjected.

The ACTING PRESIDENT: Hon Kyle McGinn, through the chair, please, or not at all.

Hon TJORN SIBMA: The point of my contribution is this: government members are broad and large, but they are not very deep. They have no economic vision, none at all, and that is reflective of this: all they can do is bring in retrospective motions. They have no idea how to deal with the challenges of today and they have absolutely no vision for the future.

Hon Pierre Yang: What's your vision?

Hon TJORN SIBMA: I am waiting for your vision. I am waiting for your ideas, but I know that you will not have any until you are told what they are by the politburo itself. You are shameless, pointless, hopeless. You add nothing to this debate at all. Any sensible person must refute this nonsense in the absolutely strongest possible terms, which I do. Lift your game. Come on!

HON ALANNAH MacTIERNAN (South West — Minister for Regional Development) [12.12 pm]: I am pleased to rise to support this motion. I must say the contributions of members opposite reinforce the level of the problem. Hon Tjorn Sibma, like many before him, obviously has an obsession about Labor's investment in rail. This dates back to 1979 and is reiterated in every Liberal government. Over the years, they have got close to supporting rail projects but have never actually delivered one. It is really disappointing that Hon Tjorn Sibma, who obviously needs to learn so much, has absented himself from the chamber on urgent parliamentary business. He will not hear about some of the structural problems that have beset the way in which the Liberal Party has managed the economy. He spoke about capital investments and focused on projects that he believes are unnecessary for the development of the state. We reject that they are not necessary for the development of the state. He studiously avoided to address any of the structural problems that were a constant part of the budgets of the Barnett government—that is, the inability to manage wages and the inability to manage growth.

The Labor government has had to do some really hard work. The opposition likes to pretend that it was suddenly all about iron ore royalties going up, but that was not the case in the early years. The government had to rigorously manage expenses in the budget. It was difficult, but it managed to do that. Mr Barnett and his team on the other side had no preparedness to grasp the idea that they needed to manage structural costs in the budget. Capital projects can be moved out. Indeed, we have been criticised when we have made decisions to push out capital works projects to bring back and facilitate demand in the private sector. We have very deliberately smoothed out a number of projects. When the government does that, the opposition comes in with the opposite criticism that the government is not

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

delivering those projects on time. The government is still committed to those projects and doing them, but it has very consciously pulled them back to stop overheating the system. That is the sophisticated thinking that this government is prepared to do.

This government has had a rigorous wages policy even when some people on this side of the chamber have challenged elements of it. But we determined that when we came into government there would be a massive problem in the budget. When we came into office, debt was projected to be more than \$40 billion. We knew we needed to bring that back and we were prepared to do that. But there is this pixie land idea that it has just all been about iron ore revenues. Iron ore revenues have been good and they have enabled the government to invest in large capital projects that will benefit the whole state. However, they can always be moved out slightly to satisfy private and public sector demand. This government has been prepared to make structural changes in the budget to manage that. Under the Barnett government there were eight years of cash deficits; and, it is my recollection, that five out of eight Court government budgets were deficit budgets. You guys have this notion that you have had all the bad luck. I do not think that that is right. I think at some point the opposition needs to take responsibility; otherwise, what is the point if it is not prepared to take responsibility? The opposition's argument every time is, "When we got into government, whether it was the Court government or the Barnett government, we just had bad luck. It has nothing do with our management." We do not accept that and, self-evidently, the public does not accept that.

The motion is about the government's ability to manage the economy. It is not just about managing the budget. I thank Hon Pierre Yang for phrasing the motion in such a way that it enables us to bring in other important measures of economic management. A really interesting scenario playing out across Australia at the moment is this absolute crisis in the eastern states arising out of its gas and energy prices. We can contrast that with the Western Australian scenario and the very important decision made in 2006, in opposition to the federal coalition government of the time, to put in place a gas reservation policy. It is really only now that the true economic importance of making that decision that ensured that 15 per cent of the gas produced in Western Australia on all new projects would —

Hon Dr Steve Thomas: You missed my speech on Tuesday when I said that we at a state level opposed it too at the time and we got it wrong. It is in *Hansard* if you want to check.

Hon ALANNAH MacTIERNAN: Thank you. But again, it goes to this whole issue of economic management. These things do not happen randomly. They happen because we have people in the Labor team with Labor values who are prepared to do the hard things. The opposition, BHP, John Howard, Woodside and Chevron were all opposed to this decision made by Alan Carpenter, with a great deal of support right across the Labor Party and, indeed, the labour movement. We could see that if we wanted to develop as an economy, if we wanted to diversify, we needed to have access to affordable energy. Again, we are looking forward with many of the things that we do today. We are developing new industries such as hydrogen and critical minerals—industries that were ignored by the previous government but will, over the next 10 to 20 years, underpin our twenty-first century economy.

HON DARREN WEST (Agricultural — Parliamentary Secretary) [12.21 pm]: I would also like to support this motion put forward today. Enough has been said on its wording and how it is framed. Anyone who is a student of economics will see the vast contrast between WA Labor governments and coalition governments over many terms now. I would like to call my little talk today "The \$10 billion turnaround" because that is what we have seen happen. Do members remember the \$4 billion deficit, the tearing up of public funds, the wastage and the wanton spending of the very undisciplined Barnett Liberal–National government over eight years compared with the prudent and strong financial management of the McGowan government? We have had a \$10 billion turnaround and gone from a \$4 billion deficit to a \$6 billion surplus. The Leader of the Opposition in this house makes a point: there have been some favourable economic circumstances, but there were also favourable circumstances during the Barnett Liberal–National government. Hon Dan Caddy made a very good point that it was not a revenue problem with that government but a spending problem. For the governing Liberal Party to have friends at that time like the National Party, it did not need enemies. The government had a 13 per cent increase in debt year on year during its original term. Those of us involved in the regional development commissions had a term for the funds that were getting thrown around: "Nobody's money". The National Party was throwing this money around outside of Treasury processes and we were calling it—they were calling it—nobody's money: "Get it out the door and spend it." It was not spent in the interests of Western Australia, but in the interests of the National Party. It was disgraceful.

What I want to focus on today—there is not long to go—is the importance of good financial management. The old saying, "If you want to put a Liberal into a small business, give them a big one first" is very true. That is what happens when the finances are not managed well. One has to spend less than what they earn, and it is not easy. For those of us who come from a business background and have run a small business, we know it is not easy to be successful financially. There is a lot of risk. A lot of right decisions have to be made. One wrong decision can offset the four good ones that were made before that. It is not easy. There is no luck involved. It comes down to good financial management, and that has been recognised across the state. Let us remember where this money comes from. This money belongs to the people of Western Australia, the taxpayers of Western Australia. It is not Mark McGowan's

Hon Pierre Yang; Hon Dr Steve Thomas; Hon Dan Caddy; Hon Tjorn Sibma; Hon Alannah MacTiernan; Hon
Darren West

money or the government's money; it is the people's money, and we have to manage that money responsibly. We have an obligation to do that as a member of Parliament and a member of government, especially executive government. Let us boil it back down to that. If we manage the finances well, we make life easier for everyday Western Australians. That is what this government is about. Of course, we care about those Western Australians who have not had the luck and the opportunity that other Western Australians have had. During good financial times, that is more challenging. People get left behind. It is not an intentional thing; it is a reality. It gets more expensive to rent a house. In these times of international uncertainty, it gets more expensive to buy fuel. All those day-to-day costs that we incur become a heavier percentage of the household budget.

Good financial times also give us the opportunity to invest heavily in infrastructure. We are investing heavily in rail projects in the metropolitan area. That benefits regional people as well. It makes Perth more of a world-class city. Regional rail projects are benefiting. We are investing in regional roads, hospitals and schools. All those things are possible during good financial times when a government has managed its money well. Hon Pierre Yang is right to bring these types of motions forward. We need to keep talking about the importance of this because one day in the future, there will be a Liberal–National government again. I do not think I will be around, members, but there will be a day when the wheel will turn and I would hope that the next Liberal–National government learns from the financial calamities of past two Liberal–National governments. I hope it learns how to manage the books properly and act in the financial interest of all Western Australians. That is what our government has proudly done over the last two governments. We have put the financial interests of Western Australians first.

Motion lapsed, pursuant to standing orders.