

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

PUBLIC SECTOR WAGES POLICY

Motion

HON DR BRAD PETTITT (South Metropolitan) [1.07 pm]: I move —

In recognition of their long contribution to state budget repair and dedication to the service of the Western Australian community, this house supports a public sector workers wages policy that does not see real wages going backwards year on year.

I move this motion in recognition of the hard work and invaluable contribution that WA's public sector workers provide to each of us, day in day out.

Right now, as I am sure members are aware, there are many thousands of public sector workers and union members such as the Community and Public Sector Union—Civil Service Association of WA, United Firefighters Union of WA, Health Services Union, United Workers Union, and the Rail, Tram and Bus Union outside this very building rallying to secure better working conditions and pay so they can keep their families' heads above water in the midst of a cost of living crisis.

Thank you to each of the unions and union members who helped with this motion by sharing their time, stories and knowledge with me. I greatly appreciate it.

Back in December 2021, the state government announced an initial pay offer for public sector workers, which then formed part of the current state budget. That offer provided a maximum annual wage increase of only 2.75 per cent. That initial offer was announced when WA households were struggling in the wake of 5.6 per cent inflation in 2021 and were bracing for things to only get worse in 2022. The inadequacy of that offer soon became apparent, as on 31 July 2022 the state government announced a revised pay offer consisting of an annual pay increase of three per cent and a once-off, pro-rata sign-on bonus of \$2 500 before tax.

This remains the state government's current pay offer for crucial workers, such as health workers, child protection workers and education assistants—the people we rely on every day to keep the state running. I acknowledge that this revised offer is an improvement on the state government's initial offer in 2020, but it is not enough to ensure that public sector workers will not be worse off from one year to the next. If these workers accept the state government's offer, their pay will go backwards year on year. This is happening at a time when many frontline public service workers are at breaking point; they have endured a state of emergency for the past two and a half years and counting, a cost-of-living crisis in this state and nationwide labour shortages. And it is happening at a time when the government is recording budget surpluses.

The first half of my motion recognises our public sector workers' contribution and dedication to this state. Public sector workers are the people with boots on the ground who take government policies and budgets—in fact, the very decisions we make in this place—and make them a reality. Since the start of the COVID-19 pandemic, workers throughout the public service have adapted and innovated to keep our state running and protected the physical, social and economic wellbeing of all Western Australians. We have seen new technologies and service-delivery models at times rolled out very quickly over very short time frames. We have seen workers reassigned from their usual jobs to take on roles at the front line of the state's pandemic response. For many, their ordinary jobs became extraordinary, as they took on more hours and greater responsibilities to keep essential services running for their communities, even if it meant putting their health and wellbeing and that of their families at risk.

The government can comfortably afford a better deal than what is currently on the table for public service workers. This is partly due to the heavy lifting that public sector workers have been doing for many years on state budget repair. In fact, they have made a very important contribution to this government's record budget surplus. Despite everything public sector workers do for this state, this government has for the past five years rewarded them with some of the lowest wages growth in the country, with annual pay rises capped at \$1 000. Over that period, WA's public sector wages saw the lowest average quarterly wage growth of any sector in Australia. WA public sector wages have already fallen by 6.8 per cent in real terms since March 2018. Let us reflect on that: public sector wages have already fallen by 6.8 per cent in real terms since March 2018. This restrictive wages policy has not only meant many public sector workers have endured years of declining real wages, but also contributed to slow wages growth in WA more broadly.

After several years of asking public service workers to do more for less—less support, less stability and the lowest rates of real wage growth in the nation—something has to give. Sadly, we see in media reports and the answers provided to questions asked in this chamber that the cracks are starting to show. Many of our public services are struggling to deliver core services amidst high levels of staff burnout, high turnover rates and staff shortages. This comes at a time of nationwide skill shortages and an overheated labour market. Attraction and retention challenges are emerging all over the public sector, from teachers to police, child protection workers to policy and procurement professionals, and train drivers to prison officers. Underinvestment in public services and the people who deliver

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

them needs to be addressed if we are to keep a skilled and experienced workforce to deliver the services that we all rely on. I will quickly touch on just three of the many examples of issues coming to a head within the public service.

I will start with corrective services. In April, the WA Prison Officers' Union is quoted as saying —

... an ongoing labour shortage in the state is a disaster waiting to happen ...

And —

... every state-run prison was short-staffed, putting inmates, officers and communities at risk of riots and harm.

It is estimated that the state's prisons are 600 to 800 workers short of the number of positions that the Department of Justice agrees is necessary for the system to run safely. The reality of this staffing crisis and its impacts on service delivery was further illustrated in a response from the Department of Justice to a question I asked at this year's estimates hearing. The department advised that nearly 10 000 12-hour shifts at Banksia Hill Detention Centre had not been filled over the last 18 months, and data shows that this is an increasingly common occurrence. Short-staffing at Banksia Hill means rolling lockdowns, which means kids do not get their minimum out-of-cell hours and cannot access services, disrupting their education and care. Vulnerable kids are being punished because the state government is failing to properly fund the public service.

I refer to the Public Transport Authority. Last month, the Rail, Tram and Bus Union reported that more than 30 train drivers had quit Transperth since January. Transperth train drivers are the lowest paid in Australia, and many have left to drive trains on the mines for twice the pay. This practice is common enough for *The West Australian* to report that train drivers have renamed the PTA the "Pilbara Training Authority". The union has made it clear that if the government does not significantly improve its wages policy, we will face a shortage of train drivers. This is happening at a time when the government is looking to expand the network with Metronet.

The Community and Public Sector Union—Civil Service Association of WA's recent survey of child protection and family service workers found that over 79 per cent of respondents did not believe their current workload could be reasonably undertaken within their ordinary hours of work and had worked in excess of their ordinary paid and rostered hours in the month prior to taking the survey. A staggering 65 per cent of respondents said that in the past six months, they had considered or were currently considering leaving the department. Let us think about that for a moment. If 65 per cent of our child protection and family support service workers were to quit tomorrow, what would that do to a system that is already in crisis? What would that mean for the most vulnerable people and families in our community?

CPSU—CSA branch secretary, Rikki Hendon said in May this year that staff shortages mean —

"Child protection workers are committed to keeping children and young people safe from neglect and abuse but they're doing their job in an under-resourced system with one hand tied behind their backs."

These examples make it clear that we simply cannot afford to offer pay terms that will not attract and retain talented and skilled people to our public sector workforce. To keep our state running, the government must revise its wage offer to keep up with lived reality.

An issue at the heart of this motion is the cost-of-living crisis. WA households are bearing the brunt of Australia's soaring inflation levels. Last financial year, Perth experienced inflation of 7.4 per cent, the highest in any Australian capital city, and a full 1.3 per cent above the national average. It is important that in considering this motion, we take this opportunity to consider the difficulties currently being faced by the public sector workers we rely on every day. Some workers have been kind enough to share their stories with me and I will now share a few of them.

I want to start with Cindy. She is a mainstream education assistant in a primary school. Cindy became an EA 18 years ago, because, as a single parent, she needed a job that would allow her to support her own children and spend her school holidays with them. Cindy had to work two jobs to support her family when her children were still living at home. Cindy has seen many changes to her role and an increased workload over the course of her career, but that has not been reflected in her pay. During the past four years, her pay has increased by only \$1 000 a year, and this has had a real impact on Cindy's ability to make ends meet. It has not covered the yearly rise in her rent, and when increases to utilities, car registration, train fares, fuel, food and everyday living expenses are factored in, Cindy finds herself financially more and more behind. In May, Cindy's rent increased \$30 a week, and is now 40 per cent of her take-home wage. As she says, "The maths is easy; my rent has increased by \$1 560, yet my wage increase was \$1 000, so I am already \$560 worse off." She worries that due to financial pressures, she will be forced to move in with one of her children in the future.

During the pandemic, education assistants were classed as essential workers and went to work each day to support the students and staff they work with. As a result of the work of people like Cindy, other people were able to continue to go to work to support their own families. To quote Cindy, I refer to my notes —

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

“What I ask of this government is that they acknowledge the hard work of myself and my colleagues and finally give us the pay rise that we deserve and have earned”.

The next story is Tim’s. Tim is a level 3 public sector worker and he says that they have nothing left at the end of each fortnight. They are now living pay cheque to pay cheque, going out less, spending less in small businesses around our community and eating in more; even then, fresh produce and groceries are going through the roof. Tim is really concerned about his fixed-rate mortgage, which ends in August, and he does not know much more his mortgage repayments will be. He is already using his savings to maintain his costs each week. Tim says that public servants need a fair pay rise and that the government needs to look at the average person to see what these costs are really doing to families.

Carol is a public sector worker and a member of the Community and Public Sector Union–Civil Service Association of WA, and she says that she has seen nothing but increases. Her mortgage repayments have gone up twice and, with three kids, her grocery bill has increased significantly. She tries to buy things on special and always buys the cheapest nappies for her twins, but she thinks everyone is doing the same because the cheapest nappies are always out of stock. The huge increase in fuel prices means Carol consciously thinks about how much driving long distances will cost her. She says that it is like they are playing a game, knowing this month the power and water bills are coming in, so the new tyres for the car will have to wait until next month, even though they are not very safe right now.

These stories paint a clear picture of the stark realities faced by so many of our essential public sector workers. It goes without saying that amidst the ongoing high rate of inflation, the housing crisis and interest rate hikes, we cannot expect public sector workers to absorb further cuts to real wages. To be blunt, the McGowan government is at risk of gutting the public service unless something changes. The government took a step in the right direction with the revised pay offer, but this needs to be further revised so the policy sees the real wages of essential workers go up and not backwards year on year.

For example, a family support officer is employed with the Department of Communities to provide ongoing mentoring services to children and young people and to engage with communities to support their families and children. Family support officers start at the bottom of the public service pay scale—level 1—which has a before-tax salary of \$53 930. In the first year of the agreement, they would receive a three per cent increase on their base salary, bringing their base salary up to \$55 547. They would also receive a separate one-off \$2 500 sign-on bonus, bringing their total before-tax remuneration to \$58 047. This represents a salary increase of 7.6 per cent. Given that Perth households have faced a 7.4 per cent inflation rate since the last public sector pay increase, this means family support officers’ salaries have stayed roughly similar in real terms. But—this is a big but—in the second year, family support officers’ salaries would fall to \$57 214. Even if inflation were somehow zero the following year—contrary to all economic indicators and monetary policy targets—their salaries would decrease by 1.44 per cent. Of course it is going to be more than that. This is on top of five years of stagnant wages growth whereby public sector wages already went backwards by 6.8 per cent in real terms.

The government has repeatedly justified the offer of a one-off payment rather than rolling it into base salaries, using the argument that the current inflationary pressures are temporary. It is entirely reasonable to expect that inflation will slow down over the medium to long term. What that does not mean is that the 7.4 per cent inflation rate that Perth households have experienced over the past year will go away. Even if inflation were to rise by only three per cent over the next 12 months in line with the state wages policy, this would still mean that inflation over the two-year period had been over 10 per cent and the wages of every single public sector employee would have gone backwards, in real terms, under the agreement, regardless of their classification.

In conclusion, a strong wages policy is needed to reward our public sector workers for the invaluable work that they do for this state, especially after we have asked so much of them during the COVID-19 pandemic. However, a strong wages policy is not in the interests of just them and their families; it is in the interests of everyone in this state, as we all rely on the services that public sector workers provide. Staffing shortages are already pushing many of these services to breaking point. If the government chooses to ignore the workers rallying outside this building today, more services will fail, and this will hit the most vulnerable people in our community the hardest.

I commend this motion to the house.

HON DR BRIAN WALKER (East Metropolitan) [1.24 pm]: I rise to support the motion by my honourable colleague Hon Dr Brad Pettitt in the strongest possible terms. I speak also from the perspective of a medical practitioner who sees, at the sharp end, what happens as a result of government policies. Prefacing this speech, there are only three major pillars to any society: health, education and agriculture. I will speak more about the first two pillars: health and education.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

As my honourable colleague has pointed out, inflation for the June quarter was 7.4 per cent, and there is a wage offer of three per cent, which has been capped at \$1 000 a year since 2017. As Hon Dr Brad Pettitt laid out so very clearly, we actually have wages going backwards. Let that sink in. Wages are going backwards. In a time when costs are going up, wages are going backwards, in real terms.

People who are already not earning a great salary have to deal with less of their insufficient funds, and we as a government, surely, must be prepared to stand and say that this is just not right. Even the one-off cash offer that the government made is inadequate. It is a one-off go, certainly, but it has the risk of splitting the union members, who would then say, “Yes, I will take the \$2 500, and I will just see if I can make do with the rest.” This divides the problem so the government can have more success at winning. This is not a successful way of managing society, and UnionsWA has pointed this out. I am sure that I am speaking as one mind with my colleagues from the Labor Party. The Legalise Cannabis WA Party is a social justice party. Social justice is part of a free and fair society. Without social justice in a free and fair society, it is difficult to maintain democracy. I move on from that one point.

I will focus on teachers and nurses, who are, of course, among the least well remunerated of all the public sector workers. What does this message give us? The people who are educating our children are not being paid enough and they are struggling to make headway in a difficult environment. Anyone who has looked after a teacher who is struggling with the stress and anxiety of being a teacher in difficult times will know that we really cannot pay them enough. What about the nurses? There is a lovely sticker going around on car bumpers that says, “Nurses, you can’t live without them.” I can tell members that you cannot live with them either! But we cannot live without nurses because they are the backbone of our health service. Young doctors coming in who do not listen to what nurses say are in grave danger of killing their patients. We have highly qualified healthcare practitioners who are being paid a pittance. This is disrespectful to some of the most important workers we have in our society. It is disrespectful that we are not giving them adequate remuneration for this service.

It could be that they are working in these jobs because they want to sacrifice themselves and because they are aware that they are doing something good for the benefit of society—teaching children and caring for the sick. I often tell nurses that they have a screw loose because they want to help people even when they do not want to be helped. We sacrifice in the healthcare profession. As part of that sacrifice, we take onboard the fact that they will not pay us as well, but it is a job worth doing. It is not a job worth doing now when they are being hammered with COVID, with staff falling sick, with time off and with being asked to work extra shifts when they are suffering in the hospital wards and are unable to make headway and people are complaining and shouting at them and they are not being respected by either their colleagues or the environment, which is paying a pittance. I can name a hospital where 100 per cent of the nurses would like to resign or retire now. That is not an organisation where we can guarantee a quality of work, because people are simply unable to face working under very difficult conditions and are getting paid a pittance—unless of course they need that money because there is no other source.

Here we have it. There is no freedom. The Legalise Cannabis WA Party of Western Australia is also about freedom and autonomy. If people are unable to be free in their choice of work because there is not much work available and they are paid a pittance for that, they are not free people in this free and fair society. There is a pattern here. I am not going to say that doctors are paid a pittance because that is not true, but as a result of the Medicare capping that we have seen, the income from Medicare bulk-billing has not risen adequately enough and now doctors are having difficulty funding their practice. They are paying their staff and for their costs and products, but it is difficult for them to do that when they are running very close to the edge of failure. In real terms, of course, this means that bulk-billing will stop. The people who need it the most are the ones who earn the least. If the bulk-billing system fails, we will see those who need health care the most being deprived, leading, of course, to a health crisis.

Can we, in our society, afford a health crisis? Can we afford for the people who need the help the most to have the least options? It is about not only being unable to see a doctor to check blood pressure, but also people’s poor food choices. They may be unable to buy good-quality food because it is expensive. The cheaper food is not real food; it is processed food, which is definitely unhealthy. If that is all that people can afford to eat to fill their hungry stomachs and that of their children, that is what they will do. What will they suffer? They will suffer from reduced health through increased weight, increased diabetes, increased blood pressure, increased gut ill-health, chronic disease and autoimmune disease. Does that make them any more fit to work? No, it does the opposite. They will not be able to afford to go out and exercise because they will be working two jobs and they will find their physical health impaired.

The overload that we are seeing in society leads to mental health crises. We are seeing nurses ending their shifts in tears, and doctors, too, for that matter, and teachers who are despairing about how they can do their job in invidious circumstances getting paid a pittance. They are burning out and leaving the profession. That is exacerbating the stress for the remaining workers, who themselves are more likely to face mental health issues. The World Health Organization’s definition of wellness is a definition that bears repeating. I have said it before. It is about physical,

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

mental, social and financial health. I put it to members that we are failing in every area of those four parameters. The Legalise Cannabis WA Party is a party of wellness. We all know that the cost of food and petrol is increasing and that the cost of rent is going up, leading to all these complications and a physical, mental, financial and social crisis. As a consequence, that leads to increased poverty, which results in increased crime and social disorder. By not giving adequate remuneration to those who most need it, we are in fact encouraging the destruction of our society. This is not just about the finances but the wellbeing of our society. We need to stand up and be judged by the people for having failed society. Legalise Cannabis WA supports the people of Western Australia, especially the disadvantaged, the oppressed and the unfairly treated in a free and fair society. This is what we stand for.

I have bypassed agriculture. Members might well think that the farmers are doing well, but I do not think so. They may have a bumper harvest now, but they are facing stresses, especially when the food they are producing is not affordable because of the rising costs elsewhere and in transport. We will find that the agricultural industry is also going to be part of this problem. We are not, any of us, independent. We are all interdependent, and so all four areas of wellness are going to suffer. As we all suffer, those at the lower end of the income scale are going to suffer the most, and that is fundamentally unfair. Can we stand here in Parliament and support an unfair system?

There are, of course, options. We can look at the example in Queensland. The Queensland government is going for a four per cent increase, but it has also added a potential three per cent on top of that should the base inflation be above four per cent. That is a total of seven per cent; it is possible. Is it perfect? No, it is not. I know that our Premier has rejected that because of our inability to project the costs due to the variable three per cent on top of that. That makes economic sense—it does—but it does not reflect the need to help those who are more disadvantaged and who are working very hard in essential services and getting paid a pittance. When an offer is made that does not cover the cost of inflation, resulting in wages going backwards, it is not an acceptable offer. That would be understandable, perhaps, if the government did not have enough money, but having \$5 billion in our coffers surely gives us some room to play with and some room for movement.

I put it to members that this is something we are honour-bound to do because the people upon whom we depend are suffering. If the government says that it has already apportioned all those funds, I would say, bearing in mind that I am from the Legalise Cannabis WA Party, what about if we increased the state's wealth and stopped mucking around and pretending that THC is a problem? Let us free up the whole hemp industry. It is a multibillion-dollar industry. I am not talking about medical cannabis but industrial hemp, which could add billions to our revenues. That could be useful in helping us pay what is needed for a number of things, not just an adequate, honourable and respectable amount on wages for the public sector workers, but also everything else that we need but for which we do not have enough finances. I refer to special care baby units and childcare centres so that women and men can go about their work knowing that their children are being cared for without having to give half of their already low salary in payment for that service. Fairness in society is what I am asking us to look at. It is not just about giving a wage increase, but about providing fairness to all.

Legalise Cannabis WA is also the party of fiscal common sense and good business. We are aiming for higher revenues and a balanced export trade, with iron ore and hemp together being able to supply our needs. This would increase our state wealth and afford us a better outcome for all, including the public sector workers. I heartily support the motion and commend it to the chamber.

The PRESIDENT: The question is that the motion be agreed. The honourable Martin—sorry!

HON MATTHEW SWINBOURN (East Metropolitan — Parliamentary Secretary) [1.36 pm]: How about the Parliamentary Secretary to the Minister for Industrial Relations?

The PRESIDENT: I was trying to go by your name, member. Hon Matthew Swinbourn.

Hon MATTHEW SWINBOURN: Thank you, President. I stand to give the government's response. As I say, I am the Parliamentary Secretary to the Minister for Industrial Relations, so I am doing it in that capacity.

All mirth aside, this is a serious motion and the government certainly takes it seriously. I want to start by acknowledging the contribution that public sector workers make to Western Australia. I want to thank not only the most obvious ones—the ones who always seem to get a shout-out, and deservedly so: nurses, doctors, teachers and police—but also the wider range of often unsung workers in the public sector. They include, within the health system, for example, all the administrative staff, health professionals and even the managerial and supervisory staff. They include my old comrades at the Construction, Forestry, Mining and Energy Union—the painters and carpenters within the health system who still exist and whose jobs were not previously privatised by those opposite. If we talk public sector workers who are engaged in —

Hon Dr Steve Thomas: The BLF.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

Hon MATTHEW SWINBOURN: Yes, the Builders Labourers Federation. That is the CFMEU's predecessor. Thank you for getting that into the debate. My dad was a member of the BLF, actually. It is what it is and it is a union that continued to exist without interruption when it amalgamated with the Building Workers' Industrial Union and is now represented by the mighty CFMEU. I note not that the CFMEU was not mentioned in Hon Dr Brad Pettitt's speech, but there are also CFMEU members protesting out the front.

I have been distracted already. I do not wish to be distracted so I will not be taking interjections at this early stage. As I say, I extend my thanks to all those workers because the public sector—not just the public service—makes up and keeps this state running. It is incredibly important and this government does appreciate their contribution. It is also true that this government is in bargaining negotiations with elements of the public sector and that during the course of bargaining there is a bit of hurly-burly, there is negotiation and this backwards and forwards, but also final outcomes. I want to take up a point with what Hon Dr Brian Walker said—that you can never pay them enough—and how meaningless that statement is. It does not actually mean anything. When we are in government and have to take responsibility as an employer, we have to make a decision about what we pay people. There has to be a point at which we make that decision, and we have to make that decision taking into account a variety of interests and important factors, including the responsibility that this government has to all Western Australians to manage the budget and the economy in the most effective, fair and productive way that we can. The member might want to keep putting his hand in his never-ending pocket and paying those amounts. Unfortunately, that is a pie in the sky idea, and it does not help in terms of the responsibility that governments have. I wanted to make that point. The people on this side of the house understand that, not only from the side of the government, but many of us also understand it from the side of unions and workers.

That aside, I give early notice that I plan to move an amendment to this motion. I am not moving that now; I will move that at the end of my contribution. I think it is fair to say that in its current form, the government cannot support the motion. This motion seeks to dictate to the government a bargaining position, and we cannot be a party to that, but we do think that the motion contains a very important element; the purpose of amending the motion is to largely keep the spirit of the motion, but also to put it in a form that we are able to agree to. I will move that amendment at the end of what I have to say.

I will also, at some length, set out the bargaining history of this government since it came to power in 2017. I think that is an important contextual element of what we need to understand here. As we all know, when the McGowan government came to power in 2017, it unfortunately inherited a budget that was in a parlous state and an economy that had essentially been trashed by the drunken sailors opposite. I quote then Treasurer Hon Ben Wyatt, who said, "We have inherited the worst set of books in history and difficult decisions need to be made." Fortunately for the people of Western Australia, the adults were back in charge. They gave us the responsibility to fix up the worst set of books in history. We got on with dealing with the recurrent spending issues that existed and the structural problems that we inherited. In May 2017, the Premier said —

"Everyone across the community needs to share the load of repairing the damage to the State's finances left behind by the Liberal National Government,"

I think the one element of the community that did not accept the responsibility or share the load was perhaps those members opposite, who still live in a state of denial about how bad they were and what they left behind. In any event, this is not about those opposite; it is about the motion that has been moved by Hon Dr Brad Pettitt.

In order to address the parlous state of the budget and the economy, we introduced a range of initiatives to address the state's deteriorating financial position. Those initiatives included a 20 per cent reduction in the senior executive service of the public service; a round of voluntary severances across the general public sector; and a four-year freeze on salaries as determined by the Salaries and Allowances Tribunal for members of Parliament, the judiciary and the highest paid bureaucrats across the public sector. Those of us who were here last term were all a party to that. We all supported that amendment and all our entitlements were frozen for four years. In his contribution, Hon Dr Brad Pettitt described what others experienced; we experienced that ourselves. We did not ask people to do what we were not prepared to accept ourselves. Yes, members of Parliament and the judiciary are obviously in a much greater position to be able to absorb that—I freely admit that—but we also did that.

What was not helpful, of course, is that our federal counterparts continued to get rather large pay increases, we kept getting tarred with their brush, and people thought that we were getting the same pay increases; nevertheless, we incurred that pain as well. The initiatives also included a \$1 000 per annum wages policy on replacement public sector industrial agreements that was also extended to government trading enterprises. Of course, these decisions were not easy to make but were critical for repairing the state budget, and we are grateful for the part that the public sector played in that. We had to amend the legislation to suspend decisions of the Salaries and Allowances Tribunal and ensure that the Western Australian Industrial Relations Commission considered the wages policy when arbitrating public sector matters. The \$1 000 wages policy alone would deliver a general government operating balance improvement of nearly \$500 million over the forward estimates period. In implementing the new wages policy, we

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

managed to ensure that lower paid public sector workers received a more beneficial outcome relative to higher paid employees by virtue of the \$1 000 flat increase to their full-time wages.

Despite the difficult circumstances and the lack of faith that some had in our ability to implement our wages policy, we managed to secure settlement of 100 industrial agreements covering over 150 000 employees under the \$1 000 wage limit. It takes me back to a comment that was made by Hon Dr Brian Walker, who said that it was not an acceptable offer. I think he was talking about the current offer. I will make the point to the member that it is not up to us to decide whether it is an acceptable offer; it is up to the trade unions and their members to decide whether it is an acceptable offer. The point I make is that for the \$1 000 that was on offer that has been criticised here today, it was the trade unions themselves and their members—over 150 000 employees—who accepted what was offered to them in a bargaining situation. We did not legislate \$1 000; it was a bargaining position that was put to those unions and they accepted it. They may not have liked it, but they accepted it. It was not the case that it was unacceptable; it certainly was acceptable over time.

What are some of the important elements of this? By June 2019, we had secured an improvement in the state's credit rating—the most significant improvement since 2012. Members will remember that we were stripped of our AAA credit rating under the previous Liberal–National government in September 2013 with multiple downgrades from the credit rating agencies due to the state's rapidly deteriorating financial position and the previous government's lack of political will to make difficult decisions. Let us be clear that those downgrades in rating are not just a good headline, but also have significant effects on the state's financial position, because they affect the interest rate at which we have to pay back money that we borrow. Getting a strong AAA credit rating helps the state, and losing that rating put the state in a more difficult position. It is not just some flashy thing that we get to brag about; it actually has some meaning.

The Moody's rating agency praised the strong fiscal resolve of the state government following the March 2017 election and emphasised the McGowan government's continued strong control over spending alleviating pressure on the state's rising debt burden as a key reason for its decisions. I think that is an important point. Another important point to raise about the \$1 000 bargaining position that we put forward and the general negotiations with unions over the past four years is that we only faced an arbitration outcome in one instance. Amongst all those public sector workers, unions only took the government to the state's industrial commission once for arbitration on wages. If unions were unhappy with what the government was doing, there was a mechanism for them to deal with that—not only the self-help mechanism that they are perhaps engaging in today outside the front steps of Parliament, but also an industrial mechanism whereby they could take their employer to the industrial commission for an arbitration to determine an amount that was fair, equitable and within all good conscience. That happened once, but it did not actually relate to the \$1 000 offer that was on the table; it related to other matters. It was with the Western Australian Police Union and that matter was resolved.

Thanks to our consistent and diligent financial judgement, in June 2020, WA's AAA credit rating was reinstated after nine years. Standard and Poor's global ratings identified Western Australia's continued budgetary outperformance compared with its domestic and global peers, despite the pressures of a global pandemic.

We again acknowledge the contribution of public sector workers and their unions in helping the government to manage budget repair through the wages policy and other measures. In September 2021, we publicly announced a review of the wages policy on the back of prudent financial management and strong budget performance. We significantly brought this forward as it had been intended that the wages policy would not be reviewed until 2023. This review involved extensive consultation with stakeholders, including and especially unions, and was led by the Treasurer and the Minister for Industrial Relations. Unions were given the opportunity to take part in face-to-face consultation sessions so we could hear their concerns in the development of new policy parameters. A majority of unions participated in this process, either face to face or by providing written submissions to the government. We were listening to the unions, and we were listening to their members. We continue to do that, and we will always do that on this side of the house.

Key issues expressed by unions included the gender pay gap, and attraction and retention issues, which unions said were exacerbated by the \$1 000 wages policy. Unions sought a policy that provided a minimum pay floor and an ability to negotiate conditions and outcomes that did not disadvantage lower paid employees.

The review culminated in a new wages policy, which was announced as part of the midyear review in December 2021. The policy provided wage increases of 2.5 per cent per annum, and it offered unions the choice of selecting an additional \$1 000 sign-on payment or a 0.25 per cent per annum wage increase for the achievement of industrial reforms. It also offered the capacity to negotiate new and enhanced conditions of employment. The new policy was implemented in February 2022, and we believe this policy addressed union concerns. It provided fair and reasonable wage increases to our hardworking public sector workforce, and it gave unions the capacity to negotiate conditions and greater increases for the achievement of efficiencies.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

This change was not without significant cost—the other side of the coin that the government must also take into account when it is bargaining with the workers it employs. The new wages policy was expected to cost \$1.2 billion over the forward estimates but was considered sustainable, given the state’s improved financial position. Coming back to the issue of agreement, following this change, three industrial agreements—covering approximately 35 000 teachers and principals, transit officers and doctors—were agreed with their respective unions. Unions agreed to what the government was offering. They agreed; it was not forced on them. They agreed through bargaining. The State School Teachers’ Union of WA, the Rail, Train and Bus Industry Union and the Australian Medical Association accepted what was offered.

The three per cent wages policy was agreed; however, we acknowledge that prevailing economic conditions and inflationary pressures have unpredictably and significantly shifted, both in our state and across Australia. Unions and their members, public sector workers, raised concerns that the current policy gave insufficient immediate relief for the impact of the increases. Again, we listened to these concerns. This government listened to the unions and their members, while closely monitoring rising inflation and its impact on the WA community. Having listened, we recognised that we needed to change our policy settings. On 31 July 2022, we revised our wages policy to ensure that public sector workers received a three per cent per annum pay increase over the next two years. In addition, if unions agreed to settle industrial agreement negotiations, full-time employees would receive an immediate payment of \$2 500 to offset current inflationary pressures, which are expected to be temporary. Casual and part-time employees would receive a pro-rata payment based on average working hours. That is a key element that distinguishes us from other and previous governments: we will make sure that casual workers also share in the \$2 500 being offered. Subject to approval, the revised wages policy continues to allow for negotiated outcomes, including conditions that support government workforce priorities. The cost of negotiated and arbitrated outcomes must be met from the approved salary expense limit of affected departments and organisations.

The government understands that the new policy might not be what some people had hoped for. After working for trade unions for 15 years, I can tell members that being offered what people hope for is a very rare occurrence. That is the reality of bargaining. People always want more. If anybody has bargained for anything, they know that two parties start at different ends and work their way towards a negotiated outcome.

We wanted to get swift and direct support to workers because of the spike in inflation—hence, the increased offer of \$2 500. We were particularly concerned about the impact of inflation on the lowest paid workers. The policy revision is far from insignificant for the average public sector employee. I will run through this quickly because I am running out of time. Any worker earning up to \$120 000 a year will receive at least the equivalent of a 5.1 per cent increase in the first year, if the \$2 500 one-off payment is included. This is in line with the Department of Treasury’s assessment of underlying Perth consumer price index for the 12 months to June 2022, excluding the \$400 household electricity credit that was delivered in May 2022. As a consequence of the \$2 500 payment, lower paid workers will continue to benefit more from this change than higher paid employees. For example, a level 3 patient care assistant, whose annual salary is \$55 322, will receive the equivalent of a 7.5 per cent increase in the first year if the cost-of-living payment is factored in. An entry-level enrolled nurse, whose annual salary is \$63 135, will receive the equivalent of a 6.96 per cent increase in the first year. A level 2 education assistant, whose annual salary is \$49 472, will receive an 8.05 per cent increase in the first year.

I remind my colleagues that these outcomes considered changes only to base wages and salaries. They do not take into account adjustments to wage-related allowances and penalties, total take-home pay that incorporates shift payments and overtime, or improved superannuation contributions.

The replacement agreement, settled under the previous 2.5 per cent wages policy, goes to teachers, transit guards and doctors, and will automatically be adjusted to reflect the revised parameters. The cost of changing wages policy is significant but sustainable. It is expected to cost an additional \$634 million over the next four years, bringing the total wages shift to \$2.5 billion over the next four years.

I have run out of time to finish the rest of my comments, and I wish to move an amendment to the motion.

Amendment to Motion

Hon MATTHEW SWINBOURN: I move —

To delete all words after “that” and insert —

delivers public sector workers a significant pay increase.

I think if we can accept and agree to this amendment to the motion, the government can agree to the overall amended motion.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [1.57 pm]: I confirm that I will make a greater contribution to the debate when we have dealt with the amendment before the house.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

At this point, the opposition is not inclined to support the amendment proposed by the government. The reason is that I think Hon Dr Brad Pettitt has put a very sensible, non-inflammatory motion before the house today. We all agree on the recognition of the public sector contribution and the dedication of public sector workers. We are all saying that we agree with that component, and that is fine.

The change proposed by the government is instead of a simple recognition that real wages are going backwards this year. Bear in mind that Hon Dr Brad Pettitt has not moved a motion that suggests, for example, that CPI should be the basis for wages policy. His has been a very sensible motion. He has given some leeway within the debate of the motion, which is that wages should not go backwards in real terms year on year, in a continuing process, over a period of time. Wages might go backwards in real terms this year, or they might go backwards in real terms next year, but over time we want to have a wages policy —

Hon Matthew Swinbourn: Is that what your government did? Did your government deliver a year-on-year increase?

The PRESIDENT: Order!

Hon Dr STEVE THOMAS: I will start on the parliamentary secretary in a minute. I listened to his 20 minutes, without a single real mention of wages policy. The member talked about what the government had done and what the government will do. He talked about the outcomes, but he never actually said what the government's wages policy is. We will come back to the performance of the government in a minute.

Several members interjected.

The PRESIDENT: Order! I encourage the honourable member to focus on the content of the amendment as distinct from the broader debate of the motion.

Hon Dr STEVE THOMAS: I will try not to take any interjections because that will only encourage and inflame. The problem with the government's proposal is that it does not recognise that real wages can go backwards. We should be honest enough to say that that has actually been the case this year. That does not mean that I will get up in a little while and suggest that the government have a 7.4 per cent or an eight per cent wages policy, or any other policy they might want to suggest. I am not going to suggest for a minute that wages policy should be tied to the consumer price index or inflation, but I do suggest that the government needs a policy. It needs to recognise this issue. There is no shame in recognising that the current settings have caused a real reduction in public service wages. If we acknowledge that, we could then debate for how long that would be a good idea and under what circumstances, but that would require the government to have a policy, and we will come to that.

The other part of the amendment calls on the house to support a public sector worker wages policy—I hope a government member will stand up and tell us what the government's wages policy is “that delivers public sector workers a significant pay increase”. What is a significant pay increase? What does that mean? Is \$100 significant? This amendment simply muddies the waters.

Several members interjected.

The PRESIDENT: Order! I am not encouraging cross-chamber chatter.

Hon Dr STEVE THOMAS: The amendment is simply obfuscating the issue. It is time that the government stepped up, showed a bit of courage and accepted that the current wages policy, which might not be any different from the one I recommend now—but we will get to that—that results in a reduction in real wages. All Hon Dr Brad Pettitt is suggesting is that that should not happen year in and out. I would say that that is a simple policy. We could then debate for how many years it would be appropriate. At least then his motion would deliver some kind of direction and instrument. But the government has put this nebulous and utter meaningless amendment that says, “Let's do something significant.” I would like to see a significant debate from over there, but I am not convinced I will get one. This attempt to water down the motion, in my view, is an act of obfuscation. It is an act of making it hazy and, I hate to say, it is an act that shows no courage. If the government cannot accept the reality of what is going on, then I think we are all in for a very dire time.

We oppose the amendment.

HON DR BRAD PETTITT (South Metropolitan) [2.02 pm]: I also will not be supporting the amendment. I am disappointed because the amendment will greatly weaken the intent of motion. It is hard to read the amendment in any other way than that this government does not support real wages not going backwards year on year. That is the heart of the amendment. The heart of the original motion, which was really important, is that this one-off sugar hit of \$2 500 will push up immediate wages for some people now, but that the overwhelming evidence is that year on year wages will still go backwards. By year 2, most public service workers' wages will go backwards in real terms. That is not a sustainable way to manage public sector wages. If we were serious about retaining and having a strong

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

and capable public service, real wages would match the cost of living. The amendment will water down and greatly weaken the motion.

All members support the first part of the motion, which recognises the public sector's long contribution to state budget repair and its dedication and service to the Western Australian community. Of course we support that; I was the one who wrote and moved the motion. But if we change the second part of the motion it will greatly undermine the first part. The government's amendment is really disappointing. It is literally saying that we support public sector wages going backwards year on year. Is that what we want to say? That is not sustainable for the public sector. We need a clear policy that says public sector wages should year on year keep up with the cost of living. That is just basic and fair.

Hon Matthew Swinbourn: Is that what you did at the City of Fremantle?

Hon Dr BRAD PETTITT: Yes, we did.

Hon Matthew Swinbourn: Every year you made sure your wages were greater?

Hon Dr BRAD PETTITT: The interjection is about the City of Fremantle when I was there. To put some context into the debate, the City of Fremantle, when I was mayor for over a decade, paid some of the highest wages of any local government.

Several members interjected.

The PRESIDENT: Order!

Hon Dr BRAD PETTITT: That is a distraction. I would very happily put ours against this. I appreciate that the member might want to distract us by referring to what happened at the City of Fremantle.

The PRESIDENT: Order! Hon Dr Brad Pettitt, order has been called.

Hon Dr BRAD PETTITT: Apologies, President.

The PRESIDENT: I appreciate that you are in the heat of debate, but you need to listen for the call.

Hon Dr BRAD PETTITT: President, apologies for not hearing you among the interjections. The City of Fremantle has a strong record in this area and I am happy to defend it, but that is not what we are debating here. We are debating the public sector.

I had hoped that we would be debating the motion I put forward. It is very sensible, very moderate and based on common sense. If we want a good ongoing public service, public sector employee wages should not go backwards year on year. I do not understand why the government needs to water down this motion. I think it is inexcusable. I do not understand why members would support this amendment. I also suspect that the many thousands of people out there today would not support it.

Division

Amendment (deletion of words) put and a division taken with the following result —

Ayes (18)

Hon Klara Andric	Hon Peter Foster	Hon Kyle McGinn	Hon Dr Sally Talbot
Hon Dan Caddy	Hon Lorna Harper	Hon Shelley Payne	Hon Darren West
Hon Stephen Dawson	Hon Jackie Jarvis	Hon Stephen Pratt	Hon Pierre Yang (<i>Teller</i>)
Hon Kate Doust	Hon Alannah MacTiernan	Hon Martin Pritchard	
Hon Sue Ellery	Hon Ayor Makur Chuot	Hon Matthew Swinbourn	

Noes (11)

Hon Martin Aldridge	Hon Steve Martin	Hon Tjorn Sibma	Hon Dr Brian Walker
Hon Peter Collier	Hon Sophia Moermond	Hon Dr Steve Thomas	Hon Colin de Grussa (<i>Teller</i>)
Hon James Hayward	Hon Dr Brad Pettitt	Hon Neil Thomson	

Pairs

Hon Samantha Rowe	Hon Donna Faragher
Hon Sandra Carr	Hon Nick Goiran

Amendment thus passed.

Amendment (insertion of words) put and passed.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

Motion, as Amended

HON DR STEVE THOMAS (South West — Leader of the Opposition) [2.12 pm]: What a sad day in the Parliament of Western Australia when a motion of substance is downgraded to a —

Point of Order

Hon MATTHEW SWINBOURN: I believe the member is now reflecting on the decision of the house, which I understand to be a breach of the standing orders. He just said it is a sad day —

Several members interjected.

The PRESIDENT: Order! The member has raised a point of order. It is not an invitation for cross-chamber chatter. On the point of order, the Leader of the Opposition had not completed his sentence, so I find myself unable to consider whether it was going to be a breach of the standing order. I will give him the benefit of the doubt, and allow him to continue.

Debate Resumed

Hon Dr STEVE THOMAS: Thanks, President. I will tread warily, because obviously the government is very sensitive on issues of wages policy, not that the actual government response given by the parliamentary secretary—who usually gives an excellent performance in this place—addresses the issue of wages policy in any significant form. Apart from a bit of a history lesson and some boasting, we did not actually hear what the government's wages policy is. But the history is interesting, so I would like to address some of the comments of the parliamentary secretary before I go further into what the wages policy impacts are.

Once again, he started the defence of the government by saying they had to manage the budget. Once again they are jumping back to this performance—they had to manage the budget! Let us just have a look—the question before us probably is: why are so many public servants so angry at this government over its wages policy? Why are they so angry? Why are there thousands out there protesting at the moment? One part of it is the wages policy itself, which we will come to, but the second part is the sheer arrogance of the government! This is a government, I might like to remind the house, that put up a \$5.8 billion surplus last year and took up a \$5.7 billion expenditure budget this year. That is nearly \$11.5 billion! This is a government that will have \$15 billion worth of surpluses over three years, \$20 billion —

Several members interjected.

Hon Dr STEVE THOMAS: The government has not paid anything off! It is going back up!

The PRESIDENT: Order! Please bring the volume down several decibels, and stay in one seat.

Hon Dr STEVE THOMAS: It was an interesting interjection, saying that they are paying down debt. They are not paying down debt in the slightest!

Hon Dan Caddy: That is not what I said.

Hon Dr STEVE THOMAS: Let us go back to the contribution of the honourable parliamentary secretary.

The PRESIDENT: Order! Hansard is unable to capture the interjections because there are so many, and they are so loud.

Hon Dr STEVE THOMAS: What has the government done? Let us talk about wages policy—in the middle of the biggest boom of any state in this country's history. Let us look at what their wages policy is. This is why the unions that look after the public sector are so angry: because this government is so proud of its massive surpluses.

Several members interjected.

The PRESIDENT: Order! Constant interjection is not welcome either.

Hon Dr STEVE THOMAS: This government is so proud of its massive surpluses; it is so given to boasting about its massive surpluses—not because of good financial management but because of the iron ore price. The iron ore royalties went up \$6 billion. Why is the budget surplus just under \$6 billion?

The PRESIDENT: Order. Just settle the chamber, please.

Hon Dr STEVE THOMAS: Funnily enough, it is not hard to do the maths: a \$6 billion iron ore increase and a \$5.8 billion surplus. This government cannot claim good financial management. But what is it doing? It is boasting all the time about the size of its surplus. This is the Premier, who is the Treasurer, rolling in his money bin like Scrooge McDuck, throwing the money in the air! He is waving it in complete contempt of the public servants, many of whom probably put some of the members of the government in their seats today! That is why they are so angry. It is not just because the government has to have a tight wages policy when times are tough, but because the government

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

only has flexibility when times are better, which they currently are, no thanks to the policy of the government. Infuriatingly, this is about the government flashing the money around, throwing it about and waving it in the air saying “Look at us! Aren’t we good financial managers? And by the way, we are not actually going to actually give significant pay rises to public servants.” That is why they are angry. We should have had a few more sitting up there. They were not sitting up there during the parliamentary secretary’s response; I think they might have been angry if they were. The parliamentary secretary spoke about the bargaining history, about a difficult financial position and his efforts to manage the budget, but he did not actually underline what the government’s wages policy is and what has changed.

Several members interjected.

Hon Dr STEVE THOMAS: He talked about the outcomes; he said he has changed it. A year ago —

The DEPUTY CHAIR (Hon Peter Foster): Order, members! I remind the Leader of the Opposition to direct his comments through the chair.

Hon Dr STEVE THOMAS: A year ago, the opposition and myself as the shadow Treasurer said with the increasing of inflation and the very high budget surpluses, this government will have to review its wages policy. That was close to a year ago. Then six months ago, near the budget, guess what the rhetoric was: “We are actually going to have to have a look at the wages policy again”. The pressure on the government was massive surpluses at a time when other people were struggling at that point around the budget, with the beginning of significantly higher inflation. At the end of 2021 and into May 2022, we are having discussions about the cost of living. If one wants to have a look at what we as an opposition said at the time, go have a look at *The Sunday Times*, I think it was 1 May. I am in there saying that there is going to be an issue around wages, and an issue around the cost of living. What has the government done? It has been reactive, not proactive. Why is that? because it has not been able to come up with a coherent wages policy. I will say this, though. I did enjoy getting a bit of the history from the parliamentary secretary, and I will make this reference to his comments about the previous government. In 2015, the then Treasurer, Hon Mike Nahan, got into trouble with the unions because he warned that wages would be limited to the consumer price index. He went out to the public and said, “We’ve changed our wages policy. Wage rises will be limited to CPI.”

Hon Darren West: What was CPI at that time—about zero?

Hon Dr STEVE THOMAS: That is a very good point. I am coming to that. At that time, CPI was 1.5 per cent. That was also a time when the government did not have the sort of money that it has now, because the next iron ore mining boom had not arrived yet; it started at the beginning of 2019. The previous Treasurer recognised in his budget that CPI was part of that government’s wages policy.

I do not think that in the long-term CPI should be the single determining factor. The government would not want to go out right now and say that CPI, which was 7.6 per cent and is now down to 7.4 per cent in Western Australia, is the basis of its wages policy. The government cannot possibly do that. It cannot use CPI as a determining factor. However, it has to be a consideration. The motion that was effectively before the house is that CPI should be a critical consideration in wages policy. That is because in some years, on a solid wages policy, wage increases will be less than CPI. That will also be the case this year, irrespective of who is in government. That is because the government cannot always necessarily keep up. The issue, of course, is that if CPI is super low, as it sometimes is, it is difficult to justify, in good economic times—that is an important consideration—a one per cent wages policy. Sorry. I mean a one per cent increase in wages. The policy is broader. The increase is a one-off issue. It is hard to justify a one per cent increase if the state is doing remarkably well. We have to balance these things. We cannot rely simply on CPI. However, that means we also need to recognise that CPI is an important part of the issue.

I note that the then Treasurer, Hon Mike Nahan, shifted that wages policy after a year or two to a 1.5 per cent policy. When the government came into office in 2017, to its credit it pushed that back to a \$1 000 policy. You know what? At a time when economic times were tough, that \$1 000 policy was a tougher policy for a lot of people than the 1.5 per cent wages policy that the government had inherited. It was a tough policy. For a person on a gross income of about \$67 000, that 1.5 per cent increase would equate to the \$1 000 that was offered by the government. For everybody else, the wages policy was significantly tougher. It was a tough policy, at a time when times were tough. The problem the government has now is that times are not tough. The government will have \$20 billion in surpluses over five years. The argument that the government is now having with the people who installed the bunch of you into your current seats is that you are so addicted to the joy of having large surpluses that you have lost track of almost everything else. That is a criticism of the Premier, who is now also the Treasurer.

The parliamentary secretary failed to enunciate a particular wages policy. He also failed to address some of the significant impacts on workers in this state. The government has made three changes. Wages policy is not about

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

making a change when we are forced into it. On each occasion, the opposition effectively pre-empted the change that the government came up with by calling for it in advance.

Several members interjected.

Hon Dr STEVE THOMAS: I am not suggesting that we instigated it, but there was a lot of pressure over it. The government's wages policy is completely reactive. At the beginning of this year, the government moved it up to 2.75 per cent, with a 0.25 per cent bonus. It has now jumped it up to three per cent. Once again, the government has done what it often does—the largest component is for the lower paid. The parliamentary secretary specifically mentioned the lower paid. The government has said that it is particularly concerned about this group. The government then put out a press release on 31 July, after it had been forced—not necessarily by us; forced by the wider public, the unions and the media—to change the numbers all over again. This is interesting. The good thing about the press release from the Premier, who is now also the Treasurer, is that it gives some indicative numbers. The government claims that a person on an annual salary of \$50 000, for example, will have an eight per cent salary increase. On the basis of sheer numbers, that is an increase of \$4 000. That comprises the one-off \$2 500 cost-of-living payment and a \$1 500 wage increase. However, next year, that \$2 500 payment will disappear, so effectively, without another sugar hit from the government, they will be back to the \$1 500 payment. However, for a worker on a wage of \$150 000, for example, the percentage increase in salary will be higher. Their salary will increase by \$7 000. That comprises the \$2 500 cost-of-living payment and a \$4 500 pay rise. The government is very good at percentages. The table is quite interesting. The government has gone out and said, "Lower paid workers will be getting more; isn't this wonderful!" The parliamentary secretary needs to have another look at how he uses these figures, because I do not think they stand up to scrutiny.

I come now to the critical component of what the government has been dragged kicking and screaming to do by various parties in the state of Western Australia. The government has had to repeatedly change the numbers about those pay increases. That is because it has been embarrassed by the reaction that has come forward, particularly about the wealth with which its party finds itself encumbered. I am interested to know how members on the other side sell to their constituencies and their union friends that they might have \$20 billion worth of surpluses over a five-year period, which is in the process of being corrected —

Several members interjected.

Hon Dr STEVE THOMAS: How do they go out and tell their public sector and union mates that despite the fact that this government is richer than any state government in the history of this nation, they do not think that wages is an important enough issue to deal with in a boom beyond the tiny contribution that this government wants to make? I understand that it would be the easiest thing in the world for the other side to say to us, "What's your policy? What percentage would you give them?" This becomes the issue, because when we sit on that side of the chamber, all of Treasury works for us. What we should do, if we are on top of our job, is develop a wages policy over time that reflects the need for wages to shift, and that also reflects CPI and inflation as one of the influencers. We should also develop a longer term strategy that is dependent on the economic circumstances in which the state finds itself. That is a wages policy. However, that is not what we see. We see a reactive government that just changes the numbers when it is forced to do so. We have had three changes, six months apart. That is because the government has had to be dragged kicking and screaming, presumably by its union mates, and to some degree by the media, to do that. As much as I would like to take credit for it personally, I know that the Premier does not listen to me specifically and wait for my words. The government has had to be dragged kicking and screaming to make some sort of change. However, it has not explained what its wages policy is and will be. It has not explained it to the public servants we are dealing with in this case, who we all agree do a fantastic job. That is the bit of the motion that we all agree on. There are also others but we are talking specifically about the public service. The government has not explained to the public service how it is okay for it to be rich while they go backwards. The parliamentary secretary normally does a great job. I am a fan of his work; I think he is a great contributor to the Parliament. He does fantastic work but, in this case, I am afraid he has let himself and his team down. This was not one of his best efforts because he has not explained —

Hon Matthew Swinbourn: I talked about the BLF.

Hon Dr STEVE THOMAS: Before I start on the Builders Labourers Federation, I will have to ask for an extension of time and I do not know if it will be granted.

The government has not explained its wages policy to anybody. This should have been a public debate. I am sure we will find a way to make sure that members of the union movement who potentially have influence realise that the response of the Labor Party today, in my view, did not adequately address their concern and distress.

In the parliamentary secretary's contribution today he did not put forward a payroll policy or a wages policy for the future. What happens when it does correct? What is the next step? If the iron ore price is corrected over the

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

next 12 months, will the current hard wages policy stay in place? I think the public service, in particular, is well entitled to ask. During a health crisis, a crisis in communities, a crisis about keeping up police numbers and their morale, and a crisis, almost across-the-board, in the public sector, in the biggest boom in our history, they would all be entitled to ask, “How are you dealing with this? How are we to retain and expand our workforces?” It is not just about throwing money at the problem; it is not simply about the government saying that it will keep throwing money out the door until everybody is happy. That is not what I am suggesting and never have. I am suggesting that it is incumbent upon the government to deliver a coherent and explainable policy that the public service can accept and that demonstrates why this government is getting richer. It cannot spend the money fast enough. It cannot get its infrastructure projects out because it cannot find the workers; it cannot keep the health system running because it cannot find the workers. In those circumstances on the other hand, the government is saying, “We are rich—too bad for you”. I think that is the question that it failed to answer today. Where is the policy? I am still waiting to hear it.

HON PIERRE YANG (North Metropolitan) [2.33 pm]: I truly appreciate the opportunity to set the record straight. I have to say from the outset that I agree with Hon Dr Brad Pettitt in praising the hardworking public servants and workers in the public sector in the state of Western Australia. I thank them for their contributions over the last two and a half years. These are extraordinary times and those guys are doing an extraordinary amount of work. I thank them for that. I also want to put on the record that I thank workers in occupations that are covered by the United Workers Union: special needs assistants, Aboriginal and Islander education officers, gardeners, and hospital support staff such as orderlies, cleaners, catering staff, sterilisation staff and enrolled nurses—all the workers in the public sector. Thank you for your contribution.

I also want to remind the members opposite about the state of play back in 2017. It is all very well and good for members opposite to pontificate about their economic credentials, but let us set the record straight. In 2017, we were the worst performing jurisdiction in Australia. Members opposite should feel embarrassed about their pathetic, incorrigible and incompetent management of the economy. They should be absolutely embarrassed! Before anyone on the opposite side calls a point of order on relevance, I put it out there that it is absolutely relevant to talk about what happened in 2017 and the government’s record when it comes to managing the economy of the state. It is all well and good for the opposition to say that we had a huge resource boom, but let us not forget that we had one under the leadership of the mob on the other side. What did they do?

Hon Darren West: How did it go?

Hon PIERRE YANG: How did it go? Well, the government bought singing toilets, for a start. It bought plastic cows. What about the money that it squandered on the projects that it was looking at? The next light rail—where is MAX? This government is building the Forrestfield–Airport Link; it will open in October. I think this government should be very proud of its record.

I want to go to the hard numbers of the day, before this government was elected in 2017. Under the leadership of the Liberal government, WA failed to grow its economy, and the government turned a minimal state debt into a \$31 billion state debt, in 2015 and 2016. What is the state debt today? It is under \$30 billion. What have we had over the last two years? We have had a once-in-a-century pandemic. If we look at other states—Victoria, New South Wales, South Australia and Queensland—as any guide and compare the performance of this state’s economic management, it is second to none.

Let us talk about public sector expense increases. In 2016, Western Australia experienced its first operating deficit in 15 years. Let us look at the 15 years before that—2016 back to 2001. Under Premier Geoff Gallop and Premier Alan Carpenter, the state government managed the economy, navigated a mining boom during that time, and paid down debt. The government built the freeway extension down south, under the tremendous leadership of the minister sitting in front of me, Hon Alannah MacTiernan. She built the Mandurah railway and did not increase state debt. What did the other mob do? They bought singing toilets and plastic cows. They increased the state debt to \$30 billion! It would be \$45 billion if that mob was still in charge. Thank goodness they are not because they could not manage the economy; they could not manage the finance. They spent money like drunken sailors. Shame on them!

We lost our AAA credit rating because the mob on the other side could not manage the economy. We gained it back. Why? We put in strict measures to set government expenditure growth to a minimal and manageable pace.

Hon Neil Thomson interjected.

Hon PIERRE YANG: I am not taking interjections from you, honourable member.

When it comes to government wage policies, the McGowan government put in place in 2017 a \$1 000 a year wage increase for all public servants, so that the workers with the lowest salary would get the highest percentage increase. Do members know what? As members of Parliament, we put a cap on our salary increases as well by introducing the Salaries and Allowances Amendment (Debt and Deficit Remediation) Bill 2017. That was a good bill. Hon Sue Ellery

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

explained during the second reading speech on that bill that the government would provide a flat increase of \$1 000 a year for public sector workers. In the end, from memory, that would save the government \$500 million. As leaders of the community, we have to lead by example; hence, the government introduced that piece of legislation, which was passed in this place with some support from the opposition—not wholehearted support! I will quote Hon Peter Collier’s contribution to the second reading debate on that bill. He said —

Unfortunately—I say this with a heavy heart—the opposition will not oppose this bill. Government members will say that is hypocritical, but do members know why we are not opposing it? It is because we are not going to fall into the juvenile trap of members opposite. Imagine what would have happened if the Liberal Party had come out and said that it would oppose this bill. There would be headlines in *The West* and all the columnists and all the talkback radio hosts would say that the Liberals have their snouts in the trough and all they care about is their own salaries et cetera.

It is important that we remind ourselves that in 2017, the opposition did not agree on the policy of the bill. It agreed with the bill for political convenience because they did not want to be the subject of public debate; they did not want to stand in the way of public sentiment. Hon Peter Collier also stated in that contribution —

I find it extraordinary that we have a bill to freeze the salaries of members of Parliament, judges, senior public servants and the like. It is a waste of this chamber’s time and nothing more than a cosmetic stunt. This bill is exactly that—a cosmetic stunt.

Eventually the bill was passed, but the opposition to the bill of members opposite was a stunt in itself. The performance by the Leader of the Opposition that we heard earlier was a stunt, a political stunt. I must say that I sometimes miss the contributions of Hon Aaron Stonehouse, because in that debate he said —

I spoke to my fellow members on the crossbench and although we have different views on the role of government or the incentives that may be used for politicians to do the right thing, they also take budget repair very seriously ...

I am glad the crossbench took budget repair seriously, because we could not rely on this mob. Hon Aaron Stonehouse continued and said they would not support the motion to refer the bill to the Legislation Committee. He said —

We see this as an opportunity to not only potentially save a bit of money in the public coffers, but also to send a message to our electorates that we take budget repair seriously. We are willing to work with government to save a bit here and there wherever we can get it.

That is the attitude of a decent member of Parliament, who is not opposing the government for the sake of opposing it. Unfortunately, the opposition today is doing just that. They are opposing for opposing’s sake, which is really unfortunate. Do you know what, honourable members opposite, if this is the *modus operandi* of the Leader of the Opposition, his party will not get back in government for a very long time.

Let us talk about the economy today and why we have put forward policies to increase the salaries of public sector workers. The gross state product over the past year has increased by 4.3 per cent; whereas under former Premier Colin Barnett, in 2016–17 the GSP was increasing at a minimal rate of 0.5 per cent, compared with the national average of 2.8 per cent. Let us look at that. If I may, I will quote this state government document titled *Western Australia economic profile August 2017*. This is not something I made up. It is on the public record forever. In managing the operating surplus, the McGowan government has achieved a surplus of \$5.7 billion, which is something that members opposite can only dream of—but they could not manage the economy!

In 15 years under the former Liberal–National government, we had an operating deficit. We had a Labor government from 2001 to 2008, and then the Colin Barnett government from 2008 to 2017—granted the two members I referred to were not here during that time, but your mob managed the economy terribly.

Let us talk about the unemployment rate, which is 3.4 per cent today. Since this government came to power its policies have created 160 000 jobs. Whereas back in 2017, the unemployment rate was at a record high of 6.25 per cent, which means that over 80 000 Western Australians who wanted to work did not have a job thanks to the former Liberal–National government. Since October 2008 under the former Liberal–National government, the number of people who were unemployed increased by 57 000. We have to look at a government’s economic record in its totality. We need to look at its entirety. When we compare the record of this government and earlier Labor governments with the government under then Premier Colin Barnett, we can see who is the better economic manager. I sometimes wonder had Hon Dr Steve Thomas been in government during those eight or nine years would his presence have helped Colin Barnett’s government save more seats when people finally realised that members opposite could not manage the economy. At least Hon Dr Steve Thomas would have been a rational voice in the cabinet—if Premier Barnett had been wise enough to appoint him as a minister! I sometimes wonder about that.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

In any event, we come to the current position, a position of strength for the economy and the future of the state. Hon Dr Steve Thomas asked what would happen if the iron price were to plunge next year. I tell you what, honourable members, with the government's track record of diligent economic management, I think the state would definitely be in a better place than if members opposite were in power. If the opposition were in power, God bless Western Australia.

When it comes to the wages policy, we heard from the parliamentary secretary that the government has announced a three per cent per annum increase, with an immediate \$2 500 payment to offset inflationary pressures. It is true that the lowest paid public sector workers are set to benefit the most from this government policy. I cannot understand why the opposition fought tooth and nail against the government's position in 2017 to freeze salary increases for senior members of the executive service, including politicians and judges. I hasten to add that the Clerks of the Legislative Council and the Legislative Assembly were included in that group under the legislation. What is wrong with the government setting an example? If we are asking the public sector to work with us to curb the runaway government expenditure of the former Liberal–National government, which was in power for nine years—thank goodness it was not longer than that—what is wrong with the government asking its senior members to do the same, and a little bit more? I cannot see any issue with that. I am glad that the crossbench members at the time supported the government not only by not referring the bill to the Legislation Committee, but also on the policy. The opposition did not support the policy. The opposition supported the bill for political convenience because it did not want to be attacked by the media. There was a saving of more than \$500 million from the government's policies of a \$1 000 wage increase cap and freezing the salaries of all members of the senior executive service. We are in a better position today so we are able to put forward the offer that the parliamentary secretary articulated.

I want to remind members that this government is diligently managing the economy. It fought tooth and nail against the Morrison, Turnbull and Abbott federal governments for a better share of the GST—people should not forget that. Western Australia's current economic status is because of this government's tremendous management, and we should be very proud of it.

HON DAN CADDY (North Metropolitan) [2.53 pm]: I will be brief because I know Hon Tjorn Sibma wants to take Hon Dr Steve Thomas' argument and put it into a format that actually makes sense for the rest of us.

Hon Dr Steve Thomas asked a couple of times what this government has done. The hardworking Parliamentary Secretary to the Minister for Mines and Petroleum; Energy; Corrective Services; Industrial Relations got halfway through his response, because he was so impassioned about giving all the detail that he did not have enough time to finish what he was saying, so let me recap quickly.

In September 2021, the government brought forward a review of the \$1 000 wage cap policy. Hon Dr Steve Thomas said it was a good policy. He said that he agreed with it. The review involved extensive consultation with the unions, led by the Treasurer and the Minister for Industrial Relations. Unions were given the opportunity to take part in face-to-face consultation, and they did, and we listened. This policy, which was implemented in February, as the member knows, will cost the state \$1.2 billion over the forward estimates, so a fair whack of money is going out. At that point, we had settled on three agreements. I think it was with teachers, principals, transit officers and doctors. Has this position changed? Yes, it has changed. The honourable member went to great lengths to say that the government was forced to change its position. It is called listening, member. Government members in this chamber are proud of our union roots and we are proud that we listen to the union movement representatives when they come to us. Member, it is called negotiation. What did we change the policy to? We recognised that since December there has been a significant shift in the prevailing economic conditions. We listened to the concerns of the public sector workers and the unions about cost-of-living pressures. Once again—I have said this so many times in this chamber—the McGowan government is a government that listens. On 31 July, we revised our wages policy to provide a three per cent per annum increase over the next two years. In addition, as the hardworking parliamentary secretary said, there is the \$2 500 payment to offset current inflationary pressures. What is more, replacement agreements for the original three or four agreements that we had come to were changed and lifted to reflect this.

This government believes that the revised wages policy strikes the right balance in delivering a fair and reasonable pay outcome to the public sector workforce while still ensuring we maintain good financial discipline, which is something that members opposite know very, very little about. This is what the WA community expects and it is why the Liberal and National Party members find themselves on the opposition benches. It is because the former government absolutely, catastrophically failed to manage the economy.

It is not just about public sector workers; we are a government that stands for improved conditions and workforce reforms as well. Improved wage outcomes are only one part of what the government is doing. Since 2019, we have agreed to enhance the employment conditions for public sector workers during the negotiation of industrial agreements. Since coming to government in 2017, we have delivered wideranging, cross-sector policy and structural reforms outside bargaining, and we have proudly continued to bring services back in house. We are the first state government to even acknowledge wage theft. We have a strong record, as I said, on bringing services back in house.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

The honourable member stood and had a go at this government because we are listening. Whether it is to the people of Western Australia or the unions that represent the public sector workforce, we are listening. When we listen, we take on board what people say. We are a government that is capable of listening and making changes because of the feedback we get.

Hon Dr Steve Thomas interjected.

Hon DAN CADDY: Honourable member, when members opposite stand and talk to us about our wages policy and how to manage the economy of this state, you are, my friends, on very, very shaky ground. Hon Pierre Yang went to great lengths to compare what we are doing with the previous government's record. You guys are all over the place. The electricity credit was a classic, honourable member. On 10 May, Hon Dr Steve Thomas said —

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

What did the Leader of the Liberal Party, David Honey, say when we first talked about a \$600 credit? He said it was a “disgraceful waste of a precious resource”. Members opposite are not even on the same page with what they think. I make this point: we are pulling the levers and doing everything we can on utility costs and cost-of-living pressures. In 2009, the then Minister for Energy, Hon Peter Collier, increased power prices by over 25 per cent and in 2010 by 16 per cent. That is the record of the Liberal government on cost-of-living pressures. Members opposite can stand there and lecture us on wages policy and the cost of living, but let us be really clear: they left this state with massive, unprecedented debt and we are doing everything we can to fix that.

The ACTING PRESIDENT (Hon Jackie Jarvis): I call Hon Tjorn Sibma. Member, before you start—Hon Dr Brad Pettitt, will you be seeking a right of reply?

Hon Dr Brad Pettitt: Yes.

HON TJORN SIBMA (North Metropolitan) [3.00 pm]: That means I will condense my contribution to the motion into two minutes and thirty seconds.

I will start by making some observations about this debate generally. I think there has been more heat than light cast on the matter, and I think the reason for that is the irrelevant material introduced by government members. I reflect on three members in particular. I like them individually. They are intelligent and capable people, but they have been forced into this place —

A member: That's mean!

Hon TJORN SIBMA: It includes you! They have been forced into this place to, effectively, mount an argument that lacks justification and fails to acknowledge the central premise of the motion as was originally moved. Hon Dan Caddy, I was at that rally, too, and I listened to those people. Members might laugh, but I am not allergic to the working class. They said they were going backwards, and this is one thing that government members refuse to admit. Hon Pierre Yang is a lovely man, an intelligent fellow, a capable parliamentarian, an unreliable historian and a severely misguided economist! He is one who severely conflates running an economy with running the state's finances. They are not the same thing!

This brings me to the honourable parliamentary secretary. I do not say this to embarrass him, but he is among the first rank of the Labor class of 2017. However, he was forced into this place today to mutter words that I do not think even he believes. I might just say this: what is clearly absent in this debate is any focus on a meaningful wages policy for people who are going backwards. I do not lay the blame for that on any member present; nor do I blame the beleaguered Minister for Industrial Relations, who at least had the courage to front up to that rally today. The blame for this is the government members' god-king, the Premier and Treasurer. He is the one who runs the Expenditure Review Committee; he is the one who sets the wages policy; and he is the one who is gaslighting their constituents.

HON DR BRAD PETTITT (South Metropolitan) [3.03 pm] — in reply: I thank members for their contributions to the motion today. I almost want to give Hon Tjorn Sibma some more time. He was summing up many of the same feelings that I have about this debate.

As I stood out front today, what I heard from the thousands of people out there, many of whom are going backwards financially, was that they did not want a history lesson on the last five years. I think we all agree that the \$1 000 policy was quite sensible. There was broad agreement over that period. It was a period in which the finances of the state were tough. It was a period in which unemployment was high and there was slow economic growth, but we are not in that period anymore. We are in a very different time now; this time is actually the opposite of that. We have very low unemployment, high inflation and a government with a huge surplus. This requires a very different response in the wages policy—one that I had hoped we would discuss today. I did not want the discussion to be about a one-off payment, but that we acknowledge that year on year we need a proper wages policy.

Hon Dr Brad Pettitt; Hon Dr Brian Walker; Hon Matthew Swinbourn; Hon Dr Steve Thomas; Hon Pierre Yang;
Hon Dan Caddy; Hon Tjorn Sibma

A document was put together by the Community and Public Sector Union–Civil Service Association of WA and other unions that details the impacts of the current wage offer presented to them. I am happy to table this document. It shows every level of public service wages in both the first and second year agreements. What is extremely stark is that in the second year of the agreement anyone who earns less than \$80 000 will see their wages go down. That is at the heart of this motion. Although the amended motion may see wages go up for one year, they will go down after that. The most depressing part about that is wages will go down for the people who are on the lowest incomes. That is unacceptable and it is not the kind of wages policy I expect from the Labor Party. Ultimately, this wages policy fails. The title of this document perhaps sums it up very nicely. The title is *Short-term relief without real wage growth*, and that is what we are being presented with in the current period and going forward. I will happily table that document.

[Leave granted. See paper [1496](#).]

Hon Dr BRAD PETTITT: This is a very important document that gives us a sense of where we are.

We had a range of contributions to the motion today. I thank Hon Dr Brian Walker for his support and for his focus on fairness, which is at the heart of what we do in terms of our wages policy. At the rally today—I hope members did get to hear what was said down there today—we heard stories of public sector workers who are literally sleeping in their cars because they cannot afford to pay their rent. We need a response to that that acknowledges we have people and families who are struggling to pay bills and keep their jobs. As I said at the start, we must keep our public sector workers and make sure we pay them properly.

It is fair to say that this is a pretty unusual time, and this is a pretty unusual debate. It is a strange time when members on one side of the chamber—the crossbench and the opposition—support a wages policy that focuses on year-on-year growth and the Australian Labor Party members on the other side do not support that. It is a strange time, and it is disappointing that we have ended up here, but I hope that this debate has highlighted the issues and going forward we can see a better wages policy.

Question put and passed.