

**APPROPRIATION (RECURRENT 2015–16) BILL 2015**  
**APPROPRIATION (CAPITAL 2015–16) BILL 2015**

*Second Reading — Cognate Debate*

Resumed from 20 May.

**MR B.J. GRYLLS (Pilbara)** [10.08 am]: Thank you, Mr Speaker, for giving me the opportunity to speak on the Appropriation (Recurrent 2015–16) Bill 2015 and the Appropriation (Capital 2015–16) Bill 2015. I begin by congratulating the Treasurer on framing the budget in the difficult financial circumstances in which the state found itself.

Several members interjected.

**Mr B.J. GRYLLS:** I look forward to the interjections: I have half an hour here and it is going to be good fun, so keep them coming!

Congratulations to the Treasurer on framing a budget in a difficult environment. It is very easy to be a commentator on the decisions after the fact; it is much more difficult to be the person in charge of making the decisions, and many were to be made in and around how the government would look to meet the requirements of the budget. In general, the Treasurer made the right calls. He could have pushed harder to bring the budget closer to surplus by way of higher taxes and charges and the like, but he chose not to do that, and I think that was the right decision, because belting the economy in a time of softness would not have delivered the right outcome. We should also put in context the conversation about the Premier's commitment not to preside over a budget deficit, and much comment by the opposition.

[Quorum formed.]

**Mr B.J. GRYLLS:** I was saying that there has been much comment about the Premier's commitment not to preside over a budget deficit, but much less conversation about the set of financial circumstances confronting the Premier and the Treasurer in framing this year's budget. The notion I find completely laughable is that so many commentators say, after it has happened, that this could have been predicted. Nobody predicted this. Everyone knew that the iron ore price would soften and that the cycle would come off its peak, but no-one predicted the speed and the ferocity with which the iron ore price would drop, and that was a major part of the state government's revenue. The other thing that nobody could have predicted—I actually thought the commonwealth would have moved more quickly to solve this problem—was Western Australia's declining share of the goods and services tax. The argument is not new and it has been made by many people. There is no way that the original GST agreement ever envisaged that Western Australia would receive less than 30 cents in the dollar of its GST collections. Those two issues together have led to the circumstances that Western Australia is in now.

The opposition now thinks it has a chance to win the next election because of the budget deficit and debt pushing above \$30 billion. As I watch opposition members stand and taunt government backbenchers that they will be finished after the next election, I remind them, with that feeling of confidence that they have building, about how the Liberals and Nationals came to be in government in 2008. Although the Labor Party crows about having debt at \$3.5 billion at the time that the government changed in 2008, there was a reason for debt being so low—chronic underinvestment in the Western Australian economy and community. Labor passed a false debt level on to the Liberals and Nationals, because the state had almost ground to a halt. Let me provide a few examples of that.

A member interjected.

**The ACTING SPEAKER (Mr I.M. Britza):** Leader of the Opposition, you are on your feet. You can go back to your seat and then open your comments.

**Mr B.J. GRYLLS:** The Leader of the Opposition will not like this, but he thinks he can slide into government with no policy and no plan and hope like hell that the Western Australian community will not vote for the Liberal–National government next time around. The reason debt was so low in 2008 was that there had been no investment. Rents were at \$3 000 a week in the Pilbara. Powerlines were falling down across the length and breadth of the state and power generation was going out—black Wednesday, I think it was called. The lights actually did not come on. No provision was made for the growth in regional communities from the mining sector, and there were no diversification plans for growing the economy outside the mining sector. Example after example led to the commentators, who have plenty to say now, labelling Perth “Dullsville”. The Labor Party delivered a low debt level when in government, but the state was actually a bit of a laughing stock. I used the words “Dullsville” and “dysfunctional”. That is what was inherited by the Liberal–National government—Dullsville and dysfunctional—and no-one in Western Australia predicted that the Liberals and Nationals could

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come into government in 2008, but we did, because the community said it did not like that model of government. The people wanted some investment in the capital city and in regional Western Australia. People wanted a plan for the future.

**Dr A.D. Buti** interjected.

**The ACTING SPEAKER:** I did hear you say you are going to take interjections, member for Pilbara. Are you still on that track?

**Mr B.J. GRYLLS:** I am happy to take interjections.

**The ACTING SPEAKER:** It is okay as long as you are not drowned out, but if you have to raise your voice like that, I will have to rule on it.

**Mr B.J. GRYLLS:** The model that the previous Labor government took to the people in 2008 was comprehensively rejected. Here we are, in 2015, after the biggest revitalisation in Western Australia's history, the biggest growth in the economy, and the biggest spend on infrastructure and service delivery. The Labor Party model that it has announced over the past couple of days to take to the people of Western Australia in 2017 is Labor of old.

**Dr A.D. Buti:** You just said we didn't have a policy; now you're talking about our policy.

**Mr B.J. GRYLLS:** That is not an interjection; that is the member yelling inaudible nonsense.

**The ACTING SPEAKER:** Member for Armadale, I call you for the first time. I do not mind spirited interjections, but you should not try to drown out everyone.

**Mr B.J. GRYLLS:** I am very much looking forward to all the Liberal backbenchers winning their seats again in 2017. They will win their seats because of the decisions —

**Mr D.J. Kelly:** Will you be there? Will you be in a federal seat or a state seat?

**Mr B.J. GRYLLS:** The member probably hopes that I will not be here. I have not thought about winning his seat yet, but I might put my mind to it.

The reason Liberal backbenchers should have some confidence, and the reason the Nationals have confidence going into 2017, is that this government has got things done. This government has addressed the chronic underinvestment that had happened in Western Australia. This government took advantage of the growth in the resource sector to build the state and get rid of the Dullsville tag that the Labor Party wears as a badge of honour. The opposition declares that that is what it delivered when it held the treasury bench. Well done, Labor Party! It delivered Dullsville to Western Australia, not to mention complete dysfunction. When I look around the central business district, I see the Elizabeth Quay project coming along. It is coming to an end and will be opened in a couple of months. I hope the Labor Party boycotts the opening of Elizabeth Quay because it does not like it, but every single Western Australian likes it. Thousands and thousands of Western Australians will go to Elizabeth Quay to see the CBD linked. They will be looking forward to the new park linking Northbridge with the capital city. These projects have been talked about for 100 years, but the Labor Party did not have the guts to do them or the desire to help grow the state and get rid of the Dullsville tag. That is what the Labor Party is, and its debate is that we will have more of the same.

The expenditure leading to the high debt that is being talked about a lot recently is \$15 billion on roads and public transport; \$4 billion on education; \$5.6 billion on health; \$6.6 billion on water; \$8.3 billion on power; and \$6 billion on royalties for regions. All these are essential government decisions that the Labor Party in its debates says are things that governments should do. Governments should build schools and hospitals and upgrade the electricity supply. Why did the Labor Party not do that when it held the treasury bench? Why did we inherit such run-down, poor, dysfunctional infrastructure in this state? The Western Australian government—the Liberals and Nationals—made the right decision in investing in that infrastructure, and the Western Australian community —

Several members interjected.

**The ACTING SPEAKER:** I am finding it really difficult to hear the member. Thank you very much, member.

**Mr B.J. GRYLLS:** The Western Australian community, in 2017, will have the opportunity to pass judgement. Did we want a Western Australia that was labelled "Dullsville"? Did we want the powerlines falling down with no power in them? Did we accept \$3 000 a week rents in the Pilbara as being normal? Did we accept that projects to grow and develop the state should not proceed in exchange for low debt? The Labor Party will have the opportunity to take that to the people, and it will be very, very interesting for it to explain to the people of Western Australia what its model for its term—should it win the next election—will be. I cannot find anything in that list—\$15 billion on roads and public transport, \$4 billion on education, \$5 billion on health, \$6 billion on

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water—that the Labor Party would not have actually probably done. So it is criticising the Liberal–National government for doing what it knows needed to be done and it is trying to take advantage of some of the commentary that says that Western Australia has invested too much in infrastructure. The Labor Party has said in this debate that we have cut the guts out of health and education—that is what it has said. But when it actually advances in public debate that the government has cut the guts, that would suggest that it thought more should be spent, but then it says the government has spent too much. It is completely incoherent! When the member for Bassendean came to this Parliament, people actually talked him up a bit and said he had a bit of ability; they said he had some chance to rise to the top of the Labor Party. His time here has proven that that is absolutely not the case!

Several members interjected.

**Mr B.J. GRYLLS:** The member for Bassendean should be standing and saying, “You can’t argue that you’ve cut the guts out of health and education”, because the actual figures are a 71 per cent increase in health spending—we spent nearly \$2 to every \$1 the Labor Party spent—and a 47 per cent increase in education spending. So, 70 per cent up in health, 47 per cent up in education and a 47 per cent spending increase in police—that is cutting the guts out of spending! It is incoherent.

I will tell members what else is incoherent. What is incoherent is some of the commentators who suggest that that increase in spending was somewhat unjustified. I will tell members why that expenditure —

**Ms S.F. McGurk:** How much debt do you think is okay?

**Mr B.J. GRYLLS:** How much debt do I think is okay? The \$36 billion that the forward estimates state we are going to head to! I am going to campaign on that! I am going to campaign —

Several members interjected.

**The ACTING SPEAKER:** Unless the member has changed his mind, he is still taking interjections. But I am listening to make sure that I cover Hansard, and if you are going to be loud and go over the top, I will call you.

**Mr B.J. GRYLLS:** I am going to campaign on every single dollar of that debt being the right spending for Western Australia at this period of the state’s development—every single dollar! I agree with the strategy to look at some government asset sales to bring debt down, but I certainly do not agree with the strategy that it should not have been done in the first place. I certainly do not agree with that because that would have taken us back to dullsville and dysfunctional. That is where it would have taken us.

Let me talk to members about the commentators feeling that expenditure growth has risen too quickly.

Several members interjected.

**The ACTING SPEAKER:** Members for Bassendean and Fremantle, I call you both for the first time.

**Mr B.J. GRYLLS:** In 2005-06, when I —

**Mr D.J. Kelly** interjected.

**The ACTING SPEAKER:** Member for Bassendean, I call you for the second time. No interruptions at this point, thank you.

**Mr B.J. GRYLLS:** In 2005, 2006 and 2007 when was I campaigning in the Pilbara to win the seat off the Labor Party—I did not quite get there in 2008, but managed to get there in 2013; I was lucky I did not get in in 2008—it was put to me that schoolteachers and police officers were leaving the public service to accept jobs on \$150 000 a year in the mining sector. The public sector was being hollowed out by people leaving to work in the resource sector. There has been no recognition from the federal government of this, I do not think. There has been no recognition from the eastern states commentators who like to talk about Western Australia’s high expense growth but do not recognise that if we had not put the dollars on the table for the nurses, police and the teachers, we would not have had them! We would have had empty classrooms and we would have had hospitals that could not provide health care for the people of Western Australia. So the government made the right decision, and we said, “We can’t just ignore this; we can’t just say, ‘Bad luck, we’re not going to have a teacher in front of this classroom because the teacher is driving a forklift at the wharf in Dampier.’” We said we were going to respond, and that response from the Western Australian government has pushed up our cost of delivering the public service enormously because we were trying to compete with the most rampant expansion in the mining sector in Australian history. We made sure, in making the decisions of the state government, that there was a teacher in front of the class. We used to have a teacher crisis when Labor was in government. Every year in January it was, “Gee, we won’t have teachers to fill the classrooms”! That was what we came from. When we got into government we said we would not be doing that, and when those teachers looked as though they were going to be enticed out of the public sector to work in the mining sector, we put in place decisions to

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make sure that we kept them. That is why Western Australian public sector expense growth is so high—because we had no choice! We had no choice. Does the member for Bassendean, being a representative of the union movement, agree with that?

**Mr D.J. Kelly:** Will you take an interjection?

**Mr B.J. GRYLLS:** Does the member for Bassendean agree with that? Answer the question! Does he agree with that? Ha-ha—of course he does! Of course he does!

Several members interjected.

**Mr B.J. GRYLLS:** So here we see again that great hope of the Labor Party—the member for Bassendean—actually agrees that we should have supported the public sector employees with the high salaries to keep them in front of the classroom, in front of the patients at the hospital and in front of law and order. That is what the Western Australian government did.

So that was what we ended up with: we ended up with a state that had such a poor history of infrastructure investment that the state was falling down, we had a major problem in keeping the public sector workforce in front of the schools and classrooms and in front of the hospitals and the like, and the government responded to that. The government responded to that while, essentially, the majority of the benefit of the mining sector growth, which was royalties, was being redistributed from Western Australia to the eastern states. The Western Australian government was responding to the local pressure of the mining sector in terms of infrastructure—providing power and water to Karratha so we could build more houses to get the rents down—and providing the extra dollars for the teachers and nurses to keep the public sector going, and at the same time the goods and services tax formula was redistributing the GST to the other states. That is what Western Australia faced and that is why debt has pushed up above \$30 billion, and that is why I support every single dollar of that debt. If members do not support that, they agree that Western Australia will stay as dullsville and dysfunctional. We should not have let that happen during this unique and great period of the state's growth. There are fundamental problems in the way that GST works. The figure between 2014-15 and 2018-19 on a population basis is that we are \$19 billion down. If we got a population share of our GST, as it was originally envisaged we should do with a few per cent either way, we would be \$19 billion better off and the debt figure published in the budget by this Treasurer last week would have been halved. The debt figure would have been halved and Western Australia would have been pushing forward.

In my research for this speech I looked on a website—"AdelaideNow" or something it is. In Adelaide a brand-new major tertiary hospital is being built.

[Member's time extended.]

**Mr B.J. GRYLLS:** There is a brand-new sports stadium being built, there is a brand-new CBD development where they are modernising Adelaide Central Market, and Adelaide even has a bridge over the River Torrens as a link-up to its new sports stadium. How did the South Australian government get the capital to build that infrastructure? If we believe the Labor Party and the commentators in this budget discussion over the last couple of weeks, the Western Australian government should have said, "Can't afford a hospital, can't afford a sports stadium, can't afford a bridge to link the sports stadium to the CBD and can't afford Elizabeth Quay", because we are in a mining boom and eventually that income will run out, and we should do nothing until the income runs out and then look at our pile of money and decide what to spend. All the while South Australia, Victoria, New South Wales and Queensland are developing rapidly because of the revenue that Western Australia is distributing to them. There is \$19 billion of Western Australian revenue being distributed to the other states so that Adelaide can have a brand-new tertiary hospital, a new CBD redevelopment and a new sports stadium, and the Leader of the Opposition stands and says Western Australia should not have done it. What rubbish! That is why the Leader of the Opposition is likely to be Leader of the Opposition for a lot longer yet. Let me be very clear: I stand by every single cent of the \$36 billion of debt that the forward estimates have. I back the innovation and the entrepreneurship of Western Australia into the future to take advantage of this unique period of growth and development and infrastructure investment to pay that debt down. If we used the same criteria that the Labor Party used for managing debt, no Western Australians would ever buy their first home. No business would ever invest and no businesses would have ramped up and expanded during the mining sector boom. None of them would have done that because they would have said, "Gee, it's a mining boom. You wouldn't want to invest just yet. Let's wait until it's all finished and see what happens before we do anything." What a load of rubbish and the Labor Party knows it is a load of rubbish. When Labor Party members goad members on the Liberal-National government backbench about not winning their seat next time around, they are doing that for only one reason: when they go home at night and their head hits the pillow they are thinking, "We have no plan. We don't have a vision. We have criticised everything the government has done. We said there should not be new hospitals or sports stadiums."

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Several members interjected.

**The ACTING SPEAKER:** I remind members on either side of the house not to shout down the speaker on their feet, and that goes for the government as well as the opposition. Thank you.

**Mr B.J. GRYLLS:** The Labor Party members of Parliament are goading our backbenchers because they are extremely worried that they do not have a plan. They are extremely worried that from 2008 to now, the Western Australian Liberal–National government has made the decision to invest in the growth and expansion of the state, and the excitement about Western Australia has been building to a level that never existed before. I am proud to have been a part of that and I congratulate the Premier, the Treasurer and the Leader of the Nationals, who played such an important role in forming this year’s budget and delivering that. The Leader of the Opposition and the opposition Treasury spokesperson quoted Jonathan Barrett, a comment writer for *The Australian Financial Review*. The day after the budget was presented he wrote a piece in which he said that the government should not have invested during the boom because it knew it would come to an end and that it should have waited until the boom finished before addressing the fact that rents were \$3 000 in the Pilbara and that we could not get a teacher in front of a classroom in a Western Australian school. Jonathan Barrett probably comes from the eastern states and would not know that stuff, but he did say—which was not quoted—that this government built too much, too quickly during the boom. Well, Jonathan Barrett, we are guilty. We probably did build too much, too quickly. And why? Because the previous mob on the treasury bench did nothing. We have built two governments worth of infrastructure and service delivery, and perhaps that was a bit too much, too soon. Here we are in 2015, with people like me who have moved to the backbench and handed over the reins to the next generation of ministers who will win in 2017 because they have a plan and a vision for Western Australia.

In hindsight, I reflect on whether we would have slowed down that investment. Would we have done less? Would we have pulled back on the development of the Pilbara Cities program, the Ord River scheme and other such projects? Would we have made those decisions? I would not have changed them. Knowing what I know today, with a \$36 billion debt, I would have made every single one of those decisions because they were about building the state for the future. Jonathan Barrett never had the role of trying to put a teacher in front of a classroom or dealing with the small business owner in the Pilbara who sat in front of me in tears because they were going to lose their business because they could not afford to house their employees. He did not have to deal with the businesses that lost power when there was no generation capacity in the state, or the people in Toodyay who lost their properties when the powerlines fell over and their properties were burnt. The Western Australian government responded to that. The only way that the Labor Party can have the coherent response that it has had to this budget is if it is not planning to do anything like that. Labor is planning to go back to the Dullsville and dysfunctional days when it will manage to get debt down to nothing, but it will be sorry about the teacher in front of the classroom, about the power supply and reliability, and about growth in regional Western Australia. The Labor Party will not do that because it will nail its colours to a \$3.6 billion debt. I think Labor should campaign on that and say that it wants to take Western Australia back to what it was like when it was in government and delivered a \$3.6 billion debt because its members were such brilliant economic managers. Labor should campaign on that, nail its colours to the flag and say that that is what it wants Western Australia to be like, because that is what members opposite have said over the past two weeks. It is certainly not Dullsville anymore. It is not dullsville in the CBD, the Pilbara, the Gascoyne, the Kimberley, the wheatbelt or the south west.

In my seven minutes left I want to talk about one of the other criticisms of the opposition that the state has done nothing to diversify the economy away from the resource sector. The Labor Party harked back to a \$90 million science and technology fund that gave grants to scientists and innovation experts to try to drive a new diversification in the economy.

**Dr M.D. Nahan:** It really worked.

**Mr B.J. GRYLLS:** That is right. When we came to government we ran some key performance indicators on it and worked out that it delivered nothing. The Leader of the Opposition referred to that in his budget reply speech. Back in 2012, the Nationals, while in government, announced our Seizing the Opportunity package in agriculture. We said that off the back of the massive expansion in the resource sector, the modernisation of the economies and the domestic situations in our major trading partners, and we saw food as being a huge opportunity for growth in Western Australia, well before anyone was talking about it. We campaigned on it in 2013, and now those programs are rolling out. Under those programs, we are investigating our groundwater supplies to allow for the expansion of irrigation. We are looking at growing our beef sector with an innovation centre in the Kimberley and our land sector with an innovation centre in the great southern. We are pushing into the organics industry in the south. This government has planned for and invested in all those growth opportunities. Most importantly, we have put our money where our mouth is and we have started to drive

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projects such as the Ord expansion. The opposition continually criticises the Ord expansion. Again, it has said that it would not have done it. The Ord expansion delivers much more than extra hectares of land availability in the East Kimberley. When the government made the decision to award that project to Chinese investors, it was quite contentious. I went on the radio and spoke with Paul Murray, who broadly said that we probably should not have been dealing with land and agriculture with the Chinese, but the government pushed through. Last week the president of the Shire of Wyndham–East Kimberley was reported in the media as praising the way the Chinese company had integrated into and given support to the local community. That government decision also sent a very clear signal to Chinese investors that Western Australia was open for business in agriculture at a time when that was not occurring anywhere else in the nation. Even Barnaby Joyce, my eastern states colleague, opposed it. That decision by the government to welcome Chinese investment into agriculture has led to massive investment and opportunity in broadacre wheat farming in the wheatbelt areas, and in dairy and beef processing. We now have partnerships in traditionally owned pastoral leases for growth. Pardoo station is envisaged to have 38 centre pivots and a feedlot open soon. There are also opportunities with Jack Burton’s abattoir just south of Derby. All of that has come from opening our arms to the opportunity of Chinese investment in agriculture, which the Labor Party said it would not do. That opportunity is flowing through not just the East Kimberley, where it started, but across the length and breadth of the state. This government has taken that policy issue from a wariness about Chinese investment to the situation now in which farmers ask me why the Chinese have not talked to them yet to partner with them, and when will their industry get the chance to have that partnership. That is incredibly exciting. Back in 2001, before the iron ore expansion really started, iron ore cost \$20 a tonne and houses in Newman cost \$30 000—a person could buy a whole street for \$100 000. The advent of China coming into the market for our iron ore has fundamentally transformed the Western Australian economy for the better. Now those same consumers who are the beneficiaries of our iron ore and natural gas are looking to partner Western Australian companies to grow their agricultural supply chains—to grow their food security and the like—and that is incredibly exciting for Western Australia.

When the Labor Party criticises us for not having done anything, it ignores the fact that not only have we done it but it is already happening. The private sector in China is already working with the private sector of Western Australia to deliver expansions in production and to deliver new investment into processing facilities. I hope that that leads to a 10 or 15-year wave of investment into agricultural growth, where agricultural produce can compete with our resources at the many ports from which our exports leave in Western Australia to feed the world. That was put in place by the Liberal–National government two and three years ago before Andrew Forrest and Gina Rinehart were investing in cattle. The Liberal–National government made those decisions because it saw great opportunities for the future. When we talk about innovation and science and technology, what sector does that have more of than anywhere else? It is agriculture. We can feed the world in the way we use innovation and science and technology in the agricultural sector. The government has continued to invest in that. I think an announcement will be made in the next day or so about further investment in the science and technology of agriculture to allow that to occur.

Although this budget is difficult, debt is getting high and it is disappointing to deliver a deficit, they are the right decisions for the circumstances we are in. We made the decision as a state to grow and expand. The benefit of that has been 450 000 extra Western Australians in the past eight years. That is a good thing for the state.

**MR N.W. MORTON (Forrestfield)** [10.41 am]: It is difficult to get up after the member for Pilbara. I could just say that I concur and sit down but I do have a few more comments to add to this debate on the Appropriation (Recurrent 2015–16) Bill 2015 and the Appropriation (Capital 2015–16) Bill 2015.

**Ms M.M. Quirk** interjected.

**Mr N.W. MORTON:** The member should put her training wheels on if she wants to interject.

I want to talk about a few issues that face the state of Western Australia. I want to start by talking about the GST. There has been much debate about the GST. It was very disappointing that members of the Labor Party, particularly the Leader of the Opposition, decided to try to play politics on this issue rather than stand shoulder to shoulder with the Premier of Western Australia and be united on this one issue, put politics aside and say that we, the elected representatives of Western Australia, want to see a better outcome for WA. It is a shame that they did not do that. That shows a lack of leadership from the Leader of the Opposition. Perhaps some members opposite should have stood in their caucus meetings and said that this is very unwise with regard to the GST.

I want to unpack what GST distribution looks like in Australia. WA will receive only 30 cents in the dollar. Let us look at other jurisdictions. Victoria will receive 89c, New South Wales will receive 95c and the ACT will receive \$1.10. A lot of comparisons have been made between the economies of Western Australia and Queensland and the make-up of those two states. WA receives 30 cents in the dollar while Queensland receives \$1.13. The real kick for me is South Australia, which receives \$1.36. Tasmania receive \$1.85 and the Northern

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Territory receives a whopping \$5.57. Let us look at what those numbers look like. The Northern Territory has a population similar to the size of the City of Stirling. Last year alone, through the heavy lifting, hard work and efforts of Western Australians, it received \$1.7 billion from us. That is unforgivable.

**Dr M.D. Nahan:** Member, they also got the Inpex project.

**Mr N.W. MORTON:** That was through the leadership and stewardship of the former Labor government—another one to chalk up along with the Dullsville tag that members opposite were so keen to nail their colours to.

When we look at how much money flowed out of Western Australia into the other states last year, we see that nearly \$600 million went to Queensland, \$746 million went to South Australia, \$500 million went to Tasmania and a casual \$142 million went to the ACT. I have already mentioned the \$1.7 billion going to the Northern Territory. The problem with the distribution of the GST is that it creates a situation in which there is no competition between the states. There is no competition and no incentive for the other states to invest in their economies because WA is doing the heavy lifting. We have invested in our mining and resources sector. As a result, the money heads back to the eastern states. There are no incentives for these states to get off their backsides and invest in their economies. Again, we do the heavy lifting and then we are penalised for it. If we look at the distribution of the GST based on WA's population, we would be looking at about \$6.4 billion. As I said, to put that figure of \$1.7 billion going to the Northern Territory last year in context, that is nearly equivalent to a Forrestfield–Airport Link. If we look at the \$3.7 billion that went out of WA last year to other states, that is a Gateway WA project and a Forrestfield–Airport Link all rolled into one. That is huge money in one year streaming out of the state. We are doing the heavy lifting and the hard work and the money is going to the other states that are sitting on their backsides. It is counterintuitive and unproductive for Australia.

**Ms S.F. McGurk:** What are you doing about it?

**Mr N.W. MORTON:** What are we doing about it? The genius from Fremantle asks what we are doing about it. What is the Labor Party doing about it? The Premier of Western Australia stood up to the feds—he stood up for our state—and the Leader of the Opposition could only criticise the Premier. The member is an absolute joke. She is a disgrace, along with the rest of her colleagues.

Let us look at some of the other issues facing this state. Much has been said about iron ore. Apparently, the Labor Party knew that iron ore was going to fall off a cliff, but no-one forecast iron ore trading at under \$50 a tonne. We have these conditions facing the state: GST declining, iron ore falling off a cliff, and at the same time a booming population. Over the past several years, WA's population has grown by in excess of 400 000 people, nudging towards 450 000, I think. That is huge. Then we get criticised by the Labor Party for spending money on things such as electricity, water, education, road and rail transport and health. Members opposite stand in the chamber and talk about the Premier and his beautification projects—his legacy projects, trying to cast aspersions that that is what we are spending all our money on. Those projects—Elizabeth Quay, Perth City Link and all those sorts of projects—account for eight per cent. What happened to the other 92 per cent? They went on essential services—services that Western Australians require, services that Western Australians demand and services that a good state government should be delivering. I stand by that record.

Let us look at some of those figures. We spent \$8.1 billion on health services—a 71 per cent increase since we came to power in 2008. That is where the money is going. What does that look like on the ground? We spent \$2 billion on Fiona Stanley Hospital and \$1.2 billion on Perth Children's Hospital. We can put that further into context. At the time we started to build that hospital, we shelved the idea of building a stadium and prioritised the health of our kids' kids as the number one priority. It is being built as we speak. We built the Busselton health campus in the electorate of my good friend the former member for Vasse. It is a fantastic health campus out in the region. A total of \$360 million has been allocated for the Midland Public Hospital, which is not in my electorate but very close to it. It will service the east metropolitan region. It is a state-of-the-art health campus. I look forward to that opening in about November this year. Let us look further afield. For Karratha Health Campus there is \$206 million; \$58 million for Kalgoorlie Health Campus; \$14.7 million for Joondalup Health Campus; nearly \$26 million for Carnarvon Health Campus; \$13 million for Harvey Hospital; and nearly \$33 million for Esperance Hospital. This is rebuilding health services and health infrastructure for future generations in this state.

Let us look at something that is very dear to my heart, and that is education. Education is another key focus of this state government. When we look at education, we see a 47 per cent increase in funding for education since this Liberal–National government came to power in 2008. That amounts to \$4.8 billion; a 47 per cent increase at the same time that student enrolments have increased by nine per cent. If we were to graph those lines, we would not need to be a rocket scientist to see that spending had far outweighed the increase in student numbers across the system. That is because, as we heard from the member for Pilbara, we needed to make sure that we had a teacher in front of every student enrolled in a public school across the breadth of this state. That is something we

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have done every year. Make no mistake about this fact: I was in the system when we had a teacher shortage every year under the Labor government, and it was chaotic. It was a crisis. To not have a teacher in front of every student enrolled in our classes is a ridiculous, absurd situation that the state should never have to face—never ever have to face. This is an essential service. I certainly recognise that the issue of teachers in our schools is the number one resource in our education system. Absolutely and without equivocation it is the number one resource. That is why we remunerated them properly, and that is why we ensured that one of those teachers is in front of every kid in our state—every kid, every year, every classroom. That is something that we achieved. That is something that the leader of the opposition could not, did not and would not achieve. That is a stark contrast.

As I am passionate about education, I will talk about some of the other things in the budget. There is \$1.18 billion across the forward estimates for capital investment in our schools. That is fantastic. I think we have already spent in the vicinity of \$3.5 billion. By 2018, there will be 51 new schools. That is a fantastic achievement. The alternative is to not build schools; I do not know where we would house the children then. With a booming population we need to build these schools. They are essential services. One of the other achievements is school chaplains. We did not walk away from that. We copped a hit from the federal government, but we did not walk away from it, and we have made sure that every school that applied for a school chaplain will have one. I think that is a fantastic achievement. Having worked in schools, I understand the significant role of chaplains to student services and student wellbeing; not just for students, might I add, but also for staff. School chaplains are a fantastic asset. Another achievement has been putting year 7s into high school. It has been a seamless transition. My wife works in a high school near my electorate. Her school had a parent meeting a few weeks ago and she said that all the parents she met were parents of year 7s. Every one of them said to her that their child loves being in high school. A couple of them had a bit of anxiety, a few fears and a few worries, but they said that those fears have all been put to bed. Their children love the new environment and love being in high school, and a lot of parents said that they are ready for it. That is another good outcome.

Independent public school model is a fantastic model of service delivery. It is no wonder that the federal government is looking at this model. I want to use one example from my electorate; in essence it sums up what we are trying to achieve. I met the principal of Maida Vale Primary School a few weeks back, towards the start of term 2. Firstly, he said that he got more money from the budget than he was even expecting, so that is great. Secondly, he said that the beauty of the flexibility of the IPS model is that he can get the resources he most needs and tailor them to his school context and his school community. He said to me that because of this flexibility and the more autonomy that he has, he has procured the services of some third-year trained speech pathology students, whom he is now using with his most at-risk students on literacy and numeracy. His school engaged them at the start of the year. I met him at the start of term 2, as I said, and he said that after one term they are already seeing significant improvements in the skill levels of those kids. That is exactly what it is all about. It is about giving the schools the flexibility and the freedom to do what they need to do. They know their school context best and IPS gives them the capacity to deliver those things. That is a fantastic outcome and I seriously hope that those kids engage and go on to be successful, follow their dreams and become contributing members of society. That is where we need to make the difference—in those early years. That is what we have put the focus on: early years, highest paid teachers, and, furthermore and significantly, we have the highest spending per student of any other jurisdiction in Australia. This year we will see it go up to \$16 786 per student; that is a \$600 increase per student in this budget alone. I think I have made the case for this government's strong commitment to essential services in this state, particularly to education about which I am passionate.

I now will focus on my patch. I want to focus on east metropolitan Perth. It is interesting to note that the east metropolitan suburbs were the once-forgotten suburbs.

**Mr J. Norberger:** By the Labor government!

**Mr N.W. MORTON:** Yes; member for Joondalup.

Now, what do we see? We see a Liberal–National government recognising the need in east metro and building very necessary infrastructure that we require out in east metro. There is in excess of a \$3 billion spend in east metro. What does that look like? I have already mentioned Midland Public Hospital with a \$360 million spend on a state-of-the-art hospital health facilities in the east metro area. That is fantastic. I am so excited and buoyed by the announcement of the Midland university campus. I think that is fantastic for the region. Enrolments in tertiary courses in east metro are fewer than in other regions. I hope that this announcement will go some way to addressing that issue, and I look forward to seeing the graduates coming out of those courses and contributing to the needs of Western Australians. I think it is a fantastic outcome. Members opposite always doubted that it would ever happen, but it is happening and it will happen. There is a \$1 billion spend on the Gateway WA project, which is Main Roads Western Australia largest project. It is a fantastic project. To retrofit interchanges and grade separations on major highways is a significant task, particularly with the traffic flow that goes through there. To do it, and to do it as well as they have done, is credit to the Gateway alliance. The traffic management



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has been exemplary. The feedback is constant to me. Every time we transit through that project, people always say, “Something is different; something has changed.” The enormity of the project and the size of the interchanges are fantastic. It is great for mums and dads; it is great for productivity in business. It is a win-win for everyone that is long overdue with a fantastic outcome.

[Member’s time extended.]

**Mr N.W. MORTON:** It is a fantastic project for east metro.

The one I want to finish on is the Forrestfield–Airport Link project that is coming out to my electorate. Members may hear this term bandied about, but this truly is a transformational project for the people of the eastern regions of the metropolitan area. Some of the facts are that it will be a 20-minute commute to the CBD, and public transport in the foothills of Perth and in the east metro has never been a viable alternative to the daily commute—never. This is no criticism of it, but it is primarily because of the existence of Perth Airport and its location. It cuts a scar into the foothills and cuts off those suburbs at the foothills from direct access routes into the CBD. That is no fault of Perth Airport; that is just the nature of things. This eradicates or overcomes that by tunnelling under. By coming out in Forrestfield, it provides a 20-minute direct commute to the CBD. Furthermore, there will be 2 000 to 2 500 parking bays at Forrestfield train station alone; I think about 3 000 over the project. Three thousand cars will no longer be on the roads every day. That will ease congestion, lower emissions, and make the commute via train a viable alternative. There will be a major bus interchange. Bus routes from Kalamunda, Gooseberry Hill and surrounding suburbs will filter in, obviously from Forrestfield, High Wycombe and Maida Vale, to the train station where the bus interchange will be. It will take people out of cars and onto public transport, making it a viable alternative for the people of the east metro region. Finally, it will give the people of the east, the people in my electorate, a connectivity to the CBD that they have never had. Projects like Elizabeth Quay and Perth City Link, and the revitalisation of the Perth CBD, are now only 20 minutes away. Whether it is work or play, people from my electorate will have connectivity to their city.

A couple of weeks ago, a community meeting about the project looked at the development structure plan for the area. It is very exciting for the region. It includes a new shopping hub and high-density living in and around the train station. About 4 000 people will be within walking distance of the train station. Probably 150 to 200 residents were at that meeting. Gavin Hegney from Hegney Property Group gave an account of how he sees the market playing out. He stood and said, “Ladies and gentlemen, congratulations. You’ve just won the lotto because of the state government’s investment in infrastructure out to Forrestfield!” That was not lost on the people of my community. The people who are set to benefit from this are not only the people who live in properties there now—they seek to benefit of course—but also the people who will live there in the future. Future generations will benefit from this transformational project for east metro, for Forrestfield, for my community. That is something that I am very much looking forward to and it is something that this state government should be commended on.

In closing, I want to congratulate the Treasurer, the Premier and cabinet on handing down this year’s budget in difficult circumstances and in difficult times, but it is a responsible budget. I will conclude my remarks there.

**MS W.M. DUNCAN (Kalgoorlie — Deputy Speaker)** [11.02 am]: It is quite a good segue from the member for Forrestfield because in speaking to the Appropriation (Recurrent 2015–16) Bill 2015 and the Appropriation (Capital 2015–16) Bill 2015 I would also like to add my congratulations to the Treasurer, the Premier and cabinet on this budget in very difficult times. One could almost say that it is a courageous budget because government could very easily have seen the unprecedented economic circumstances that it found itself in and decided to shut up shop. At a time when Western Australia’s mining industry is cutting down on employment and restructuring, the last thing needed is government also to contract. To have the courage of one’s convictions to continue with major capital projects that are transforming not only our metropolitan area, but also our regions, I think is something that we will look back on in future years and see as the right decision for the right time.

We are in incredibly tough economic times; some of it is pretty difficult to predict, particularly the extent of the fall in the iron ore price. There is no doubt we all knew that we were coming into larger production. Any of us who understand a modicum of economics would know that increased supply means lower prices, but the prices we are seeing are far lower than expected. I suppose the perfect storm is that that has come at the same time as Western Australia lost a share of its GST. I agree with the member for Pilbara that some of the commentary from eastern states economists shows how little understanding there is of the situation Western Australia faces, particularly the commentary about wage rises.

A very interesting graph in the Treasurer’s presentation shows the comparison between wages growth in the private sector compared with the public sector. It can be seen that in 2007–08 wages were skyrocketing in the private sector. As the member for Pilbara noted, and we all experienced, there was a dramatic shift of employment into the mining industry. I was a member for Agricultural Region at the time—one of three

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positions I have had in this Parliament— and people from Wagin told me that the car sales yard in their town had to close down because it could not retain a mechanic to provide after-sales service for new cars. We have heard the likes of Giuliano Sala Tenna from Bell Potter Securities talking about the government making some extravagant and generous decisions during that period. But in fact when the state is short of teachers, police officers and nurses to fill government positions, the only thing the government could do was match those wage rises to keep the valued public servants in our system. I will never forget the comment made by Christine O’Farrell when she said that WA Country Health Service under Labor was “blatantly bloody unsafe”. That was because of a real neglect of infrastructure and a real lack of care and concern for staff in that system.

With the way iron ore prices have gone, our royalties have fallen by \$3.7 billion. That sort of perfect storm of lower iron ore prices and loss of GST has actually led to the deficit that we face over the next few years. We have seen the incredible renewal of our infrastructure not only here in the city, but also in the regions. There is a lot of talk about Elizabeth Quay and Perth Stadium and things that we do not really need, but when the infrastructure spend is analysed, it is totally renewing our hospital system. Hospitals in the regions were in a parlous state, to the point that staff could not be attracted. They are all being renewed. Do not forget there has been an incredible population increase in this state over the period of this government. Those people need public transport, they need land, and they need schools and hospitals.

It is good to see that also in this tight time increases to fees and charges have been kept to a reasonable level. We have seen some pain in the past. I think the government’s consideration of utility costs and so on on people is greatly appreciated. Just the same, there is still sufficient funds to continue with the upgrade of the poles and wires in our electricity system—namely, \$140 million this coming financial year, \$1 billion overall, to deal with something that we could all see coming for quite a long time but the previous government failed to do anything about, until we get to a parlous state and people lose property through fire and loss of power because of decaying and neglected infrastructure.

An interesting thing I noted from the budget is that government subsidies and concessions on essential utilities and public transport for 2015–16 amount to \$1.8 billion. That is about double the value of royalties for regions. A lot of people say that royalties for regions is extravagant and we should not have it and so on, but compared with the subsidies that go mostly to the city, in public transport and so on, it is quite a reasonable amount to spend in regional areas, where our wealth is largely generated.

I would like to congratulate the government on the no-fault catastrophic injury insurance. This is always a difficult policy to bring in, because there is a cost. However, there is nothing worse for a family than to have a member who has suffered a catastrophic injury and they are left to their own devices to manage that. In fact, I have experienced this in my own electorate, and I have raised this in the Parliament before, and I will continue to raise it until I get a positive result from government. I have a constituent who suffered a catastrophic injury, not from a car accident but from a whooping cough vaccination. I have written to the Prime Minister and asked that we bring in a vaccination insurance scheme in Australia. I got a letter back the other day, from Christian Porter, representing the Prime Minister, and in that letter he basically said, again, that because vaccination in Australia remains non-compulsory, the scheme will not be introduced. This is in spite of the fact that the federal government made a decision not long ago that people cannot access childcare and other family payments if they have not had their children vaccinated. In his letter, Mr Porter wrote —

I also wrote to Mrs Hammond in January 2015 on behalf of the Prime Minister and expressed my sympathy for the rare adverse event that Mr Ben Hammond suffered following immunisation.

Sympathy is actually not going to help here. This young family is in dire straits. This young man was a mine supervisor on a very, very generous salary, and living a life that matched that, and it now looks as though he will lose his home. We had to organise Lions Club—thank goodness for Lions—to put some money together to buy Christmas presents for his kids. When the community reaps the benefit of herd immunity through immunisation, the community really should wrap their arms around those who find themselves in need. This was a one-in-10-million outcome. We should wrap our arms around this family and support them.

Getting back to the budget, I note that the royalties for regions budget has \$50 million a year allocated to the regional reform fund. I understand that will be directed primarily towards our remote Aboriginal communities. I would like to take this opportunity to congratulate the Premier and the Leader of the Nationals on the plan that they have brought out in the last couple of weeks, which shows a very strong commitment to consultation with the Aboriginal leadership. I think that is the only way we are going to succeed in making our Aboriginal communities more sustainable and get better outcomes in the lives of our Aboriginal people. I personally believe that the Aboriginal people in my electorate, particularly those in the Ngaanyatjarra lands, have a very, very strong link to their culture and their country. They actually have had more recent contact with western civilisation than is the case for some of our eastern states and south west Aborigines, so their culture and their

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language is strong. That is where they want to be, that is where they need to be, and that is where they should be. I think I have quoted in Parliament before Daisy Ward, one of my lovely friends in Warakurna, who said to me, “Wendy, you call it the desert, I call it home.”

In Kalgoorlie, I addressed the protest against the closure of remote communities, and they heard me out very respectfully, for which I am grateful. One of the things that I said to the gathering is that the Aboriginal people love where they live. They love those Ngaanyatjarra lands and the red dirt and the purple ranges and so on. I love it too. I love to get out there. But most white fellas do not, and that is the trouble, because it is very expensive and very difficult to find the precious Australians who want to go into these remote communities and deliver the education and the policing and the health services. I said to the people gathered at St Barbara Square in Kalgoorlie, “You need to send your kids to school so that they can be the teachers and the nurses and the police officers.” I think that is where we really need to focus our attention. The only way we will achieve that is with the concurrence, support and leadership of our Aboriginal communities themselves and their leaders.

Getting down to the detail of the budget, of course the most exciting thing for me as the member for Kalgoorlie is to at last see funding for Laverton Hospital. That is an asbestos ridden, leaking building that last had some attention from government in 1973. In 2002, under the previous government, they were going to close that hospital altogether. Fortunately, because of a lot of protest at the time, the government kept it open but still did nothing to it. In my previous life in one of my other positions in this Parliament as member for Mining and Pastoral, I joined that protest campaign in 2012, presented a petition to Parliament, and have been talking to the Minister for Health and the Minister for Regional Development while they argued with each other as to who was going to fund it. It was like a couple of boys in the schoolyard, really. I ended up saying to them, “For goodness sake, let’s just do this! It needs to happen.” There is great excitement in Laverton over this project, which will house population health, an emergency department, a place for the general practitioner, home and community care, clinical facilities for visiting services, and overnight holding beds for patients awaiting transfer to other inpatient facilities. Probably the best news of all is that there will be six independent living/aged care cluster home residential units for the seniors who love to live in Laverton.

There is one thing that I think we need to keep in mind as we look at these remote regional towns. I am sure there is a temptation sometimes on the part of government to think that if we ignore them long enough, they might go away. These regional towns are not going to go away. They are not going to go away because of their base Aboriginal population, and because of the fact Laverton has 3 000 people living and working within 60 kilometres of the town. So we cannot, as a government, think that these remote regional towns are small and they are going to die and if we just ignore them long enough we might not have to worry about them anymore. That is not going to happen. That is why I am pleased to also see in the budget \$85.2 million from royalties for regions for social housing. Housing is a very important issue in our regional towns. I am looking forward to seeing the goldfields get a good share of that funding, and we will be talking to the minister accordingly.

The other new item in the budget is the \$11 million from royalties for regions for regional tourism and marketing. That funding is quite timely, I think. The member for Pilbara talked about diversifying our state. I heard a presentation a few weeks back from the consul general of China about how many Chinese are going overseas to tour. It is a mind-boggling figure. Western Australia is receiving quite a substantial number of those tourists and we need to be ready for that, so this marketing is timely. It is timely also because, for the first time in many years, our caravan parks and hotels and other accommodation are not full of fly in, fly out workers. That provides the opportunity for people to go to places such as Karratha, Port Hedland, Kalgoorlie and the northern goldfields to see the amazing mining industry in action. Tourism is not just about camels on the beach, sipping wine in Margaret River and furry animals in some national park. They are all great things to see, but our mining industry is mind blowing, and people should go and have a look at it. Now there is actually room in our hotels and caravan parks for people to do so.

One of the things we promised at the last election was to increase the amount available under the Country Age Pension Fuel Card, which we have done. In the next financial year, from July, the amount will go up to \$565 for pensioners and people with disabilities.

[Member’s time extended.]

**Ms W.M. DUNCAN:** This amount is to pay for fuel and taxi fares to help these people get around. We organised an event to celebrate the issue of the 50 000<sup>th</sup> Country Age Pension Fuel Card in Kalgoorlie last weekend. The Minister for Regional Development was in town. Unfortunately, the recipient of the card took ill, and was using her fuel card in Perth to get taxis to medical facilities and so on. We did not manage to stage the event, but we know that she greatly appreciated that assistance. The Kalgoorlie–Boulder Community High School is getting \$20 million from the goldfields–Esperance revitalisation fund, which still has \$162 million in it. A lot of very worthy projects are under consideration for that money. The next stage of the Great Eastern Highway upgrade between Coolgardie and Bullabulling will be opened tomorrow. This project was front and

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centre during the last election campaign. It was good to see the federal government come to the party once the royalties for regions funding was on the table. The regional centres development plan allocates \$15.7 million to help regional centres such as Kalgoorlie, Albany, Bunbury, and Geraldton develop their towns and do the planning that is taken for granted in the metropolitan area, and to enable them to access funding as it comes onstream. I am hopeful, and in fact determined, that Kalgoorlie–Boulder will receive a share of the first \$6.7 million being expended in this financial year.

One of the things about royalties for regions is that we have put a huge amount of effort into making our regional areas attractive places to live and work. I spoke earlier about how difficult it was to keep schools, hospitals and police stations staffed before royalties for regions. Now we have achieved that, with modernised hospitals, new housing for government officers, new schools and regional incentive payments for public servants. However, it really concerns me that we are still seeing the loss of senior public servants from regional areas. In Kalgoorlie–Boulder alone we have lost regional managers from the Water Corporation, the Department of Transport, the Department of Aboriginal Affairs, Tourism WA, and now ApprentiCentre. Kalgoorlie will become the invisible inland centre if this loss of senior public servants continues. There must be some unwritten rule in the government that officers above level 7 have to be by the sea! That is greatly concerning to the people of Kalgoorlie–Boulder. In the Department of Aboriginal Affairs, the goldfields–Esperance region, which is one million square kilometres, is now being managed from Geraldton, for goodness sake! There is not even a direct road from Kalgoorlie to Geraldton. At least the Water Corporation, when it took the management out of Kalgoorlie, took it to Northam, and there is a highway between the two places. The Department of Aboriginal Affairs, at this really important time when we are looking at remote communities, has a regional manager in Geraldton. This is very concerning to the people of Kalgoorlie–Boulder.

I take this opportunity to pay tribute to Rod Botica, who has been with the Water Corporation for 39 years, and was recently made redundant in Kalgoorlie. Rod turned down promotions because he wanted to stay in Kalgoorlie–Boulder, the place where his family and his wife’s family live, and where his children and their children live. He is heartbroken to not have been able to continue his employment with the Water Corporation. One of the things we need to be wary of is the ageism that is rife in our community. Someone who has been in the system for that length of time, at his age, will have considerable difficulty finding another job. It is all very well for the government to say that it is going to increase the age of eligibility for the pension and accessibility of concession cards and so on. That is great, and we are all healthy and living longer, but actually—I include myself in this age group now, I suppose—we are all finding it hard to get jobs. Our government agencies need to be very clear about this issue.

When I was thinking about this speech, I thought about the words of Dorothea Mackellar’s poem, *My Country*, about Australia —

I love a sunburnt country,  
A land of sweeping plains,  
Of ragged mountain ranges,  
Of droughts and flooding rains.

The last line of that stanza reads —

The wide brown land for me!

I think most Australians do not love a sunburnt country. Most Australians love to cling to the coast, in the metropolitan areas, as if they are waiting to be rescued by their ancestors. They do not want to go inland and service our regions and Aboriginal communities. They can sit here in the metropolitan area and tut-tut about the fact that we are failing to deliver good health, police and child protection services to remote areas, but how many of them actually want to go there and do that job? There are not too many, and that makes it very difficult for the government. That is why all of us, particularly Aboriginal people, need to take some responsibility, get the education we need and deliver the services in our own home country. As long as Australians have this attitude, we will continue to be dependent on backpackers, 457 visa holders and international medical graduates to keep our regions ticking over and producing the wealth our nation enjoys.

**DR G.G. JACOBS (Eyre)** [11.27 am]: It is fitting that I follow the member for Kalgoorlie in speaking to the Appropriation (Recurrent 2015–16) Bill 2015 and the Appropriation (Capital 2015–16) Bill 2015, and I endorse many of the comments she made, particularly about people living and working in the country and in the regions. It just occurred to me that the development of the new medical school and graduating more doctors is all fine, but, as I have said, there is no point in training lots of doctors if those doctors are not delivered to where they are needed. They are sorely needed in the regions. I was not going to touch on this subject—it is not in my notes—but I was triggered by what the member for Kalgoorlie said. This includes not only doctors, but also nurses, allied health professionals and people delivering services through agencies in the regions. How do we develop a

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culture in which those people want to live, work and deliver services in remote areas? That is the real challenge for Western Australia.

In making a few comments about the budget, I will again use an analogy with the home budget, if you like. Some years ago, in a very strong partnership with the bank, I acquired a big house. I had some children. However, the big house was an old house and needed significant renovation. The big house was run-down. The big house needed much work. The big house needed not only renovation but also additions. The big house was falling down. Having acquired it in partnership with my bank, all of a sudden not only my children were living there, but also a lot of other children came to live with us. They were friends of my children who could not live where they were living so they came to live with us. I had to not only do some renovations but also make some additions to my house for my kids and the significant number of other children who came to live.

**Mr M.H. Taylor** interjected.

**Dr G.G. JACOBS:** I thank the member for Bateman. When it is coming up to Easter, the member for Mandurah always threatens to come to Esperance. He says, “You have this big house, and we will be arriving. Not only will it be my wife and my children, but aunty wants to come and grandma wants to come as well”!

So, all these extra people came to live with us. The big house is Western Australia. All those kids who wanted or needed to come and live were all those people who came to Western Australia. Those kids needed to be schooled. Those kids needed to be kept well. I had to run them to hospital when they were unwell. I had to go and find a doctor when they were unwell. My power bills went up because there were more children in the house. My water bills went up because there were more people in the house. I had to buy another car because I needed a people mover to move all these kids around.

At the same time as all this was happening, when I went to work following the addition of all these children my boss told me I would be getting a pay cut of around 13 per cent. Because the revenue in his business had come down 13 per cent, my wage was going to come down 13 per cent. While all this was happening, the return and refund I got from the tax department was not the 50 cents in the dollar that sort of made all things happen and enabled me to support the renovations, additions and expenses of my extra children who had come to live with us. The refund from the tax department was not even fifty-fifty; it was only 30 cents in the dollar. Things were extremely, extremely tight.

There were challenges in my budget. My debt had increased and I needed still to move my life and business forward. I hoped there would be an improvement in the revenue, the kids would develop and become productive and I would be able to cut some of my costs. My nest egg was to be, after advice from my accountant at a previous time, the acquisition of a little block next door. That would have been lovely and it would have been nice, but I had to sell it. I had to sell some of my assets, and providing they sold at the right price it would have helped my home budget—the budget of the big house.

I am going to try to be as objective as possible about the ensuing time from 1989, when I first stood for politics and did not win, to 2005. At the time, my young son—he is now coming up to 32 years of age—ran into the courthouse after the counting had happened in 1989 and said, “Dad, dad, did you win? Did you win?” I said, “No, Jess, I didn’t win, but I think you did.” So I was around for another 17 years or 18 years, and then the opportunity for politics came up again. If we compare this 10-year period—particularly the years of this Liberal-National government—with the years of 1989 to 2005, I would suggest to members that there is a stark contrast. Not all in this world is about infrastructure, not all in this world is about building things, but it makes a huge, huge difference to the economy. In my electorate there has been a new school, a virtually new high school hostel, new roads, the widening of Great Eastern Highway, the Ravensthorpe heavy haulage deviation—stopping trucks stalling on the hill in Ravensthorpe—upgrades to a community centre and upgrades to powerlines. The southern part of my region is supplied by electricity from a non-interconnected grid; it is not on the south west interconnected system because it is too far away, so there is a stand-alone power unit, with six gas turbines generating five megawatts each, that delivers to the whole of the Esperance coastal region and the significant hinterland—3 000 kilometres of poles and wires. When I first came to Parliament, farms and houses were getting burnt down. The infrastructure was ageing; it was let down and there were large spans between the poles. On windy days—we have occasional windy days in Esperance, Premier —

**Mr C.J. Barnett:** I know.

**Dr G.G. JACOBS:** On windy days, the wires would clash, they would spark, and with a hot northerly wind—a 40-degree day—fires would be started. There were fires all over the place. There were pole-top fires and poles falling over. Farms were being burnt out. A significant, big farm about 20 kilometres north of Esperance was burnt out, and another farm east of Esperance was also burnt out. An amount of \$45 million to \$50 million has been spent on the upgrade of those lines.

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The port access upgrade was a \$120 million spend. There was \$60 million from the state government, with a leveraged \$60 million from the Feds, to improve the access, separate the grades and build a port for the twenty-first century.

I started working at Esperance Hospital in 1979; until this upgrade, nothing had been done. Work is now in progress with an injection of \$33 million. I will go back to some of the comments I made earlier about attracting doctors. We can train all the students and all the doctors in medical schools in the city, but we need them in the country. We were providing not only an environment, but also a funding incentive for doctors to work in the country. Obviously, there are challenges for doctors in the country. We could guess that isolation and professional separation and all those things are some of them. But at two o'clock in the morning in the emergency department a doctor may feel like they are the only soul around and that the person in front of them is slipping away. Doctors fear those situations. Young doctors fear that and I feared that when I first worked in a practice in Esperance. I wondered, "What am I going to do? How can I cover a whole range of conditions that might be presented to me?" The Southern Inland Health Initiative has produced a funding model that allows doctors to be not only well remunerated, but also professionally supported. I include in that the telehealth video conferencing that allows a specialist from Royal Perth Hospital to remotely oversee the emergency room. People might say that that is not a hands-on approach. I can tell members that when a doctor is facing a situation with another doctor and two nurses at two o'clock in the morning and a specialist from Perth can see what they see in the emergency room and can direct and help the doctor manage that patient, that is a significant help for a country doctor and helps deal with the problems that people present with in the country.

I will talk about our waterfront development. It has been four years since the perfect storm wrecked our foreshore and not only created an aesthetic issue but also compromised a significant commercial fuel line between the fuel storage and the port, which happens every time we have an erosion and washaway event on the waterfront. A significant body of work has been carried out at a cost of \$25 million. That was a magnificent job that has not only helped resolve the commercial issue with the pipeline, but also given a boon to tourism and the aesthetics of the area. The member for Kalgoorlie also talked about people wanting to come to a place because of its beauty. We will attract and retain people in the regions if they can get jobs, are provided support and have a good health system and their children can be educated. However, this is not just about building, because we have been responsible for maintaining reasonable prices for water and electricity. We have overseen an increase of over four per cent in the mental health budget and the suicide prevention program has been reintroduced with \$24.5 million, or thereabouts. That is a very important program because we know that in Western Australia more people die from suicide than from the intolerable road toll. The allocation for the Disability Services Commission is up by 11 per cent and by 3.8 per cent for the Department for Child Protection and Family Support. This is about delivering services to individuals. I often say that vulnerable people or people in vulnerable situations need support in our community. The no-fault insurance scheme is a wonderful advancement. As a responsible and compassionate government and society, we must recognise this, and we have. Significant advances have been made in my electorate in Aboriginal accommodation.

[Member's time extended.]

**Dr G.G. JACOBS:** I will talk about the support of Aboriginal people and Aboriginal short-stay accommodation facility in Boulder. In 2008, when the boundary of my electorate first took in part of Boulder, we had significant problems with providing accommodation for Aboriginal people, particularly those who came to Boulder from Coonana, the Spinifex Desert and the eastern lands. They would come for some medical treatment, a funeral or some cultural reason and, for certain reasons, could not get back to their land immediately. They had nowhere to stay except in Bourke Street, the main street of Boulder. With all the consequences of social dysfunction and street drinking, there was not a short-stay facility in which they could be housed. A dry facility has now been built that is run and managed very well by the Australian Red Cross. It receives contributions from people who stay there and when someone needs the facility, they can stay there from three days to three months—whatever is necessary. The facility houses up to 41 people and they can bring their kids.

I will now talk on mental health. I have already spoken to the Minister for Health about this because I have campaigned heavily on the mental health step-down, step-up facility. As a quick explanation, if someone suffers from an acute exacerbation or a first initial exacerbation of a mental illness, they go into an acute psychiatric unit or an acute area in the hospital. Kalgoorlie has an acute psychiatric unit. The person can then be given the okay by the doctor to go home because they have overcome the acute episode, but they are not quite ready to go home independently. When I was the Minister for Mental Health, I used to quote the revolving door very often. People get over their acute illness and the doctor says, "Here's a script for your medication. See you later and come back to see me in a week or two." We know that 27 per cent of people discharged from an acute psychiatric unit are readmitted within three weeks. The main reason for that is they take time to transition independently into the community. It is not a matter of saying, "Okay, you're over your acute illness; go home." They find that living

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independently, even if they are living with family, is sometimes very difficult and they need time to reassimilate into the community, which is what a step-down unit provides. We know of the high rates of mental illness within the community so this is a really important facility. We have actually announced one for Kununurra and one for Bunbury, and one is due for the goldfields–Esperance region —

**Mr C.J. Barnett:** Joondalup has got one.

**Dr G.G. JACOBS:** Joondalup has one too. The operating expenses for the goldfields–Esperance unit were in the previous budget. The Minister for Health tells me that although it is not in this budget for that unit that the money is provided for it under the Mental Health Commission, so we can provide that facility in the goldfields–Esperance region. Being an Esperance boy, I would love the facility to be down the Esperance end but, however much it pains me, I must be reasonable and objective about it and it probably needs to be at the Kalgoorlie end because that is where the significant population base is. The population of Esperance is around 14 000 and the population of Kalgoorlie recently has been around 30 000. It is really good to see the government doing all the good things I have talked about in infrastructure, including the Boulder reconstruction following the earthquake in April 2010. The government has put significant moneys towards reconstructing the buildings in Burt Street and has added to them. We have introduced the historic component and upgraded the verandahs and facades in historical context, and it has transformed Boulder. As the old adage goes, it is an ill wind that blows no good, because the Boulder earthquake triggered that reconstruction.

In my final minutes, I want to talk about the regional reform fund of around \$150 million, which is largely devoted to developing and implementing a plan for remote Aboriginal communities. I think it is a very good initiative; it is not about us saying that we are closing this and closing that. Over the past few weeks there has been some disquiet in the community over this issue, but I got a summons, if you like, from the City of Kalgoorlie–Boulder to come along and address the city councillors about our plans for Aboriginal communities and closing some Aboriginal communities. I was able to say, “Well, look: let’s take a big breath on this. It’s not about closing communities. We need to consult with the Aboriginal people and consult with great advocates like Don Green in Kalgoorlie, who can speak five languages and is a mentor and an advocate for those people, and people like Damien McLean in Warburton, who understands the land and how we can deliver better and more cost-effective services for people living in remote communities.”

The social housing infrastructure program is a very positive program. Maybe I was a little premature when I went to the minister and asked, “How many houses are we getting?” Essentially, that program has to be worked out and obviously it will be on an as-needs basis. In fact, a housing study has been done in my area to elucidate and identify that need. We will certainly be working very hard on programs such as that initiated by Greg Cole, who has an affordable housing lifestyle village development of around 50 houses to provide affordable housing for people. If we continue with the four-by-two model we will never get ahead of this problem, and it is not what is needed anyway. We need all sorts of permutations and combinations of housing to get ahead and provide affordable housing for people across the state. It is not just in my region; it is in all members’ regions.

As I said at a breakfast for the Chamber of Commerce and Industry of Western Australia on the Friday after the budget, there have been some challenges in this big house—the big state of Western Australia—and we have to manage them. I have spoken about the nearly 500 000 people who have come to live in this big house, all the services that we have to deliver, and our infrastructure program in and around the big house. It gives me great pleasure to say some words on behalf of the government and the electorate of Eyre.

**MR V.A. CATANIA (North West Central — Parliamentary Secretary)** [11.54 am]: In standing to speak about the Appropriation (Recurrent 2015–16) Bill 2015 and the Appropriation (Capital 2015–16) Bill 2015 today, I just want to say that my thoughts about why the Labor Party is in the state that it is today have not changed since 20 July 2009; that is the date I left the Labor Party. My thoughts on that decision have never, ever altered. Can I tell members why?

Several members interjected.

**The ACTING SPEAKER (Ms J.M. Freeman):** Members!

**Mr V.A. CATANIA:** It has been highlighted in the speeches of members opposite how much they care about this state and making sure it goes forward. But what really makes me cringe, and what I really do not understand, is when the Leader of the Opposition, the wannabe Premier of this state, stands up to deliver his speech and does not mention regional Western Australia once.

**Dr A.D. Buti:** Yes, he did.

**Mr V.A. CATANIA:** Not once did he mention regional Western Australia. It is interesting —

**Dr A.D. Buti** interjected.

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**The ACTING SPEAKER:** Member for Armadale, you are already on one call. The member for North West Central has the floor and is not asking for interjections.

**Mr V.A. CATANIA:** Not once did the Leader of the Opposition mention regional Western Australia. Not once did he mention royalties for regions and the benefit it has brought to regional Western Australia. I refer to a media statement that he sent out on Thursday, 8 May 2014, just after the last budget, titled “Horror budget confirms Royalties for Regions is dead”. I do not know; I had a look through the budget papers and saw that \$6.1 billion has been invested in regional Western Australia since the inception of the royalties for regions program in 2008. Looking at the forward estimates over the next four years, I see there is another \$4 billion. When I look at that, I cannot see that royalties for regions is dead. Royalties for regions is actually delivering, and delivering quite well, in the way it was intended through the legislation back in 2009 after the very good victory by the Liberal–National government in 2008. As I said, my belief that I did the right thing in leaving the Labor Party has grown stronger and stronger since 20 July 2009. Why? It is because of that \$6.1 billion, and a further \$4 billion to come.

The member for Pilbara articulated perfectly where this state sits and why the former Carpenter government lost office. He also articulated perfectly where the Labor Party, through the Leader of the Opposition, wants to take this state, which is back to a pre-2008 situation. It was interesting to hear the interjections from the member for Bassendean. The member for Pilbara spoke about the former government’s inability to attract police officers to that profession, or even keep police officers, because they were going into resources industry jobs. It was difficult to get teachers into classrooms in the Pilbara, to get nurses into hospitals, or to get any other profession that the government needed to provide. I remember public schools being unable to get cleaners under the Carpenter government. It reminded me of one of the discussions I had with the then Minister for Education in the lead-up to the 2008 election. Who was that? It was the current Leader of the Opposition. The schools were not being cleaned because the Department of Education could offer only something in the order of \$25 an hour. The union, which at the time was the Liquor, Hospitality and Miscellaneous Union and headed by the current member for Bassendean, refused to allow the government to increase the amount of money it paid cleaners. The school had to get emergency cleaners, paying them close to \$70 an hour. As members could imagine, it is very hard to attract people to clean for \$25 an hour when they can work in McDonald’s for \$27 or \$28 an hour. Because of its budget, the school could not afford to get emergency cleaners because it was costing close to \$70 an hour. The school had to budget and clean on certain days just to cater for the general mess that a school would make.

The member for Bassendean did not understand the demands on a very small level and the impact it had on the students and teachers in the school in Karratha at that time because he did not understand what the hell was going on in the resource sector and the pressures it was putting on the Pilbara. What is more important is that the Leader of the Opposition, the Minister for Education at the time, could not tackle the factional head of the left wing in the Labor Party: the member for Bassendean. Perhaps he did not want to for fear of retribution. I do not know why and how the miscellaneous workers’ union, through the membership of the Labor Party, worked to put pressure on government ministers of the day because it did not suit their union at the time. I really find that staggering. That just shows the lack of understanding that the Leader of the Opposition, the head of the Labor Party—the wannabe Premier of this state—has about what happened in the past in the Pilbara and how the Liberal–National government, through the National Party and royalties for regions, has turned that right around. It has turned regional Western Australia right around. It is not about coming up to the regions once in a while, changing into black sneakers from white sneakers so that red dirt will not show on them, putting on a hat and saying, “Where’s Wally?” The Leader of the Opposition did not go into regional towns but came out and made outrageous statements, as he did in my town of Carnarvon. He claimed that there was a methamphetamine dealer on every street corner of Carnarvon. We all know that there is a drug problem in Western Australia. It is not confined to regional towns; it is a problem in every suburb of this state.

**Mr J. Norberger:** Rockingham.

**Mr V.A. CATANIA:** That is right. There are massive problems in Rockingham, just as there are in every other part of the state. To go into a regional community and label it, as the Leader of the Opposition did, had a huge impact. Carnarvon has gone through a lot of issues due to floods, fires, disease, droughts and cyclones. To have the wannabe Premier come in and label Carnarvon in that way was disgraceful. That shows a lack of understanding of the sensitivities that a community has from someone who wants to be a leader of this state. I find that absolutely and utterly disappointing because it tarnishes all politicians. They fly in on their big white plane, make a statement and fly out, never to speak about that town again. That is the biggest criticism of politicians when they travel around, especially when they want to be a leader of some sort—flying into a town and making these outlandish statements. Anyway, enough of that.



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As the member for Pilbara said, we have been able to transform regional Western Australia at a time when it needed to be done, at a time when it could be done and at a time when there was money to spend to ensure that we could right the wrongs of the past. It was critical. We see development occurring not just in places such as the Pilbara, but also in every regional town, such as Exmouth, Carnarvon, Yalgoo and Gascoyne Junction. Members opposite would not have a clue where these places are.

**Mr B.J. Grylls:** How is Gascoyne Junction?

**Mr V.A. CATANIA:** It has been totally rebuilt. A few years ago it got mobile phone reception for the first time, as did Yalgoo. When I hear comments that the Liberal–National government has wasted the opportunity when we had it so good and that debt is so high, I look back and see that these people have the ability to make a phone call or to drive on a sealed road to get to a community. They are able to get better health services. We are rebuilding all these hospitals in regional Western Australia. Carnarvon has had a \$26 million redevelopment. I was a part of the opposition at the time it just offered \$6 million, when I was trying to ensure that we could get a decent upgrade to its hospital. We are doing it properly. We are ensuring that we have the capacity to cater for growth and demand for the next 20 years. We have been able to do that. In Exmouth, \$8 million has been invested in a hospital. It is a growing town.

**Ms M.M. Quirk:** Given the utility and the usefulness that you say is royalties for regions, how do you feel about that being raided for projects that are effectively in the metropolitan region?

**Mr B.J. Grylls:** Like what?

**Ms M.M. Quirk:** Prescribed burning, for example, road protection.

**Mr V.A. CATANIA:** I fully support royalties for regions going into prescribed burning in the south west of the state, which happens to be the regions.

Several members interjected.

**The ACTING SPEAKER:** Members, the member for North West Central has the call. I want to listen to the member in silence, please.

**Mr V.A. CATANIA:** The member for Girrawheen made a fair point but it is incorrect.

I return to the health system. Karratha used to be in my electorate. Now we see that it has a \$207 million brand-new hospital.

**Mr B.J. Grylls:** Under construction.

**Mr V.A. CATANIA:** It is under construction. Paraburdoo and Tom Price will be next, as well as Newman and Onslow. We are rebuilding the health system in regional Western Australia. Listening to members opposite brings back memories of why I left the Labor Party. I go back to the issue of women not being able to have their babies delivered in Karratha.

**Dr A.D. Buti** interjected.

**The ACTING SPEAKER:** Member for Armadale, I call you to order for the second time. I have just cautioned members. I want to listen to the member for North West Central. He has the call.

**Mr V.A. CATANIA:** As I said, the issues surrounding Karratha at that time were unbelievable. I remember pleading with the former health minister prior to the 2008 election, saying that we needed more doctors and nurses and asking what we could do to help the health system in Karratha because we could not attract and retain people in Karratha. My pleas were dismissed. It was heartening to see someone such as the member for Pilbara come in as the Leader of the National Party at the time and make that commitment to totally transform the health system. It had a huge impact on attracting and retaining people, and giving confidence to members of the community that if they wanted to have a baby or if they fell sick, we had a health system that could cater for them. If we could not cater for them, we would put money into ensuring that the Royal Flying Doctor Service had the necessary equipment to fly people where they needed to go to get specialty treatment. It was not just an interest group, as labelled by the health minister at the time, Jim McGinty. My blood boils when I hear those comments.

I cringe when I go back through history because members opposite have not learnt. They have not learnt one bit about regional Western Australia. They cannot remember what it was like prior to 2008. I do not think they even know what is happening now! If they did, it is a good-news story for people who live in regional Western Australia. It is a great news story on how the wrongs of the past have been righted by the delivery of projects through royalties for regions.

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The member for Pilbara got it right: members opposite would taunt government backbenchers. They still taunt me to this day. They call me all sorts of names. When I see the Leader of the Opposition hunched in his chair, when I am trying to make a valid point about the government building a brand-new health system in regional Western Australia, all he can say is, “Rat! Rat! Rat!” That just shows —

**Dr A.D. Buti** interjected.

**The ACTING SPEAKER (Mr N.W. Morton):** Member for Armadale, I call you to order for the third time. At this rate it will be an early day for you. I am listening to the member for North West Central.

**Mr V.A. CATANIA:** I want members and the public of Western Australia to know the choice they have come 2017. It is a choice. Do they want a wannabe Premier who does not talk about regional Western Australia and who wants to get rid of a seat in regional Western Australia? The Labor Party’s submission to the Western Australia Electoral Commission was to reduce representation —

**Mr J.R. Quigley:** Just your seat!

**The ACTING SPEAKER:** Member for Butler, I call you to order for the first time.

**Mr J.R. Quigley** interjected.

**The ACTING SPEAKER:** I am on my feet, member. Thank you.

**Mr V.A. CATANIA:** Its submission was to reduce representation of regional Western Australia by one seat and put it into Perth. Do members know what: the member for Butler said it right—they want to get rid of my seat!

**Mr J.R. Quigley:** That’s right.

**Mr V.A. CATANIA:** Members of the opposition play the man. They actually do not care about the people of regional Western Australia.

[Member’s time extended.]

**Mr V.A. CATANIA:** It is quite clear in their actions and in their lack of words. They are just words, members opposite. They talk about regional Western Australia; they allow people in regional WA to think that members opposite think about them. They cannot even get that right. I just want the people of regional Western Australia to know that they have a choice in 2017. This government has delivered. The Liberal–National government, through royalties for regions, has delivered the necessary infrastructure to ensure our regional communities can grow. As I said, health has been a big issue. We have dealt with most of the issues; we are dealing with the rest.

When it comes to other infrastructure, such as schools and upgrading the necessary pieces of infrastructure through the shires, this government has done that. There is confidence in the community. People know who has delivered. People have a choice. This government has delivered; this party, being the National Party, has delivered. Royalties for regions is alive and well and it has delivered, and will continue to deliver, over the next four years and hopefully after 2017. If the Leader of the Opposition gets his way and the Labor Party gets its way, royalties for regions is dead! Members opposite do not talk about regional WA. After 2017, when this side is returned, I will get up and say, “I reckon the Leader of the Opposition’s plan is to visit as many regional communities as he can now, but, come election time, he will not visit one.” That is his plan.

**Mr J.R. Quigley:** Is that right?

**Mr V.A. CATANIA:** We will see how many commitments are made through royalties for regions, if any, come the 2017 state election.

It is disheartening, but I remind members of the fact that this side of the house cares about regional Western Australia and that side does not. I want to labour that point. We think that time heals wounds and that time makes changes. Can I say that it has not on that side. No lessons have been learnt, and I cannot see that lesson being learnt until another defeat come 2017, when the opposition will be looking at losing more regional seats—it has only one or two left.

As I said, it is a great budget for regional Western Australia. It is a great budget in realising the fact that this state has grown by 450 000 people over the last four years. That is a huge number. I am in Perth when Parliament sits and I see what is happening around the city. Who can complain? Going back to 2008, I remember when the ads were run, stating, “Can you name three things that the Carpenter government has done?”

Several members interjected.

**The ACTING SPEAKER:** Member for Butler, I am on my feet. I call you to order for the second time.

**Mr V.A. CATANIA:** People will remember that nothing happened. It is important that the growth of the state is catered for. Having strong regions means a strong capital city. I think we have that mix quite right because that

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level of investment is occurring right across the state. The Liberal–National government, in the infrastructure it has delivered and on nearly every street corner across this state, has given confidence to people who move here to continue to work here, to invest here and to educate their family here because they know that the government supports people coming to Western Australia. More importantly, the government supports the people who are here because it wants to ensure this is a prosperous state.

With that, we need help from the federal government. We need the federal government to wake up. This is not just the current federal government; this is also the federal opposition. I go back to 2012 when the then federal member for O'Connor moved a motion in the House of Representatives to put a floor on the GST at 75c. Only two people supported that motion—one was the mover, Tony Crook, and the other one was Bob Katter. At least Bob can be relied on for something. The other major parties sat across the chamber and opposed it. We need to work on our federal colleagues to stand up for Western Australia and to cross the floor when it is needed—that is both Labor and Liberal members. Both sides need a bit of a kick up the rear end because at the end of the day we are here to represent our people. The federal members are there to represent Western Australia. We need them to make changes. We need them to stand up because we believe we are being ripped off. To ensure regional WA gets a fair share, they have to stand up and be counted. We have to ensure that people from the eastern states or people from Perth know that we are serious and will play that hard line to ensure that our constituents, our regions and our state get the best chance to move forward.

I urge all members to talk to their federal colleagues, both in opposition and in government, to get them to stand up and change the GST rate to make sure that this growth can continue in this wonderful state of ours. I would like to congratulate the Treasurer, the Minister for Regional Development and the Premier for what I think has proved to be a budget that truly delivers right across the board.

When we hear the opposition criticise the government for spending too much, and then criticise it for not spending in certain areas, we ask, “What do you actually stand for?” Members opposite should stand for something. We are not seeing anything come from that side that will ever convince the punters out there —

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr J.R. Quigley** interjected.

**The ACTING SPEAKER:** Member for Butler, I call you for a third time. Member for Kalgoorlie, I call you for a first time. Member for Midland, you are on notice.

**Mr V.A. CATANIA:** Thank you, Mr Acting Speaker. The member for Butler is the custard guts in this house. He is the custard guts. He needs to stand up and get some results or have some idea or a policy, because there is nothing coming from the other side. We have a plan, we have a vision and we are delivering on it. We have delivered on it.

**Mr J.R. Quigley** interjected.

**The ACTING SPEAKER:** Member for Butler!

**Mr V.A. CATANIA:** This is a great state and we, as a Liberal–National government, need to continue for the sake of the people, because the members opposite have no plan, no vision and no intestinal fortitude to stand up and come up with something —

Several members interjected.

**The ACTING SPEAKER:** Member for Butler! You are on three calls as it stands. I do not want to have to throw you out before we even get to the lunchbreak.

**Mr V.A. CATANIA:** As I said, members opposite need to stand up for something and then people might take them seriously, because this side of the house has a plan. It has been a great honour to be part of the National Party, which has truly been the only party in recent history to deliver to regional Western Australia. It will continue, because, as I said from the outset, how can the Leader of the Opposition stand up and say royalties for regions is dead?

**Mr J.R. Quigley** interjected.

*Suspension of Member*

**The ACTING SPEAKER (Mr N.W. Morton):** Member for Butler, under standing order 48, I ask you to leave the chamber for the rest of this day's sitting.

[The member for Butler left the chamber.]

*Debate Resumed*

**Mr V.A. CATANIA:** I think the opposition has got the point and it quite clearly shows that the member for Butler really is self-centred —

**Ms L.L. Baker** interjected.

**The ACTING SPEAKER:** Member for Maylands!

**Mr V.A. CATANIA:** — and has no vision and no integrity whatsoever.

Anyway, royalties for regions is alive and well; it is delivering. My electorate is proud of the fact that we have money flowing to right the wrongs of the past, delivering that infrastructure that is still needed. There is a long way to go to ensure that regional WA can catch up, but let me tell members that we are three-quarters there. The Leader of the Nationals' ability to secure \$1 billion a year for regional WA just shows members how the National Party takes our job seriously to ensure that we can deliver on our commitments that we have made and work for the people of regional Western Australia.

**MR J. NORBERGER (Joondalup)** [12.23 pm]: I want to take this opportunity to share my own thoughts on the budget and make a contribution to the debate on the Appropriation (Recurrent 2015–16) Bill 2015 and the Appropriation (Capital 2015–16) Bill 2015. As tempting as it is to take the bait that has no doubt been put out there by members opposite over the last couple of days in relation to some of their ridiculous claims and requests and accusations, I will abstain because there are a few other things that I want to talk about. However, I will say that the member for Churchlands made an outstanding contribution in this house yesterday in pointing out some of the hypocrisy from those opposite. Perhaps the most telling of which was that in the lead-up to the 2013 election, the policies that were costed by the WA Treasury—not by a political party, not by the Liberals, but by the Under Treasurer—and assuming even, quite generously, that we would not have had the double impact of falling GST revenue and iron ore prices, showed that had the Labor Party won office in 2013, state debt under a Labor government right now would have been significantly higher. The opposition has the gall to not only claim that it would have done a better job, but also, in the same sentence, reckon that we have not done enough for this state. I will leave it at that. If anyone is interested in a concise review of that, I invite them to have a look at the contribution that the member for Churchlands made, which I thought was spot on.

In handing down this budget, the Treasurer framed it as occurring in the most challenging economic and fiscal environment the state has faced in at least three decades. That is not a small claim to make. It has been discussed fairly broadly and we know that there are two key reasons for this. Firstly, the GST and, secondly, the falling iron ore prices and the impact that that is having on our royalty income. I do not intend to get bogged down on the GST, although it is a subject I am fairly passionate about. Suffice to say that it would seem, thankfully, that across the nation—perhaps not within some of the other state governments, but certainly within the national media—people have finally cottoned on that it is very difficult to take an argument that WA getting 30 cents in the dollar of GST is easily justifiable. That in its own right, I believe, is already a major victory. The national media is coming around to that logic. Our own media, be it our television and our print media, made a sterling effort in continuing to keep the injustice around the GST redistribution at the forefront. It is very interesting to note that as soon as we mention the GST debate, we hear from members opposite, who almost wear it as a badge of honour, that they did not sign up to the GST. They say, “The Liberal and National Parties signed up to the GST; therefore, it is all your problem.” The interesting thing about that is that the GST as a tax is not the issue. A broad-based consumption tax, as we know, is used broadly around the world. Most of the European countries and countries all over the place have consumption taxes. Those taxes have great merit, so the GST itself is not the issue. What is at issue is the Commonwealth Grants Commission that goes about deciding how the GST is redistributed. It is a little bit rich for those opposite to say, “We had nothing to do with bringing in the GST.” The GST is not the issue. It is the Commonwealth Grants Commission methodology, which dates back to the 1930s, that is actually broken.

Recently, we saw an opinion piece by Gareth Parker in *The West Australian*, basically, reminding all Western Australians not to grow tired of fighting for a better GST deal. He raised an interesting point that if we talk about it often enough, maybe people will eventually become a bit immune to it; they will roll their eyes and move on. However, he reminded us, rightly so, that we cannot grow tired of fighting for a better distribution deal for Western Australia. I am glad to say that members on this side of the house have not and will not grow tired of fighting for a better GST deal for WA. We have shown, quite succinctly, that even when there is a federal government of the same political persuasion as us, that does not hold us back. We have not in any way held back on challenging our federal government to get a better deal for WA. I will say that the members opposite also have not stopped fighting for the GST. The only reason they have not stopped fighting is that they never started fighting in the first place. The biggest party that was absent from the debate about trying to get a better deal for WA was WA Labor. I say “WA Labor” because, ironically enough, federal Labor even got the notion that

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something had to be done. I remember reading an opinion piece by Hon Alannah MacTiernan in which she herself was admonishing the fact that now Hobart was no longer a capital city—under the rationale, Melbourne was now the capital city for Tasmania—therefore, Tasmania was getting a greater deal of GST income. We even had Hon Alannah MacTiernan backing WA in its fight for GST. At the eleventh hour, which is typical of Bill Shorten, even Bill Shorten saw the writing on the wall and started to indicate that he thought WA was getting a raw deal. In amongst all of this discussion, WA Labor was notably absent. WA Labor has been, and I believe will continue to be, missing in action when it comes to fighting for a better deal. Why is that? Because it has made the quite conscious choice to seize what it believes is an opportunity to score some political points at the pain that we as a state is experiencing because of this injustice. Rather than acting in the best interests of Western Australians, rather than realising that this is an opportunity to put politics aside, WA Labor has chosen, “No, no, no.” The more pain that Western Australians will feel, potentially, members opposite believe, might give them some kind of a political advantage.

It interesting to note that we have heard from the Treasurer previously that when Hon Eric Ripper was in Parliament, he was more than capable of putting politics aside and standing shoulder to shoulder on this issue—but that is not the case under the current WA Labor leader.

In relation to iron ore, I will concede the notion that has been bandied around the place that it was always going to be unlikely that iron ore prices would remain at record highs; and they have been at some very record highs. Conversely, I also from the outset want to reject outright the notion that somehow industry and government alike should have foreseen iron ore prices plunging to the recent lows that we have seen of \$47.50 a tonne. They are now hovering around the \$60 mark; I think they are just below \$60 a tonne today. Somehow, Labor would have us believe that everyone foresaw that; the banks, the forecasters and the iron ore companies—everyone, apparently—saw that coming. That is an absolutely ridiculous proposition. No-one would have foreseen that the iron ore price would go from what was believed to be \$122 a tonne to the lows that we are seeing now. In fact, it is so ridiculous that it is not worth spending too much time debating.

I want to talk a little about iron ore prices, because I want to explain where the price plunge has come from. What is happening at the moment is that there is some talk federally, and people are saying that we should be limiting exports, or there could be some kind of collusion between the iron ore companies. I do not necessarily believe there is collusion. I think that the players in the iron ore market probably hate each other far too much for that. I also am not an advocate for restricting exports. I believe that what is going on right now within the iron ore industry is nothing but a good old-fashioned price war. That is not uncommon. We have seen price wars before. We have seen price wars actually fairly recently between Qantas and Virgin. Admittedly, the consumer probably benefited a fair bit from that. Members might be interested to know that that price war between Qantas and Virgin, where they basically flooded the market with supply in the form of extra and more regular flights and heavy discounting, was costing those two companies \$8.75 million of profit a day. We know that a price war is going on between some of the grocery companies—Coles and Woolworths—in their struggle for market share. Without resorting to an economics lesson, it is worth saying that the aim of a price war is fairly simple. The tactic behind it is to promote competitor attrition. Companies oversupply the market, and the market will absorb that extra supply, but the normal result is that prices drop, and the higher-cost producers in the market tend to shut down or exit the market, and those that are left are then able to raise prices again, and generally the concept is that they will recoup whatever losses or lower profits they might have made during the price war itself.

However, the current experience with iron ore pricing is a bit more complex than that. In the economic model, there are impacts from both the demand and the supply side, and there are real and speculative influences. That is important to note, because we have a futures market for iron ore. We have seen that in any kind of market in which we have futures trading; we do not always need to have the reality happen in order for prices to be impacted—markets can get jittery just by announcements. When market players make announcements about expansion projects and ramping up output—even though the reality of that might be years away—that in its own right could be enough to impact iron ore pricing.

We know that the price of iron ore is very, very closely linked to what is happening in China. China has until recently been experiencing phenomenal growth—in excess of 10 per cent GDP growth per year. That has now slowed down to still a very solid seven per cent, but, nonetheless, some of the demand in China has come off. In fact, the biggest consumer of steel production in China is the real estate section. Building buildings is one of the key consumption sectors for steel in China, and we have seen certainly a strong decline in that section.

What has happened? We have seen BHP Billiton and Rio Tinto, and even Vale SA, today, announce in the media that despite the drop in demand for iron ore, they are going to go ahead with expansion projects and they are going to continue to bring online more iron ore. That is not what we would expect to be a normal response in a market. Generally when there is a drop in demand, the response we look for is a reduction in supply, and we then get a new equilibrium. However, because supply has been increased at the same time as demand has

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dropped, it has had a fairly precipitous impact. In fact, former BHP Billiton chief executive officer Brian Gilbertson has stated the following —

“When you see a price collapse of this magnitude, it’s clear there is a major imbalance between supply and demand in the immediate future,” ... “The majors can’t do much about demand so the proper response should be to consider cutting back on supply.

“Instead, they seem to have a last-man standing approach where they remain committed to expanding and driving others out of the market.

We have got a price war underway. As a result, Citigroup, which is a major bank that has a great interest in understanding where some of these prices are going to go, was recently quoted as saying it is possible that the iron ore price will fall to as low as \$36 a tonne in the third quarter of this year and will stay below \$40 a tonne for the rest of the year. Further analysis shows that in order for us to get the iron ore price back to around \$90 a tonne, we would need to take approximately 200 million tonnes of production out of the current supply of about 1.5 billion tonnes. Supply would need to contract by about 200 million tonnes in order for us to have the opportunity to see prices return to \$90 a tonne. Instead, production is increasing. In fact, it is expected that there will be an incremental increase in export growth of over 110 million tonnes in 2015 alone, 68 million tonnes of which should come from Rio Tinto. Even though the new Chinese mines are at the higher end of the cost curve, they also are bringing on more production. It is interesting that the assumption had always been that once iron ore prices dropped, the Chinese mines would be the first to close. In the past, that is exactly what happened. In the past, when iron ore prices dropped, the high-cost Chinese mines would close fairly quickly. However, that has not happened this time around. I would suggest that China has cottoned on to the tactics of some of the major iron ore players and decided, “No, we’re not going to play ball. We quite like iron ore prices being low.” Let us not forget that the Chinese are one of the largest consumers of iron ore. In fact, the Chinese have introduced generous subsidies to keep their high-cost mines running, and now we have this game of who is going to be the first person to flinch.

As a local member, it is very upsetting to see great companies like Atlas Iron struggling. A lot of people in the Joondalup electorate do fly in, fly out work. Having competition in a marketplace is good. Having additional mines and miners in the marketplace provides a lot of opportunity for the services sector and the support sector. So it is very sad to see that kind of corporate game being played.

We know that in the budget forward estimates that were handed down at the midyear review level, we had already adjusted our expectation of iron ore prices—this was in November–December last year. Even at that level, our forward estimates were based on \$77, \$78 or \$79 a tonne. By the time the actual state budget, which we are now debating, came around, we had to readjust that down to \$47.50 a tonne, rising to just over \$60 a tonne by 2018–19. Every dollar variance plus or minus on that figure equals \$70 million annualised for our budget. If the price of iron ore goes below \$47.50 a tonne, every dollar below that amount will cost us \$70 million a tonne.

As I have said, price wars in and of themselves are not illegal. Companies undertake them. The big difference I believe in this instance, however, is that the Western Australian public, as the rightful owner of the iron ore, is an unwilling participant in seeing their return for a non-renewable resource—we can only ever sell it once—dwindle away in order to facilitate the power plays of corporates in the industry. I think we need to have a discussion about that. It is right that as members in this place, and as a government and a Parliament, we ask ourselves the question: are we happy with this outcome, and at what point do we say no, we are no longer happy to sell our iron ore at a price that is too low? We can only ever sell it once. The iron ore belongs to the people of Western Australia. Our royalty rate at the moment is based on an ad valorem value of the ore at the mine head. This generally translates into a rate of 7.5 per cent for non-beneficiated ore. Recently, iron ore prices were \$48 a tonne. At that price, the Western Australian public was receiving just \$3.60 per tonne for the sale of this non-renewable resource.

[Member’s time extended.]

**Mr J. NORBERGER:** If the price were to drop, as predicted, to \$35 a tonne, the Western Australian public would receive only \$2.63 a tonne in royalties. We need to have a look at that. How low would iron ore prices need to go before we, as custodians of that iron ore, would say that enough is enough, and that we do not want to sell iron ore at a price below that? I said earlier that I do not believe in restricting export volumes and stopping the mining companies from doing what they want to do, but we may need to look at cushioning the Western Australian public from the impact of this price war. It is a worthy discussion to have. Should we, perhaps, introduce a floor on royalties paid? Should we introduce a minimum royalty by saying that, irrespective of the price of iron ore, if it dips below a certain price, producers will still pay that minimum royalty? It is interesting that there is actually a precedent for that. One of the earliest state agreements that BHP entered into

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with the government, in 1964—the Iron Ore (Mount Goldsworthy) Agreement Act 1964—included a minimum royalty rate, or floor price, of six shillings per tonne. The agreement stated, in relation to royalties —

... NEVERTHELESS that such royalty shall not be less than six shillings (6/-) per ton ... in respect of ore the subject of any shipment or sale;

Back in 1964 we already had a floor price agreement under which we charged a percentage, but not less than six shillings per tonne. It is not up to me to determine where any potential floor might be placed, but I believe it is something that we should look at and discuss.

If we do have such a discussion, we may also want to include what I would refer to as an export volume threshold, below which the floor pricing policy would not apply. My rationale for that is that some of the junior miners are already hurting from the price war that was not of their doing. Also, a miner just starting out, such as Atlas Iron ore BC Iron Ltd, would by its very nature not have the same efficiencies and the benefit of high production rates to bring down costs. A figure needs to be set—it could be 75 million tonnes or 100 million tonnes per annum—at which producers exporting less than that amount will not be subject to the royalty floor. Once that figure is exported, the producer would be subject to the floor. Irrespective of the floor price, beyond that the royalty rate does not change; it is still 7.5 per cent. If the price of iron ore rebounds to \$70 or \$80, depending on where the floor is placed, producers would not actually pay any more in royalties than they do now. We are saying that if producers want to enter a price war or a game of last man standing with a resource that belongs to the WA public, which can only be sold once, we are not willing to follow them all the way down to the bottom. They can export as much as they want; I am not suggesting that we should stop people from exporting.

I am interested in a discussion to make sure that the people of Western Australia are getting a fair price for their iron ore. It is very important to make that distinction. This is not about tinkering around with taxes. A royalty is not a tax—far from it. A royalty is a very important mechanism to compensate the people of the state for the sale of their commodity. For the miners, the royalty is a cost of their raw material input. A car manufacturer must buy steel as its key input. An iron ore miner is buying that iron ore off the state—the people of Western Australia. At the moment, we do not have a say on the return we receive, because if the price plunges we just have to take that price. It is very worthwhile to explore the possibility of putting in a floor, as a means of the government saying to the people that they will be looked after, and, if the price goes too low, the government will still demand a minimum amount.

There is no doubt that there would be some arguments against this, and I can pre-empt some of them now. The Chamber of Minerals and Energy, in its pre-budget submission, pre-emptively defended the industry for its current activity, claiming that Western Australian producers are price takers and not price makers, and that if Western Australian producers do not meet the demand, others in the world market will. I do not believe that argument makes a lot of economic sense, because most of the other producers around the world at the moment are running at a loss. At the moment, only BHP and Rio are making any profit. If a producer is making a loss, I could not imagine that producer increasing its loss-making production to maintain a state of oversupply. Former BHP Billiton chief executive officer Brian Gilbertson also rejects that notion, saying there would be no new investment in iron ore, given the glut of supply over demand.

The other argument that the Chamber of Minerals and Energy put forward in its pre-budget submission, in the way of a warning not to make any changes to royalties, was that doing so would discourage future investment in Western Australian resources. Again, I do not think that argument holds up. Arguably, the reason for the high level of investment in our resource sector recently was the high iron ore price. We could probably argue that because the iron ore price was well north of \$80 a tonne, companies such as BC Iron, Atlas Iron, Mount Gibson Iron and the like, entered the market. If the price is suppressed to the level of \$47.50 a tonne, or even \$60, where it is now, I do not believe we would see too much new investment in our resource sector.

Another argument might be that a floor-price model might make Western Australian iron ore producers uncompetitive. We need to look at the entire taxation regime, not just royalties, when comparing Western Australia with other competitors. Our nearest competitor outside of China is Brazil. Brazil currently has a very low royalty rate of only two per cent, so even under the current model it is significantly lower than where we are. However, Brazil also has a much higher company tax rate of 34 per cent, and its GST equivalent consumption tax has a rate of 25 per cent. We need to look at all the various taxes, royalties and transport costs before making the argument that one change will make us uncompetitive. People also cite the argument of sovereign risk. Both Indonesia and China have recently increased their iron ore royalty rates, so Western Australia would certainly not be alone in looking at altering the policy. Respected risk assessment agency Coface Australia still rates Australia, on both country risk and business climate risk, as A2 and A1. These are pretty much the two best ratings that can be obtained on sovereign risk.

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Another argument that might come forward is that this policy would result in job losses amongst the affected miners. That is possibly the most ludicrous argument that one could come up, because the reality is that the current price war is already costing jobs, and not only in companies such as Atlas Iron and BC Iron. Even the main players in the game, BHP and Rio, have laid people off and are putting an enormous amount of pressure on the suppliers that work with them, so we have seen job losses there as well. The reality is that we already have job losses under the current regime, and one would imagine that any further job losses amongst the affected miners would likely be as a result of scaling back current production or shelving expected future expansion projects, which in essence is exactly what should be occurring to restore the price of iron ore to more realistic levels, which in turn would lead to more viable miners and more jobs.

As a humble backbencher from Joondalup, that is just my opinion. I have worked previously in the mining industry, and I am passionate to see it do well and be vibrant. I do not like seeing people in my electorate lose jobs because of the price wars being waged. As I said, I am not advocating any restriction on exports and I am not suggesting that any collusion is happening, which I know was being looked at federally. I do not believe any of that is happening. This is typical behaviour by companies that are trying to get the upper hand. I do not want to see the Western Australian public being unwitting participants in that. I believe there needs to be a point at which we say that if the mining companies want to do what they are doing, and export that many tonnes, with the result of flooding the market and tanking the price, so be it. But there comes a point when we will say we do not want to accept selling our iron ore at a price below a particular level. What that level may or may not be is beyond me, but, like I said, I would couple that with an export threshold. To protect some of the junior miners that have not had the benefit of efficiencies of scale yet, that might be 75 million tonnes or 100 million tonnes, so if they are exporting below that—if it is a company such as Atlas Iron or BC Iron—and the price does go down, they are not going to be subjected to the floor.

Debate interrupted, pursuant to standing orders.

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