

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from an earlier stage of the sitting.

HON MATT BENSON-LIDHOLM (Agricultural) [5.07 pm]: Before questions without notice, I was making the point that to have stage 1 of the midwest energy project without stage 2 sells the state and the midwest short. I now go on to suggest that, at its earliest, stage 2 cannot be ready before 2018. Once touted as the possible source of the state's 20 per cent commitment to renewable energy, the midwest benefits little from this budget. Without stage 2 of this project, there is no capacity to feed renewable energy back into the grid, and the current setup cannot handle any further load increases or demands from within the existing region. This could well be an example of the poor planning that Hon Max Trenorden was talking about earlier. Where does that leave mining and processing setups in the midwest? They will simply have to develop their own facilities; and the same would apply, obviously, to Oakajee without stage 2.

The 10-megawatt Greenough River solar farm is a big positive. But it will generate enough electricity for only 3 000 average homes in the midwest and Geraldton, which is an area that has the potential to grow to in excess of 100 000 homes. Also, the energy that will be generated can be used only in situ. So it certainly cannot help the rest of the state as would otherwise be the case.

For some considerable time now, experts in Geraldton and the midwest have been saying that if the state government insisted on bringing the potential vast local supplies of solar, wind and geothermal energy into the south west interconnected system, the state's 20 per cent commitment would be easily achieved. This requires, however, as I have said before, the state government to change its priorities, otherwise electricity prices will continue to spiral northwards. Of course, with another 25 per cent real increase in electricity prices due, that does not bode well for consumers.

I now turn my attention to country roads and tier 3 rail lines. Country road funding, or the lack thereof, in this year's budget is also an issue of great concern, especially in communities in which tier 3 wheatbelt rail lines exist. The budget provides a disappointing \$24.3 million to upgrade state roads in Western Australia's grain freight network. This figure is all the more cause for concern given the imminent closure in 2014 of tier 3 rail lines. Incidents such as the January 2012 crash on the York–Quairading road have local communities enraged. In that particular instance, a truck and a farm vehicle collided in what appears to be a case of the government failing to reopen tier 3 rail lines in time for harvest. Poorly maintained and narrow roads are increasingly being used by bigger and bigger grain trucks. It is a recipe for big trouble, and that is exactly what has happened. The crash highlights the increasing risks faced by motorists in tier 3 areas, particularly given that rail transport and the rolling stock options are currently on the wane. Former Western Australian Farmers Federation president Mike Norton is on record as saying that the tier 3 rail network was developed as an economical and safe option to transport grain in the state's wheatbelt and that continued expenditure on tier 3 lines was the only sensible course of action when safety and financial factors were considered. An added dimension would appear to be the WA Farmers Federation's calculation of an extra 57 000 truck movements across the state every year. Given the closure of these particular rail lines, many of these movements would occur in the metropolitan area, further placing in question the government's tier 3 stance, a point frequently made, from what I can recall last week, by Hon Ken Travers.

I would now like to quote from an article in the *Farm Weekly* dated 25 May written by Bobbie Hinkley. The article is headed "Farmers de-railed by government budget". The story puts on the public record the frustration and dissatisfaction experienced by many people living in farming communities where tier 3 rail lines will be decommissioned in 2014. The article makes compelling reading and I would like to quote from it. It states —

Desperate calls by farmers for the State Government to increase road and rail infrastructure funding have been ignored again.

Last Thursday's State Budget announced a disappointing \$24.3 million to upgrade a number of State roads in WA's grain freight network as a result of Tier 3 rail lines being decommissioned in 2014.

The insufficient figure has caused further frustration among WA's farming community and prompted Wheatbelt Railway Retention Alliance (WRRRA) chairman and Narembeen farmer Bill Cowan to question the capacity of the State's current government.

The Liberal–National Government is set to invest \$3.9 billion in new and ongoing State transport projects in 2012/13, \$105m of which will be spent on projects to address traffic congestion and \$97m will be spent on road safety projects.

But with the overwhelming majority of transport funds designated to the Perth Waterfront Development and Perth City Link, Graham Farmer Freeway tunnel, Mitchell Freeway, Perth Parking Management

Fund, Perth Airport, cycle paths and public transport it's easy to see why farmers were feeling left in the dark.

Transport Minister Troy Buswell said the government would invest in a range of transport projects throughout the State to deliver a balanced transport solution to benefit metropolitan and country road users, public transport patrons, cyclists, pedestrians and industry.

But Mr Cowan believed country road users and rural industries had drawn the short straw for yet another year as a direct result of the State Government's lack of vision for the future.

"Are our government departments incompetent?" Mr Cowan asked.

He believed only \$24.3m had been committed to country road maintenance as a result of expected rail closures, because many of the roadworks initially planned by the State Government, wouldn't be completed before the 2012/13 harvest as promised.

"All I can say is \$24.3m is inadequate for country roads," Mr Cowan said.

"Our roads need much more money to be spent on them than that and spending is needed throughout the expanse of the Wheatbelt, not just where rail has been decommissioned.

"And that's just to get those roads up to taking the road train specifications."

Mr Cowan said the cost of ongoing maintenance for country roads had also been heavily underestimated by Treasurer Christian Porter and Transport Minister Troy Buswell in last week's Budget.

"The Brookton Highway has been totally destroyed by heavy vehicles carting grain out of Kondinin, Kulin and Bendering," Mr Cowan said.

"If government doesn't put funding into Tier 3s, or sufficient funding into road recovery, that problem is only going to get worse."

Mr Cowan said in the last week more than 20 fix-up strips were in the process of being laid along the Brookton Highway near Corrigin.

He said trucks had broken through the surface of the bitumen which had caused dangerous potholes to form.

"When Corrigin residents first started alerting me to the problem CBH had only started to empty one of the bulk-heads at Corrigin," he said.

"It still has Kondinin, Kulin, Bendering and probably South Kumminin to empty and at the moment the road is an absolute mess.

"It points toward the fact that somebody didn't do their figures right and the government's Bible, the Strategic Grain Network Report (SGNR), is totally wrong."

Mr Cowan said it was ironic local farmers pre-empted the problem and pointed it out to the government but despite their efforts the government chose to ignore them.

He also explained CBH had revealed its freight costing for all receival sites with rail access, was now cheaper than road access, as opposed to six months ago when there were five or six sites which remained uncompetitive with road costs.

"When you look at those figures you have to ask yourself, what's the point in not having rail operating?" Mr Cowan said. "The government has treated the SGNR as a Bible and it's an absolute joke.

"One only has to look what rural transport got out of the recent budget to see that."

Earlier in the year Transport Minister Troy Buswell said the State Government had already committed about \$190m to upgrades on the most competitive grain lines and there would be no plan for additional funding for the Tier 3 lines beyond October 2012.

Mr Buswell said given the strength of the CBH/Watco partnership, the efficiencies professed by CBH and the profits it generated, there was no desire or real need to continue to use taxpayer funds to subsidise the operations of CBH.

He said it was the government's view that if CBH wanted to continue to use Tier 3 lines then it was a matter for negotiation between the co-operative and Brookfield Rail.

These final comments by transport minister Buswell are disappointing and dismissive of country communities and the needs of the farming sector especially. Otherwise, I believe the newspaper story says it all. It is little wonder that WA Farmers Federation president Dale Park says that the lack of tier 3 funding is disappointing at best. One has to wonder what it will take for the transport minister to reconsider his funding position. Country roads and country communities deserve better, especially given the contribution to the state's gross product of grain produced in tier 3 localities.

Hon Jim Chown: How much is it, do you know? What sort of tonnage is produced in a tier 3 area?

Hon MATT BENSON-LIDHOLM: That is a good question. I would certainly like to have a chat to the member about that afterwards. That is a particularly significant area. Any amount from a significant area such as that one where the tier 3 rail lines exist is worthy of attention.

Hon Philip Gardiner: I think you well understand, as would Hon Jim Chown, but I think it is something like two to two and a half million tonnes in a year such as the year we've just had.

Hon MATT BENSON-LIDHOLM: That is obviously a significant amount. I will continue. I have just over 10 minutes remaining.

In conclusion to the tier 3 issue, I will make a few remarks to sum up the situation. First, the majority of the industry participants, including CBH and the WA Farmers Federation, have rejected the findings and recommendations of the strategic grain network report, particularly the decision to close approximately 700 kilometres of tier 3 lines. Second, the various groups contend that the inconclusive estimates on overview road maintenance underpins their concerns and that rejection of the strategic grain network report's recommendations can also be due to issues of road safety and operational efficiency. Third, new initiatives such as the \$175 million alliance with US-based Watco have, according to the WA Farmers Federation and the Wheatbelt Railway Retention Alliance, changed the economics of operating tier 3 lines. Fourth, in the meantime rail closures are hanging over people's heads, particularly those who use the Quairading–York, Trayning–West Merredin, Bruce Rock–Yelbeni and Bruce Rock–Merredin lines, and the road system is not receiving the funding required and is suffering great stress. One only has to go for a drive in this part of the world to understand the very point that the locals make. Much more money is required than this budget delivers. Without adequate road funding and with the closure of tier 3 lines imminent, one has to wonder about the commitment of the government and the Minister for Transport.

I, like Hon Ken Travers and my opposition colleagues, see a number of significant holes in this budget. The government fails to deliver on the big physical and social infrastructure issues required to not only sustain the state but also move the state on so that more and more people can benefit from this once-in-a-lifetime boom. Specifically, state debt levels are a major cause for concern. My suggestion is that our spending priorities are completely wrong. Utilities price rises are hurting us all, especially the more vulnerable members of our community, and dividends to state government coffers simply continue to rise at the same time. Oakajee, the jewel in the midwest crown, has stalled. For years now, it has offered so much, but deferral to at least 2016–17 has many people worried. Many investment projects that should be underway are not. People are not spending money in the midwest and the reason is purely and simply that Oakajee is starting to smell. Stage 1 of the midwest energy project only becomes of real value if and when stage 2 is built. I know I mentioned that already and that it is not going to happen before 2018. Therefore, if we are to have significant infrastructure projects put in place, as I indicated before, businesses and private investors will be required to utilise and put in place their own energy infrastructure projects. Education in the midwest benefits with an unspecified amount allocated for the construction of a primary school, only K–3, by 2014 in Wandina. It is interesting to note that no other primary schools—or middle schools or high schools, for that matter—any health campus upgrades or any major roadworks were included in the budget for Geraldton for another year or were even identified in the forward estimates.

Hon Jim Chown: But there's a new high school going up in Dongara.

Hon MATT BENSON-LIDHOLM: I note that point, but I just mentioned Geraldton specifically in that context. Hon Jim Chown is right that that definitely is the case.

When we think that Geraldton is growing by the equivalent of more than two Narrogin's—nearing three—per decade, we would expect far more substantial health, education and roads infrastructure programs to be identified in the forward estimates. Alas, that is not the case. The greater fear is the lack of priority in the forward estimates, indicating that the government sees no priorities or investments required, even in the future, which maybe gives some sort of credibility to the former Treasurer's statement that, "You're better off not spending any money at all".

In conclusion, Labor rebuilt and modernised Geraldton between 2001 and 2008, but over the past four years, little has happened and little is likely to happen if this budget is any indicator.

HON ED DERMER (North Metropolitan) [5.24 pm]: I am very pleased to support the proposition that we note the budget papers. I am also very pleased to have listened to my colleague Hon Matt Benson-Lidholm's address on this motion. I have lived all my life in the North Metropolitan Region that I represent. Therefore, I am very much a city boy —

Hon Simon O'Brien: That is a very long time!

Hon ED DERMER: Not as long as Hon Simon O'Brien might think! However, I do not mean to be distracted.

For me as a lifetime resident of the metropolitan area, it is very important that I listen to colleagues about the conditions of life in rural and regional areas. The contributions of Hon Matt Benson-Lidholm very much assist me to understand that, and I am reminded of the contributions of earlier times made by Hon Bruce Donaldson, which also used to help me understand rural life. I know that Hon Matt Benson-Lidholm had a distinguished career as a teacher prior to entering this place and I think his students were very fortunate because he has certainly taught me a great deal and I appreciate that.

I am also particularly pleased that my contribution follows, although not immediately, that of my North Metropolitan Region and Labor Party colleague, Hon Ken Travers. Hon Ken Travers serves as the shadow Minister for Finance and he does so with distinction. Each year, he provides a very thorough and professional analysis of the state budget. In considering last year's state budget I suggested that Hon Ken Travers would greatly improve a budget if he had the opportunity to have input into its planning. I stand by that suggestion and I fully expect in March next year that the electors —

Hon Ken Travers: And that is in spite of East Perth beating Claremont the other day!

Hon ED DERMER: Do not stretch the friendship, Hon Ken Travers!

Hon Ken Travers: I just needed to make that one point!

Hon ED DERMER: I fully expect that in March next year, the electors, who are our ultimate employers, will take the opportunity to engage Hon Ken Travers as the Minister for Finance. In a very real sense, ministers and members are employees engaged by our electors with four-year reviewable contracts between elections. I am confident that, come March next year, they will choose Hon Ken Travers to be the next finance minister of this state.

The Barnett government has drawn much attention to and claimed much credit for the purported surplus net operating balance of \$196 million for the 2012–13 budget estimate. If members look at page 38 of the *Economic and Fiscal Outlook*—that is, budget paper No 3—they will see the “General Government Summary Financial Statements” table and the 2012–13 budget estimate net operating balance of \$196 million. Also in that table is revenue, under “Operating Statement” of \$25.477 billion. It is quite a simple equation to work out that the purported surplus of \$196 million equates to 0.8 per cent of the \$25.477 billion of the operating statement revenue included in that table. It is a really wafer-thin surplus and Hon Ken Travers in his forensic analysis of the budget papers that we heard earlier showed how fragile this wafer-thin purported surplus is. When members look at that table, they can see that it includes important figures about which the Barnett government has been a lot more shy and retiring and which it is reticent to emphasise. The net debt figure of \$2.699 billion is recorded as the estimated actual for 2011–12 and \$5.552 billion is the net debt budget estimate for 2012–13. It is quite disturbing in my view. A comparison of those two figures indicates that the debt level will increase by \$2.853 billion. If we divide that by the estimated actual debt for 2011–12 and multiply it by 100, it indicates that for the general government sector, there will be a 105.7 per cent increase in net debt. I heard Hon Matt Benson-Lidholm comment on his concern about the increasing indebtedness of the state and the long-term consequences of the need to repay this debt and to pay the interest on it. If we were to have a downgrade in our credit rating, as Hon Matt Benson-Lidholm suggested is possible, obviously the cost of repaying our ever-accumulating debt would be even greater. On page 52 of budget paper No 3 there is another table and it is the summary of financial statements for the total public sector. It refers to a 2012–13 budget estimate net debt of \$18.594 billion and a 2011–12 estimate actual net debt of \$15.169 billion. If we look at the difference between those figures, it indicates, for the total public sector, an increase of net debt of \$3.425 billion, and my quick calculation indicates that this is 22.6 per cent. Again, it is a very disturbing indication of accumulating debt for the people of Western Australia. Also in that table is a reference to a net operating surplus balance of \$63 million. When we look at that as a percentage of the operating statement revenue for the 2012–13 budget estimate, and that figure is \$41.327 billion, the net operating balance as a percentage of the operating statement revenue works out at 0.15 per cent, so that is the surplus for the total public sector. It is difficult to find a surplus that is more wafer thin than that. The scale of Western Australia's increasing indebtedness certainly warrants careful attention.

While the budget papers deal with 20s and 40s of billions of dollars, I would like for a moment to consider the value of a single dollar; I think a lot can be learnt from doing that. My thoughts on our medium of exchange are very much those of a layman and I am happy to accept corrections from colleagues around the chamber and also,

of course, from any professional or formally educated economists or economic historians. I will just share my layman's thoughts on the nature of this dollar I hold in my hand. As a medium of exchange, we expect the dollar to be accepted in exchange for goods and services we might want. The quality and quantity of the goods and services is the purchasing power of this \$1 coin. In times past, the value of a coin's metal—the metal content of the coin—more closely reflected its purchasing power. The pennies issued by Henry I of England in the twelfth century were silver pennies and they correspondingly had a much higher purchasing power than the coins we use today.

Hon Matt Benson-Lidholm: Hon Ed Dermer, would you consider tabling that dollar?

Hon ED DERMER: Hon Matt Benson-Lidholm, having looked at the —

Hon Matt Benson-Lidholm: You're a man of means!

Hon ED DERMER: Not at all, my honourable colleagues, but having considered the increasing indebtedness of the state of Western Australia, perhaps I should donate it to the new Treasurer once one is decided on!

Hon Ken Travers interjected.

Hon ED DERMER: My colleagues are endeavouring to be helpful and I appreciate that, but I am worried about the lack of time I might have to complete my comments, so I will proceed.

Hon Ken Travers interjected.

The DEPUTY PRESIDENT (Hon Brian Ellis): Carry on, Hon Ed Dermer.

Hon ED DERMER: We talked about the reduction in the purchasing power of currency and we commonly refer to that as inflation. In historical periods of high inflation, the intrinsic or metallic value of coins was often reduced or debased. Inflation often accompanies times of disrupted economic activity—that is, times of disrupted production and exchange of goods and services. Inflation often accompanies times of diminished stability and confidence in government and such times are times of a diminishing value of currency. Ancient coins carried the intrinsic value of the metal they were made of. Coins of the generally stable and prosperous Roman Empire of the first and second centuries AD had a much higher metallic value than the coins of the far more unstable and disrupted Roman Empire of the third century. A coin carrying the likeness of Augustus or Hadrian was much more likely to have a higher intrinsic metallic value than a coin carrying the likeness, say, of Maximinus Thrax or Carinus. When a government was prosperous and stable, coins had a higher value than what they did at times when the opposite was true. Sadly, for people involved in the third century Roman Empire, a common practice was that different armies in different provinces would proclaim their general to be the emperor and then these multiple emperors would head out to resolve the issue by civil war. While those armies were distracted, they neglected the frontiers. Various barbarian tribes crossed frontiers and these incursions disrupted communities, agriculture and trade. There was a cycle of destruction and diminishing production and exchange of goods and services, which contributed to a diminishing of economic and political confidence, which in turn contributed to the debasement of the currency of the time. These many problems were compounded by the use of debased currency by these generals-cum-emperors to pay for the loyalty of their armies. If they failed to successfully pay for the loyalty of their army, they were often dispatched and replaced by another general who became the emperor; it was quite a cycle of decline, of loss of confidence in governance, of loss of confidence in basic institutions of government and the debasement of currency. The direct relationship between political confidence and attendant economic confidence and the value of currency is very clear.

I would like to leave the coin for a moment and think about paper currency. I understand that paper currency in its origins started with merchants rather than emperors or governments. The merchant would accept tangible valuables, whether they were gold or silver or some other valuable, and write a note of promise in exchange for those valuables. The person who then deposited the valuables with that merchant could transport the note of promise rather than the heavy valuables and exchange it elsewhere. The system must have required a very high level of confidence in the integrity of the merchants involved and would have had advantages of security and mobility, which were very important. I am reminded of being in a classroom in 1970. I think the teacher at the time was Mr Jones, who was a very good teacher. He brought along an English pound of the time. The English pound was very interesting. The heading at the top of it was "Bank of England" and alongside a portrait of Her Majesty were printed the words "I promise to pay the bearer on demand the sum of one pound." I remember the teacher being asked what would happen if someone took the note to the Bank of England and asked for their pound. He said that the Bank of England at the time took the £1 note and gave the bearer a brand-new £1 note in exchange. This seems like a circular argument and I imagine that the circular nature of that argument and the reduced size of the £1 coins that have taken over from the notes have led to that promise of paying the bearer £1 being removed from the currency. But it is an interesting reminder of that earlier time when paper currency evolved as a promissory note representing more tangible value held elsewhere.

I return again to this Australian \$1 coin I have in my hand. I think when we are considering figures like the \$41.264 billion estimated to be expended in the total public sector in 2012–13 as recorded in budget paper No 3, it is a very worthwhile exercise to consider how a single dollar works. It starts to give us an idea of the enormity of the scale of what these budgets entail and, most frighteningly, the increasing level of debt. When I look at my dollar coin I notice the word “Australia”. That indicates the nation state that took responsibility for issuing the coin in 2009, and that date is there as well. The coin carries the likeness of Her Majesty Queen Elizabeth II, in Her Majesty’s capacity as the Queen of Australia. Speaking personally, I find the gentle dignity of our sovereign enhances my confidence in the system of government that we have. The other side of the coin indicates the denomination of \$1. It is very important to know the denomination on any particular coin or note, and there are five splendid looking kangaroos—a finer set of macropods I could not hope to see! The largest kangaroo, in particular, evokes a sense of strength and alertness, which I think perhaps also is symbolic of the hope we would like to have of confidence in our currency. The value of this coin is certainly more than the value of its metallic content. Recent debate on the future of the five cent coin has talked about the fact that it is now more expensive to produce a five cent coin than five cents. That would not apply to a dollar coin; therefore, the value of the \$1 coin is certainly more than the value of the metal that it is made of. I expect that if I were to go to the Reserve Bank of Australia and ask to exchange my dollar coin for a dollar’s worth of gold, I would make very little progress in that pursuit. It would certainly be a very small amount of gold that I would get for my dollar coin. The coin is much more convenient for me than that tiny amount of gold, and I think I would probably lose that tiny amount of gold. I have lost a few dollar coins in my time as well. It is important for me to remember why I am concerned to try to not lose my dollar coin and to keep it safe. The reason I do not want to lose it is because it has purchasing power. Within the value of the coin lies my confidence that another person will accept it in exchange for a good or service. This coin’s most probable immediate destination is a parking meter. A local government authority where I may happen to wish to park my car is willing to accept my coin in payment for my use of a parking space because the authority is confident that another person or party will accept the coin in payment for a good or service that the authority requires. They are willing to take this \$1 coin off me for my privilege of being allowed to use their parking space only because they know that once they have got this coin they are confident they can use it to acquire something they need as a local government authority.

Why am I taking the time of the house to explain this pretty obvious fact? I think the reason I am taking the time of the house to explain this is that it is very important that we remember the fundamentals. The whole system of currency as a medium for exchanging goods and services depends on confidence in that currency. The coin in my hand might be legal tender in Australia; it was issued by the Australian government in 2009, but neither the Australian government nor the Reserve Bank of Australia really determines the value of the coin. The local government authority that specifies the number of dollars that I have to exchange for one hour’s worth of parking in their parking bay determines the value of the coin, because they specify how many I have to pay for an hour’s parking. If the local government authority loses some confidence in my coin’s ability to pay for asphalt or some other commodity that it needs to provide the parking, then that loss of confidence will diminish the purchasing power of my coin, and it is likely that the local government authority will respond to that diminishing confidence by charging me more of these dollar coins for an hour’s worth of parking. So inflation can be seen to equate with diminishing confidence in the buying power that is the value of currency. The diminution in buying power we are used to is generally gradual, and such moderate inflation is not a cause for alarm. Excessive inflation threatens confidence in currency and also confidence in the institution in whose name the currency is issued. I remind members that this coin is issued in the name of our nation state of Australia. Confidence in currency, confidence in governments, confidence in institutions such as Parliaments, the judiciary and banks are all inextricably linked.

The relationship between confidence and the integrity of government and confidence and integrity of currency is perhaps most clearly illustrated by the example of Zimbabwe. We have seen the collapse of the western Roman Empire, and the Weimar Republic in Germany, associated with rampant inflation, but the most recent example of Zimbabwe is possibly more instructive. Zimbabwe provides, sadly, a not unusual example of a government using violence to sustain its own power after that government has lost the confidence of its citizens. What is less common about the governing power in Zimbabwe is the thoroughness with which it has been prepared to disrupt its own economy and society and exhaust the wealth of the nation in its determination to sustain power.

I am going to refer to a *Wikipedia* article on the Zimbabwean dollar, which was accessed for me by the Parliamentary Library on 14 June. I will read briefly from the article; I see I still have time, which is encouraging. The article reads —

Although the dollar was considered to be among the highest-valued currency units when it was introduced in 1980 to replace the Rhodesian dollar at par, political turmoil and hyperinflation rapidly eroded the value of the Zimbabwe dollar to become one of the least valued currency units in the world, undergoing three redenominations, —

Basically, they changed the denomination of the currency to make it sound more valuable than what it is —
with high face value paper denominations including a \$100 trillion banknote (10^{14}).

That is 10 with 13 zeros to follow, to give members an idea of the scale of the number —

The third redenomination produced the “fourth dollar” (ZWL) which was worth 1 trillion ZWR (third dollar) and 10 septillion “first dollar” ZWD, so overall the ratio of the redenominations was $10^3 \times 10^{10} \times 10^{12} = 10^{25}$.

What the dollar was worth in 1980? Ultimately, on a one-to-one parity with what it was, in 1980 it became worth less than 1 over 10^{25} . It is quite extraordinary what a government can do to evaporate the value of a currency if a government is prepared to be abusive enough of its own population. The article goes on —

Despite attempts to control inflation by legislation, and three redemoninations (in 2006, 2008 and 2009), use of the Zimbabwean dollar as an official currency was effectively abandoned on 12 April 2009. This was a result of the Reserve Bank of Zimbabwe legalising use of foreign currencies for transactions in January 2009.

It got to the point at which it was worth 1 over 10^{25} of its original value. Trying to sustain a currency with no value by redenominating so many times was abandoned, and because the currency of that nation state was seen to be worth effectively nothing, the medium of exchange in the nation state had to be currencies borrowed from elsewhere where there was greater confidence. I know that referencing Wikipedia is sometimes questionable, but I remind members that this is a speech and not an academic paper. The Wikipedia article has 226 references attached to it, and any member who would like to check all 226 of those references is more than welcome to do so. Zimbabwe is obviously an extreme example, and I deliberately chose an extreme example for the sake of demonstrating my point. Less extreme examples of governance abuse have inflicted less but still very significant damage to confidence in currencies and institutions of government. Confidence in currency is inextricably linked to confidence in governance and the institutions of government. Confidence in currency provides an imperfect but useful indicator of confidence in governance. A useful question is to ask what we, as members of the Western Australian Parliament, can do to enhance confidence in governance. The most effective method that I can think of and that we can use to enhance governance, and confidence in governance, is to be more honest. Sadly, I am not talking about absolute honesty. It might be disturbing to consider, but in the lives that people lead, honesty is relative and, in an immeasurable way, quantitative. We can perhaps understand a diminishing scale of honesty if we move from full disclosure to selective disclosure, active spin and distortion, and down to an outright lie at the bottom end of the scale of honesty, although it is a debatable point whether spin and distortion is any more honest than an outright lie.

Another very important dimension when we are assessing honesty is the intention of a person in their actions. I expect that a claim of absolute honesty in each and every circumstance may well attract particular suspicion. So, always honesty is a quality more safely demonstrated than claimed. Honesty with ourselves is no less important than honesty with other people, and perhaps honesty with ourselves is the most difficult honesty to enhance. In politics and all other aspects of life, there is an opportunity to exercise more honesty, just as there is an opportunity to exercise less honesty. This is a day-to-day, statement-by-statement and action-by-action opportunity to exercise either more, or less, honesty.

In our calling as members of Parliament, whenever the opportunity to be more honest is taken, confidence in Parliament and the other institutions of government is enhanced. That confidence is corroded whenever the opportunity to be less honest is taken. In the political contest, I think the influence of focus groups on policy is corrosive of public confidence. Raised and later unfulfilled public expectations are a corrosive consequence. Although our political system is very competitive and the temptation is always there to be strident in confidence and confident in what we propose at election time, it would be helpful if we were more careful to not exaggerate what was possible, and in that way enhance honesty and confidence rather than exaggerate and diminish confidence.

I would like to imagine an interesting political science experiment. I would like to see a political party present for electors to consider a promise to do its best to improve health, education, economic opportunity, personal security, and housing and transport. While making these promises to do its best to improve in all these important fields, I would like that same political party to acknowledge that the challenges are large and complex and that the proposed improvements will not solve every problem. The other half of an honest political presentation would be frankness about the cost saving or revenue raising, or both, required to be financially responsible in providing the improvements being promised. If a political party was that frank with the electors in explaining the limitations of what it could achieve, in that political science experiment we would then get from the electors' response to that frank presentation an answer to the very important question: do voters in a democracy get the government they deserve? I think that is a central question. I hope that everyone in the chamber will take the

opportunity to act more honestly and to speak more honestly than perhaps they otherwise might when they are tempted to apply a bit of spin or selectively present the facts. In that way, I think a great deal could be done to enhance our community and to enhance the confidence that Western Australians have in their political institutions.

I know it is essential that we have a competitive political system, because it is that competition that gives our electors, our employers, an opportunity to have a realistic choice at election time, and that is the crux of democracy, in my view. Part of that competitive exchange in politics is to be critical of each other. In that sense, perhaps it is not surprising that from time to time members of the general public have a diminished view of the standing of politicians, considering how much time we spend in the chamber being critical of each other. If we want to enhance the confidence of our community in the institution that we are part of, a very important part of achieving that is to act with greater honesty, whether it is a question of what we say, what we do or what we tend to point out. I hope that in the coming election in March we will see a great deal of honesty and a great deal of prudence in what is being proposed. I am very confident that my party, the Australian Labor Party, will act with such honesty, and I am confident that that approach will be one that is returned with good support in the electoral process, because I think the people of Western Australia will appreciate that frankness and recognise that we are here to do our very best to make for a better state. In that frank suggestion of what we can do, what perhaps we cannot do, or what we definitely cannot do, because we cannot solve all the problems, I hope the electors will appreciate that frankness and give us the support that will enable Hon Ken Travers to stop being the shadow Minister for Finance and take up the role of the Minister for Finance and in that way enable us to succeed at the next election, which I am confident will provide a basis for a frank partnership between the new government and the people of Western Australia, enhanced confidence and enhanced prosperity for our state.

I see that it is getting very close to six o'clock, so I might bring my comments to a close at this time. However, other members may have anticipated that I would go until after dinner, and on that basis, I will sit down.

Debate adjourned, on motion by **Hon Ken Baston**.

The DEPUTY PRESIDENT (Hon Brian Ellis): Members, noting the time, I think it is probably an opportune time for me to leave the chair until the ringing of the bells.

Sitting suspended from 5.59 to 7.30 pm