

**APPROPRIATION (RECURRENT 2021–22) BILL 2021**

*Third Reading*

**MR M. MCGOWAN (Rockingham — Treasurer)** [4.47 pm]: I move —

That the bill be now read a third time.

**MS M.J. DAVIES (Central Wheatbelt — Leader of the Opposition)** [4.47 pm]: I rise to speak very briefly on the third reading of the budget. To recap some of the conversations we have had, we asked all those questions in budget estimates and I know that we have just acknowledged the work that goes into those committees. That was off the back of some statements by the opposition on the broader budget and the framework that the Premier is working to. Our criticism is essentially that, with such a significant surplus, we still face so many challenges here in Western Australia. A \$5.6 billion surplus, which has been elevated to \$5.8 billion, does not belie the fact that we still have a health crisis, which has been outlined very clearly over the course of the last seven months by the opposition and the shadow Minister for Health. We still have great concerns about housing, which is an issue that was again raised today by the member for North West Central. Recovery is lagging in the areas that were hit by cyclone Seroja, including in particular accommodation for workers and accessing those workers has created a skills crisis. With the significant surplus that is sitting with the state government, these issues are not being addressed and they should very much be the priority of this government. Our argument through this whole process, as we have delved into the details of the budget, is that the government is failing on the basics with such a massive surplus.

It is the highest taxing government in WA history and has the highest royalty collection and income from the GST, yet there is no reduction of debt across the forward estimates. Members may recall that one of the issues we raised during the second reading debate and further into the debate was that this seemed to be an almighty issue with the previous government, yet it is now no longer an issue according to this Premier; Treasurer. There is no material reduction in debt across the forward estimates, and that is in the budget papers in black and white. I will not re-prosecute every argument that has been made over the last four weeks since the budget has been brought down, but I suggest there is significant room for improvement. Although the Premier is quick to spruik the \$5.8 billion surplus, I do not think any kudos can be provided for the situation, which, as I have said, we find in our state's health system and the housing and skills crises we are faced with.

It has been incredibly challenging to understand the government's position on progressing appropriate quarantine facilities. It was put that if we were not prepared to invest in our own facilities or to increase the capacity of our hotel quarantine system here in Western Australia, there was an opportunity to use some of the surplus funds to engage with the federal government to perhaps use Bladin Village in the Northern Territory. On the cusp of the harvest in the agriculture sector there would have been an opportunity to bring in workers—I know the mining sector also would have appreciated that approach—yet a significantly lower number of people are coming into the state in our hotel quarantine. If there is not some swift investment on that front very soon, it will block our capacity to continue to grow and will start to put a handbrake on some of the things the Premier has outlined he would like to achieve over the next four years.

I think the surplus we see is more due, again, to a significant inflow of royalties and GST and a significantly higher tax base. I think we will recall that on top of that the Premier made the decision to increase household fees and charges—the basket of goods that we use, for example, to determine the impact on every householder in Western Australia—by \$100 while a \$5.8 billion surplus is sitting in the back pocket. They are extraordinary circumstances that we find ourselves in.

This is the first budget framed by the Premier and I have to say that we were very challenged to understand why with so much money in the bank this government has not been able to address some of the very basic issues we think governments should pay attention to.

With that I will sit down. I think the Leader of the Liberal Party has some further comment to make.

**DR D.J. HONEY (Cottesloe — Leader of the Liberal Party)** [4.52 pm]: My contribution in response to these appropriation bills will be brief. The opposition's debate on this Appropriation (Recurrent 2021–22) Bill 2021 was that this budget is a lost opportunity for the state. I do not think it serves the chamber to reprise all the discussion we had. However, some key areas deserve some highlighting—the most obvious being health.

I think this is a massive threat for the state and for the government ultimately. I did some simple numbers on the health budget. The government underfunded health in the first four years and in 2018, boasted that it had cut the health budget. It has recognised that there are issues in health and there needs to be an injection of funds. If we take the funding that has been put into health and project it forward, it will increase by only about 2.5 per cent. We know that health expenses increase by around four per cent per annum. The gap between that four per cent per annum increase compared with the government's projected spend, equates to about a \$1.5 billion underspend over the forward estimates. Unless the government is doing something fundamentally to change the efficiency of health services—there was nothing in the budget to indicate that—we will be in exactly the same position or an

even worse position in four years' time than we are in now. I say that in the spirit of alerting the government to an issue. Unless it changes the trajectory of the increasing costs of health services—despite good efforts not many governments have managed to do that—there will be a continuing major shortfall in health expenditure across the forward estimates.

We see that in housing as well; that is, although there has been an injection of money into housing, the government will struggle to reach the required levels of housing. The other area that I think is worthy of highlighting is public safety. We see, effectively, flatlining of expenditure for police over the forward estimates, yet we know that the metrics for serious crime in the community are increasing. There has been some reduction in the number of some minor crimes during the COVID pandemic, but we can well expect them to increase across the forward estimates. Again, unless there are efficiencies in those services, we will see an under-resourcing of services. We have seen recently, as reported I think last week in *The West Australian*, 149 police have left the WA Police Force in the metropolitan area, and there will be an enormous challenge for the government to achieve the required levels of policing.

This is an issue for the whole state. I raised it in question time—that is, the loss of the Fortescue Metals Group manufacturing facility to Queensland. Obviously, in asking a question one cannot go into too much detail or the Speaker will rule them out of order. The facility that will be built in Queensland is not about manufacturing just green hydrogen; it will make the electrolyzers and fuel cells for it. There are members here who understand manufacturing. That manufacture is at the highest end of manufacturing; it is the manufacturing equivalent to building space ships. The level of science, engineering and technology that goes into those devices is just enormous. That industry being established in Queensland by a Western Australian, someone who is a determined Western Australian and has invested a lot of money in Western Australia through charities and otherwise, should be an enormous wake-up call for us all in this chamber, in particular the Premier and the government. Only one or two of those facilities will be built in the whole of Australia. As I say, it is not just the manufacturing jobs, which are high-end manufacturing jobs; it is all the science, technology and engineering that go behind it. In large part, it will be domiciled in Queensland because it will be near that massive construction facility.

That should be a wake-up call for us, and that goes to investment in enabling infrastructure. We may criticise each other across this chamber but we all have a collective interest in what is good for this state. Unless we put the enabling infrastructure into the industrial estates, we will see that result repeated. We have no mortgage on this. We have fabulous renewable assets but no mortgage on people building these sorts of very sophisticated manufacturing facilities in this state. Queensland and other states will compete with us vigorously for them. Obviously this budget is done, but in future budgets, even within the term of this Parliament, I strongly encourage the Premier; Treasurer to seriously look at the issue of expenditure on enabling infrastructure on those major industrial estates. That is key to creating high-end jobs that will be the future for people in Western Australia.

**MR M. MCGOWAN (Rockingham — Treasurer)** [5.00 pm] — in reply: I thank members for their support of the budget and the Appropriation (Recurrent 2021–22) Bill 2021. Obviously an enormous amount of effort went into the budget. It was, naturally, late because of the state election in March, as it is every state election year.

I will comment on a few matters about debt that were raised by members, including the Leader of the Opposition. When the previous government came to office in 2008, the state's total debt was around \$5 billion. By the time it left office, debt was climbing to \$44 billion. That is the comparison. This budget has debt going down to \$32 billion. It stabilises across the forward estimates, but bear in mind we have quite careful figures in place for iron ore. Over that period, we have also allocated \$9 billion for COVID recovery measures to deal with the situation we face. Our financial performance is the best of any government in Australia. It was rated by one of the credit rating agencies as one of the best in the world. In fact, Western Australia and North Rhine–Westphalia in Germany were found to have the best financial management of any subnational jurisdiction in the world. That is our performance versus the last government's performance. We have reduced debt by 24 per cent. The previous government made debt climb by 107 per cent.

An amount of \$104 million of state and federal government money has been allocated for cyclone Seroja recovery. Recovering from the biggest natural disaster the state has ever seen is a very difficult situation, but it has been an enormous effort. I thank everyone who has been involved in providing a great deal of housing and support for the workforce. I also thank people for the support given to the tourism industry throughout the midwest and the Gascoyne to allow it to recover—and indeed the wheatbelt, actually. It has been an enormous effort to get to this point. Further work will be done by the state and federal governments and we are doing all that we can to get that work underway. It is the biggest recovery package in the history of Western Australia.

The commonwealth is building quarantine facilities and we have cooperated on that. It has started work at Bullsbrook. Quarantine is obviously a commonwealth responsibility under the commonwealth Constitution. It appears that some people do not understand that. International borders are controlled by the commonwealth government. Some people do not seem to understand that. That is what is occurring, but we have agreed by way of a memorandum of understanding to operate the quarantine facility when completed. We expect it to be completed sometime between

March and May next year. We have agreed to operate it as required for quarantining purposes in relation to the pandemic. That is the agreement the state has entered into there. Obviously, we are still quarantining people in hotels. That has been an ongoing operation now for two years. It is very expensive and very difficult to run, but we have done that over the course of the last two years. Other than that, I thank members for their support.

Question put and passed.

Bill read a third time and transmitted to the Council.