

**APPROPRIATION (CONSOLIDATED FUND) BILL (NO. 1) 2003**  
**APPROPRIATION (CONSOLIDATED FUND) BILL (NO. 2) 2003**

*Second Reading- Cognate Debate*

Resumed from 13 May.

**MR D.F. BARRON-SULLIVAN** (Mitchell - Deputy Leader of the Opposition) [12.30 pm]: A very cruel thing recently happened; the Gallop Labor Government said that it would go down the path of taxation reform for the business community. In the fine print, upside down in Hebrew in invisible ink on the back page, it said that this process would be revenue neutral. Immediately people in the small business sector asked what that would mean, because if the Government were to ease off in one area of taxation, they wondered whether they would be hit in another area. Their worst fears were realised in a number of ways. The one I will reiterate concerns payroll tax.

The State Government has significantly changed the basis of the calculation of payroll tax in this State at the expense and to the detriment of the small business community of Western Australia. In a nutshell, the State Government decided to give a tax break worth around \$20 million to the big end of town. In fact, it is worth more than \$20 million. Small business will foot the bill for that tax break. By doing away with the sliding threshold for payroll tax, small and medium-size enterprises will now pay the same tax rates as big business. This means that major organisations such as the ANZ bank, BP, Woolworths and Coles Myer will enjoy a tax break of up to \$45 000. I have no idea what benefit that will be in a real sense to some of those mega-corporations. Nonetheless, the Government will give them that tax break. Collectively, that tax break adds up to revenue forgone of more than \$20 million. To provide a morsel of a tax break to those large corporations, this Government has been prepared to forgo more than \$20 million of revenue; or has it? In a nutshell, it has not. By making the small business sector pay higher rates of payroll tax, lo and behold, small business will foot the bill for the tax break for the big end of town. Treasury figures provided to the Liberal Party in previous briefings show that almost 4 000 small and medium-size enterprises will end up paying around \$17.7 million extra in payroll tax, which will contribute to the tax break for the big end of town. Most people would agree that this is an unfair arrangement. Moving small business onto the same top tax rate as the global corporate giants is clearly a regressive and unfair measure. Increasing the taxes paid by small business to pay for tax cuts for big business does not add up; it does not make sense.

When considered objectively, the small business sector is the key employment growth sector in Western Australia, yet payroll tax, which is colloquially known as a tax on jobs, is being increased for the very sector that generates the majority of the job growth in this State. It is beyond me what the sense of that is. Small business is being penalised to pay for a tax cut that most of these corporate giants will not even notice in their overall profit results. What will a \$45 000 tax break do for the ANZ bank or Coles Myer? It is an absolutely minimal amount to them. However, an \$18 000 tax increase on the small business sector is significant.

Mr M.P. Whitely: Do you favour imposing a high rate on the largest employers?

Mr D.F. BARRON-SULLIVAN: Small businesses in electorates such as Roleystone will be affected by this increase.

Several members interjected.

The SPEAKER: Order!

Mr D.F. BARRON-SULLIVAN: Businesses in Roleystone will face an \$18 000 tax increase because this Government wants to give BP and Coles Myer a tax break. A business in Roleystone, whether it is a supermarket or small manufacturing business, will have to pay up to \$18 000 more in tax so that BP can get a \$45 000 tax break. Small businesses in Albany will end up paying up to \$18 000 more.

Several members interjected.

The SPEAKER: Order, members! I am sure members will be able to make a contribution to this debate if they want to. The Deputy Leader of the Opposition is currently making his contribution to the debate. I will give members the call if they stand. Members cannot make a contribution by way of interjection.

Mr D.F. BARRON-SULLIVAN: Small businesses in Albany will now have to pay up to \$18 000 more in payroll tax each year so that BP, Coles Myer, Shell and other major corporations get a collective \$20 million tax break. Those small businesses will wonder what on earth their member is doing supporting changes such as this. This is an anti-small business measure. Most of the \$20 million tax cut for these corporate giants will flow out of the State; it will be lost. The profits made by these corporate giants will not all stay in Western Australia; probably little of that profit will stay here. However, most of the profits of the small businesses in Roleystone are spent locally. The small and medium-sized enterprises in Albany that will now pay more payroll tax would have ploughed back their profits into the local community. I doubt that would happen with some of these

corporate giants. It is beyond me how any responsible member of Parliament could support such a huge increase in taxation on the small and medium-sized enterprises in his or her electorates. Even when one looks at the good news in the changes to payroll tax, such as the exclusion of a number of employers from the payroll tax net, one must look closely at the figures. I wonder how long it will be before wage rises bite into the tax-free threshold of those excluded small and medium-sized businesses, putting them into the new and higher payroll tax bracket.

In essence, Labor's tax change smacks of a \$20 million giveaway to the big end of town at the expense of small business. That is not what this Parliament should be about. The interesting thing is that had the Government planned properly and decided to put in place a sensible, long-term, sustainable budget strategy, it could have supported small business and alleviated some of its tax burden. Instead, it has imposed this draconian increase on small and medium-sized enterprises. This year's state budget is not a reflection of the rhetoric the Government has dished out in this Parliament and to the public, but is reminiscent of days gone by. In fact, when one looks at the cash flow statement for the general government sector, one finds that the Gallop Labor Government has delivered its third consecutive deficit and high debt budget in this State. That is a record we have not seen since the good old WA Inc era. The detail of the budget exposes the sham propaganda that the Treasurer and the Premier have regurgitated over the past couple of years, and confirms that this is the same old financially incompetent, high-taxing and expenditure-squandering party that we knew back in the 1980s. The good old WA Inc budget strategy is built in here but it is covered by a gloss of rhetoric and lip-service from the Treasurer. Annual revenue is now running at a staggering \$1.3 billion ahead of pre-election estimates. We have a booming economy, largely the result of the federal Government's good economic management of this nation, that is delivering significant revenue growth into this budget. However, tax rises that the Premier promised would never happen are now delivering more than \$250 million a year in additional revenue.

Mr M. McGowan: Are you talking about payroll tax?

Mr D.F. BARRON-SULLIVAN: I am talking about tax increases that the previous Leader of the Opposition, the now Premier, said would never happen. On 31 January 2001 he made the infamous statement that his party would not increase taxes and charges. However, \$250 million later, the Premier has done that. That is 250 million broken promises over three consecutive budgets - hardly a record to be proud of.

Several members interjected.

The ACTING SPEAKER: Order, members!

Mr D.F. BARRON-SULLIVAN: Labor has absolutely slashed capital works spending in a vain attempt to reduce deficits as part of its ad hoc budget policy. It does not have a sustainable budget strategy. For example, the Mandurah rail line alone has been put back year after year into the out years of the budget so that the state budget stacks up.

Several members interjected.

Mr D.F. BARRON-SULLIVAN: Let us look at some of the revealing details that are obviously getting under the skin of some of the members opposite. One thing that does not lie in budgeting is the pre-election budget statement. Since the pre-election budget statement was put out to cover the situation in the 2000-01 and forward years of the budget, there has been a massive blow-out in annual revenues and expenditures by this Government. For example, whereas the pre-election statement put out by Treasury indicated that in 2003-04 there would be -

Several members interjected.

Ms S.E. Walker: They must think you are good to keep this up.

Mr D.F. BARRON-SULLIVAN: I have obviously got under their skin on something. They have obviously decided that they cannot win on the basis of a factual argument so they are relying on volume instead - something they are not short of!

Mr M.P. Whitely interjected.

*Withdrawal of Remark*

Ms S.E. WALKER: I heard the member for Roleystone call the Deputy Leader of the Opposition a coward. I think that is unparliamentary and against the standing orders.

The ACTING SPEAKER (Mr A.D. McRae): I do not believe that calling somebody a coward constitutes unparliamentary language. There is no point of order.

*Debate Resumed*

Mr D.F. BARRON-SULLIVAN: I will just clarify that tax increases amount to \$410 million, and I am referring to the taxes directly on the business community.

In the pre-election statement put out by Treasury, the revenue estimate for 2003-04 was under \$10.5 billion. The budget that we now see shows a figure of almost \$11.8 billion. What I said earlier about this Government not having a strategy or a sensible, sustainable approach regarding budget matters can be seen within a fiscal year itself. One does not have to compare the figures for 2000-01 with this financial year. One can just look within an individual fiscal year to see how much the budget figures have fluctuated. For 2001-02, the pre-election Treasury statement said that revenues would amount to \$10.1 billion. When the budget was handed out, that figure had gone up to \$10.7 billion - almost a \$600 million increase. Over \$550 million in windfall revenue had poured into the Government's coffers despite all its rhetoric about a black hole - what a load of baloney that was! This Government has ended up with almost \$600 million extra revenue compared with the pre-election Treasury statements, which do not lie. But guess what? By the mid-year review of December 2001, the revenue estimate had gone up again to \$10.8 billion. By the time of the handing down of the 2002-03 budget, the figure had reached over \$11.1 billion. The pre-election statement said that revenue in that year would amount to \$10.2 billion. The Government ended up with almost \$11.2 billion and, along the way, there was even an increase on the budget estimates. It looks like the Government does not even understand or know how to plan for its own surge in revenue growth, let alone provide a sustainable plan for expenditure in the budget.

One sees exactly the same pattern when considering expenditure. The pre-election statement said that in 2003-04 there would be expenditure of \$10.5 billion. The budget handed down this month demonstrates that expenditure will reach almost \$11.7 billion. The pre-election Treasury estimates - the statements that do not lie - show that revenue growth has gone up by \$4.78 billion between 2000-01 and 2004-05. In the only term of this Gallop Labor Government we will have seen revenue growth approaching \$5 billion. Expenditure growth over this term has also ballooned by well in excess of \$4 billion. This is a Government that preaches fiscal responsibility and says that it has tightened the belt and so on. Yet, expenditure has blown out in an accumulative sense in this term of office by over \$4 billion. One would think that with such massive revenue growth and a favourable economic environment - the result of good fiscal management at a federal level - the Government should have delivered some good cash surpluses, lower debt and definitely no more tax increases. The Government has all this extra money. In fact, it has received \$4 781 million, nearly \$5 billion, extra revenue over this term of office. Through sound financial management, it has the money to reduce debt and perhaps bring down some taxes, especially on the small business sector, the area that generates most jobs. We should be able to provide adequate services and capital infrastructure provision in this State. After all, this Government has almost \$5 billion extra revenue!

What really happened then? Did the Government achieve those goals? Did it have a plan to achieve those goals or have we seen ad hoc budgeting year in and year out and, indeed, even within the individual fiscal years? The figures show that we certainly do not have a long-term, sustainable budget plan. The general government sector and its cash flow statements over the years - the best reflection of the budget situation overall - show that this Government has been responsible in the last three budgets for three cash deficits. The rhetoric from the Treasurer and the Premier is that one minute we are in surplus and the next minute we have a balanced budget. This is interesting. We are in surplus when we have not got a balanced situation. Yet, this year, with \$180 million in surplus, we have a balanced budget. However, the cash deficit situation is such that, for the last three years, this Government has brought in deficit after deficit. In 2001-02 the cash deficit was \$135 million, in 2002-03 it was \$109 million and in 2003-04 it was \$209 million. The cash surplus or deficit situation is not only a good indicator of the financial situation of the State's budget sector, but also of paramount importance in determining our debt situation. Every year in which there is a cash deficit, that cash deficit flows into the State's overall debt situation. In 2001-02 the cash deficit of \$135 million lifted the budget's net debt to \$472 million. The following year, 2002-03, net debt rose to \$672 million, and in this budget, of course, there is a further increase to \$926 million.

Members should bear in mind a couple of things that the people administering this State have said about similar situations in the past. Back in May 1999 when, for only the second time ever, the previous Administration posted a cash deficit in its general government budget situation, the then Leader of the Opposition, now Premier, attacked the budget. *The Australian* of 7 May 1999 states that he -

... attacked the Budget as unrealistic, lacking in credibility and built on "shonky numbers".

He said that because at the time there was a cash deficit. The cash deficit that year was \$109 million. This year it is \$209 million. Does that make this budget unrealistic, lacking in credibility and built on shonky numbers, to use the Premier's own words? More to the point, that year, yes, net debt was increased by \$672 million. Members will recall that many good capital works programs were under way in this State - a huge increase in road funding, the sewerage infill program and a range of other programs. However, the figures show that net debt increased by \$672 million. Guess what? This year net debt will increase by \$926 million, and there is none of those capital works programs to show for it; yet when the figure was lower than that, the Premier attacked the previous budget as unrealistic, lacking in credibility and built on shonky numbers. If he thought that was the

situation when the figures were a lot better and the Government was delivering capital infrastructure in this State, one must ask how on earth he can gloss up this budget and frame it in a way that somehow it is a good thing, good financial management and part of a sensible overall plan. He cannot. The figures do not lie, and the Premier's own statements in 1999 have hoisted him on his own petard. By the same measure that he criticised the previous Government, he should now assess his own budget as having failed.

I turn to Labor Party policy, because Labor Party policy prior to the election was very firm on state government budget strategies. I will quote from a Labor Party policy document titled "Manage the State Budget responsibly". This is one of the policies on which this Government was elected to office and on which it has not only a mandate but also a responsibility to fulfil the provisions thereof. I quote -

Labor is also committed to returning the general government sector into surplus, as measured in the current cash Government Finance Statistics terms.

Let us see whether Labor has met that very firm, unqualified commitment to return the budget to and hold it in surplus, as measured in GFS terms in the general government sector. I turn to page 174 of the "Economic and Fiscal Outlook" document of this year's budget papers. In the bottom row are figures with the heading "Surplus". In previous years the words GFS surplus appeared in the budget. I do not know why GFS has been omitted. However, that is the GFS surplus. That is the exact same measure that the Labor Party has said it is committed to returning to surplus. I repeat that it stated in its policy prior to the last election -

Labor is also committed to returning the general government sector into surplus, as measured in the current cash Government Finance Statistics terms.

How does the Labor Party stack up according to its own measure of good, responsible financial management? The answer is not too well. In 2001-02 the Gallop Labor Government returned a \$31 million deficit in GFS terms; in 2002-03 it returned a \$35 million deficit in GFS terms; and this year it is budgeting to return a \$152 million deficit in GFS terms. The forward estimates show that for the last year of the only term of the Gallop Labor Government, it will again return a deficit of \$161 million. By the Government's own measure, its budget strategy has failed. I will read out the ALP policy again, because it stated that -

Labor is also committed to returning the general government sector into surplus, as measured in the current cash Government Finance Statistics terms.

Yet in 2001-02 it delivered a cash deficit; in 2002-03 it delivered a cash deficit; in 2003-04 it delivered a cash deficit of \$152 million; and next year that cash deficit projected to increase to \$161 million, by the Labor Party's own measure of responsible financial management.

The GFS statements, to me, are not the best way of assessing a budget situation. I am one of those old-fashioned people who believes that cash is king. The cash flow statements do not lie. Do members know who else agrees with me? The federal Treasurer does, because the federal budget is still announced in cash terms. When the federal Government delivers a surplus, it delivers a real, tangible cash surplus. It does not mess around with these accrual figures that are in state budget announcements, and it does not even balance it with the Australian Bureau of Statistics GFS adjusting arrangements either. When federal Treasurer Costello brings down a surplus, people know that it is a real cash surplus. The significance of dealing in cash is that if there is a surplus in cash, it does not feed into debt. Those members who have been in business will know that when they looked at their cash accounts and saw that their business was in surplus, it was a good thing, because it meant that there could be an improving debt situation as well. When a business is in deficit in a cash sense, it is not good, because that deficit must be funded. The business must come up with the readies; the real money must come from somewhere. As I said earlier, cash is king. It is the real way of measuring a business activity and of looking at a state government budget situation.

In fact, when the Liberal Party was in government, the Labor Party did not hold back its criticism when, for only the second time ever, a cash deficit was posted. As I said earlier, one of the reasons for that was the incredible amount of capital works, infrastructure and other services that were being provided in the State at that time. There was responsible financial management but, yes, there was a budget in which suddenly a cash deficit was posted. At the time the Labor Party launched into a scathing attack on the budget strategy, and, as I said earlier, the now Premier attacked it as unrealistic, lacking in credibility and built on shonky numbers.

If a cash deficit feeds into debt, and if a cash deficit has enabled the Labor Party to criticise the previous Government so much, I suppose it is beholden on us to look at the current budget and assess what the cash deficit or surplus situation may be. Presumably, it must be a surplus. Presumably, if the Labor Party was so concerned about a cash deficit before, it would be pretty concerned if it ran a cash deficit now, would it not? Let us see what it has done regarding a cash surplus or deficit. Again, members have only to turn to that same page 174 of the "Economic and Fiscal Outlook" document. Although it is not actually there, the figures are available so that a person can work out what is the bottom line for the cash flow statement for the general government

sector. This year is quite interesting. Guess what? We have a \$209 million cash deficit. Not a \$2 million deficit but a \$209 million cash deficit. In 2001-02, there was a \$135 million cash deficit. In 2002-03, there was a \$100 million cash deficit. This year's deficit is \$109 million more than that. It now stands at \$209 million.

Two particularly salient points arise from this. As I intimated earlier, the first is that a cash deficit feeds and fuels state debt. It builds up a burden for future generations to pay off. The same page of the *Budget Statements* demonstrates exactly that. It shows that for 2003-04, the net cash flow from operating activity is positive \$655 million; the net cash flow from investment activity on the capital account is negative \$864 million; therefore there will be a cash flow deficit of \$209 million in the general government sector - the budget sector. It is the third cash flow deficit this Government has delivered in three budgets. The budget document has a category of net borrowings under financing activities. The term net borrowings is a bit of a giveaway. We find \$237 million flowing into net debt - again, a cash flow deficit that the Government will have to make up in some way through other financing activities. The Government does not have reserves to draw on or a magic cherry tree at the end of the garden from which to draw money. The Government will borrow the money at the expense of the broader community. That is the first salient point: how this cash flow deficit, the third in a row, fuels net debt.

The second interesting point is that this is how the Labor Party budgets. Let us look at the last three years of the previous Labor Government. Guess what? We find the same thing: cash flow deficits in every year feeding debt in the State at a rate of knots. Net debt in this State will blow out this year by \$926 million as a result of the cash flow deficit for which this Government has been responsible. Before the election the Labor Party stated it would run a surplus in the budget account based on the government financial statements calculations. It has returned three deficits and is planning a fourth next year. On the second measure of budget management - that is, the pure cash flow - we find a cash deficit this year of \$209 million. Lo and behold, the Government has delivered a cash flow deficit in each of the three successive budgets it has delivered. There is only one other measure, which is accrual accounting. The operating budgets show that this Government has used accrual accounting measures to try to portray itself as having brought down surplus budgets. As I said, the rhetoric has changed. That is not insignificant. The Government is talking about a balanced budget this year.

I will not pour praise on the Victorian Government but the Premier in that State said on 25 November last year -

We're only one of two state jurisdictions in the country that has a surplus on the three definitions of surplus.

Victoria had a surplus under all three definitions: accrual, cash-cash and GFS. New South Wales was the only other State at the time that had the same. Western Australia is still not in that league. Western Australia may have posted surpluses in an accrual sense, but when one looks at cash flows about which the Premier criticised the previous Government - for delivering one deficit after years of surpluses and many positive and beneficial capital works programs - we now find a worse cash flow situation with worse debt. The Premier is turning to accrual accounting to try to jazz up the rhetoric and portray this budget as good. By the Labor Party's own measure of GFS accounting, this Government has returned deficits in all three years. The Government has consistently failed on two of the three measures of the general government budget. On the measure that the Government itself said was the way to assess the budget, it has failed in all three budgets so far. Its own budget figures show that it will fail again next year. When we hear talk of budget surpluses and balanced budgets, we should remember that cash flow statements do not lie. The cash flow statements indicate that the Government is running its third deficit in a row. It is planning another one for us next year. The main consequence of that is that it feeds and fuels debt in this State. The small business sector is paying for it. The broader community is paying for the massive blow-out in expenditure and revenue that is revealed in the same budget statement.

Let us look at what an independent assessment of the budget reveals. Two interesting points come from the Standard and Poor's assessment of the budget. The first is -

The budget shows the state's financial performance weakening in fiscal 2004, with a small operating surplus -

That is the accrual accounting one I mentioned earlier -

and a larger cash deficit than in fiscal 2003, before improving in later years.

The significance is that Standard and Poor's did what I am doing. It said that we must look at the cash flow statement; that is important. It has done that. As a result of looking at the cash flow statement and saying that the deficit had gone from \$35 million to \$152 million and was projected to go up again, it said that the State's financial performance was weakening. It went on to state -

Windfall revenue gains in fiscal 2003 has resulted in the estimate of net debt at the end of fiscal 2003 to be significantly below previous estimates. Rather than allowing the improved net debt position to flow

through to lower net debt than previously estimated for fiscal 2004, the government is spending the windfall and ramping debt back up nearly to its previous estimate.

Members should bear in mind that previously, extensive capital works were planned. A lot of them would have been funded by debt. We would have had something to show for that debt. The situation now is that debt is being ramped up and we will have nothing to show for it. Road funding has had the guts cut out of it. The sewerage infill program has been absolutely decimated and we have seen the Mandurah to Perth railway put back a number of years. The previous Government wanted that railway up and running by 2005 but this Government will not see it running for another three years on top of that. It is all to try to prop up the bottom line of its budget. It all demonstrates that this Government does not have a sustainable, well-thought-out budget strategy. We are seeing a year-to-year, ad hoc, knee-jerk reaction to the current budgetary environment. Interestingly, Standard and Poor's went on to state -

It would take a blow-out in finances of only about A\$400 million in fiscal 2005 to breach the self-imposed debt limit. Such a blow-out would not be difficult to achieve in the current uncertain environment.

This is the second point I want to make about the assessment. As I said earlier, there has been a massive increase in revenue since the last state election. One would have thought that such an increase would be able to provide an incredibly secure buffer against any turnaround in the fiscal situation in Western Australia. However, instead, we are now so precariously balanced, with a cash flow deficit, debt rising at an astronomical rate and a deficit, on the government finance statistics assessment, in the general government accounts, that a blow-out of just \$400 million out of a budget in excess of \$11 billion would see a significant problem with our credit rating. We are sailing very close to the wind, even by the Government's estimates of the budget situation.

In drawing my comments to a conclusion, I reiterate that we do not have a good sustainable budget plan. By its own measure of budget accountability, the Government has failed quite significantly. There have been cash budget deficits in all three of the Gallop Labor Government's budgets, and next year, if the budget figures prove correct, there will be another deficit of \$161 million.

Lastly, I will consider something that demonstrates how this Government is running its budget process on a year-to-year basis. During 2002-03 we saw a very significant windfall in government revenue of over \$360 million. When there is a windfall in revenue, largely as a result of increased international oil prices, the Government is faced with the rather pleasurable task of having to determine what it will do with that excess revenue. We must bear in mind that that revenue was largely funded by Western Australian motorists. They did not get any tax rebate as the price of fuel increased; they simply paid more and the State Government pocketed its share. The oil prices went up, and, for that reason and others, the State Government reaped an extra \$360 million. It knew about that not too long after the 2002-03 year had commenced. What decision was made? Was the decision that any windfall gains would be put into reducing debt? Was the decision that any windfall gains would be used for some major, worthwhile, one-off project, such as a capital works project or a road funding program? No; this Government fed it into the budget sector and became addicted to the additional revenue. As the 2003-04 year came around, and as oil prices, for example, fell and were predicted to fall even further, the Government had a dilemma. It had become addicted to the additional revenue. It had fed it into the budget and it needed to do one of two things - cut spending or raise more money to ensure that the figures were not even more disastrous in 2003-04. Therefore, we have seen the massive tax increases in this year's budget.

Returning to what I said at the beginning of my speech, the Government runs a budget strategy based on public relations and rhetoric. It says that there will be taxation reform for the business community. However, when it brings about that reform, it actually jacks up taxes for small business to the tune of \$17.7 million in payroll tax alone so that it can give to the big end of town a tax break worth about \$20 million. That is hardly a sensible budget strategy, and it comes from a Government that will reap almost \$4.8 billion in extra revenue in this term in office - its only term in office. I thought that if the Government really felt it was necessary to give the ANZ bank or Coles Myer a tax break, as it has done, it could have taken it out of that surplus. As the shadow Minister for Small Business, I thought there were far higher priorities than giving a \$20 million tax break to the big end of town, especially if it is to be funded by small businesses. However, that is what this Government did, and that reflects this Government's financial priorities and the way the budget strategy is worked out.

Worst of all, by the Government's own measure of financial performance, it has failed. The Treasurer has failed in three budgets in a row to meet his commitment to the people of Western Australia to return a cash surplus, as determined by the GFS method. He has delivered a deficit of \$31 million in 2001-02 and a deficit of \$35 million in 2002-03; there will be a deficit of \$152 million this coming fiscal year, and he is projecting an even higher deficit of \$161 million the following year, when he said that in each of those years the figures would have a positive sign before them and there would be a surplus result. Not only that, this Government criticised the previous Government for increasing debt in one year, but it has exceeded that increase in debt by far in this

financial year. Yet, for some reason or another, when the Labor Party does it, it is a good thing and when the Liberal Party does it, it is worth criticising. There is one big difference: the Liberal Party had a responsible overall financial management program in place and delivered successive cash surpluses and reduced debt significantly. This Government is living year to year. We are seeing debt blow out and we have cash deficits in two of the three measures of the general government budget. Once again this Government has failed the people of Western Australia.

**MR M.G. HOUSE** (Stirling) [1.16 pm]: Yesterday I listened with great interest to the speech made by the Leader of the Opposition, and I have just listened with great interest to the speech made by the Deputy Leader of the Opposition. I take this opportunity to congratulate both of them. The points they raised were valid and highlighted the deficiencies that can be identified quite clearly in the fiscal strategy of this Government. I would feel very comfortable with being part of putting together a budget that advances and highlights the welfare of people in Western Australia, so I congratulate them both on their input.

A budget is an opportunity for a Government to outline what it intends to do in the next 12 months and how it intends to handle the issues that confront us as Western Australians. It is an opportunity to pick up on the areas about which there has been some criticism in the past; for example, areas such as health. I will come back to that in a moment. It is a time for setting priorities, showing some sort of vision and allocating the resources that come to the Government from the people of Western Australia and in commonwealth grants. The budget presented by the Treasurer last week does not meet the sorts of standards and requirements that one expects of an advancing society. It does not show much vision, and it does not have many major infrastructure projects that I can identify, apart from the Perth to Mandurah railway, which duplicates two railways we already have. I will come back to that also in a moment.

Its major problem is the allocation of the resources needed to meet the requirements of the health sector in Western Australia, which takes some quarter of the total budget. That is a problem that we shared when we were in government and that needs to be addressed in a different way from that in which it has been addressed. I give this Government some credit for allocating more resources to the health portfolio, and substantial amounts of money at that. However, one must wonder whether the health budget is just an insatiable beast, because it continues to chew up dollars, and the criticism that has been levelled at the delivery of services still exists. However, I will come back to a couple of those issues in a moment.

Before I get into some detail, I will talk about rural and regional Western Australia. I indicate to the Government that, as a person who has represented rural and regional Western Australia in this Parliament for some years and who has lived in a small country town all my life, I can only be disappointed at the Government's priorities and the way it has looked at rural and regional Western Australia. To highlight that point, I will refer to the great southern region, with which I am specifically familiar because I live there and represent it. The Government's budget overview document, which I have in front of me, indicates six dot points of the Government's main achievements for the region. Would members believe that all of them are centred on Albany? Every initiative will go to the seat of Albany, which is strange. One would have to wonder why that is the case if one did not know much about politics. What about the towns of Narrogin, Katanning, Jerramungup and Lake Grace? What about the hundreds of little towns in between, such as Gnowangerup, Wellstead, Cranbrook, Tambellup and the many more I could name? Where are they mentioned in the budget? Where in the budget has the Government made provision for those little services that make life in country towns more bearable? They are nowhere to be seen.

I hope that the Labor Party is efficient and sends a copy of my speech to my Labor opponent at the last election. In a number of public meetings that were held while we were campaigning before the last election, he indicated that his one great ambition in life was to turn the electorate of Stirling into a marginal seat. He had decided that it was too National Party orientated and that its percentage of the vote was too big. He said he would turn it into a marginal electorate so that it would attract funding and support from the Government. I thank him for his help. His mates who got into Government have forgotten the things he said. I doubt whether at the next election he will poll more than the 16 per cent of the vote that he got at the last election. I think that 16 per cent might be stretching it.

Mr M. McGowan: I am sure it was a National Party vote and not a personal vote. What do you reckon?

Mr M.G. HOUSE: I have been in Parliament long enough to identify those members who have intelligence and those who do not. There are times when it is not necessary to respond to make a point.

I feel sorry for the people who live in the little towns. During the last election, they would have thought that they would be fortunate enough to get something from a Labor Government. They would have hoped to get funding for projects such as the bypass road at Mt Barker or the upgrade of power facilities at Franklin. Many things that they hoped would come their way will not, which is sad. Those people who live and work in the

regions will be disappointed. They rely on the health services that are provided by us, who represent them - I emphasise the word "us", because we all have a responsibility. They also rely on education services and road infrastructure etc. Those people will be very pleased at the next election when they get an opportunity to show where their allegiances lie. I look forward to giving them that opportunity.

I turn now to some of the specifics in the budget. I will refer to some of the issues that I feel are important to the people who live in regional Western Australia. I begin by talking about the agricultural colleges, which form a very important part of the lives and networks of a number of regional towns and of students who use those facilities to further their education. Training has a flow-on effect to agriculture generally by providing trained people to service the agriculture and farming industries. I pay my compliments to all the people who teach in the colleges, including those who serve on the boards and those who provide the infrastructure support around them. In particular, I mention the Gnowangerup Agricultural School, which is situated in my home town. I am very proud of it and I was very proud to have represented it for a long time as a shire councillor and president, and as a member of Parliament and a minister for some time. That agricultural college copped some bad publicity about a week ago from a journalist who did not do his homework. He did not understand the dynamics of how the college works. The college takes on children, many of whom are disadvantaged and come from a home environment that is not conducive to a good upbringing. The Children's Court has recommended that a number of children attend the college. Indeed, some troubled kids there have had a pretty tough time. All the staff there, including the teaching and the support staff, do a sensational job. That college has the support of the wider community. It was very unfortunate that the college copped what I think was a rather biased and unfortunate story. Members who visit the college and see the progress those young men and women make will be very pleased with its efforts.

As an aside, I spoke to a young policeman in Albany about a week or so ago. After I had spoken to him for 10 or 15 minutes, he asked me whether I remembered him. I said that I was sorry, but that I did not, although his face was familiar. The policeman said he had gone to the Gnowangerup Agricultural School and had done work experience on my farm. I said that I hoped I did not work him too hard. He told me that it was a great experience. He said that the agricultural college gave him an opportunity at life. That was a very important point. He said that he came from a troubled background and that the discipline, authority and the skills he learnt at the college gave him an opportunity to get on in life. Indeed, he joined the Police Force. That is a wonderful compliment to all the people who work there. I am sure all members have agricultural colleges within their electorates. The Denmark Agricultural College is also located in my electorate. On behalf of all members, I acknowledge the wonderful job they do.

I turn now to primary industry, particularly the allocations made to the Departments of Agriculture and Fisheries. I express my disappointment that the Treasurer's budget speech did not mention agriculture or fisheries, which produce a lot of original wealth for this State. Agriculture produces over \$5 billion a year and the fishing industry produces about \$1 billion a year. Those industries are substantial employers in regional and rural Western Australia, and create new wealth every year. The cuts to their budgets indicate the Government's short-sightedness, which will come back to haunt us later.

I will give members an example of that. When I left school and became a farmer, we used to budget for about five bags of wheat an acre in the old figures. That is what the technology of the day would allow us to reasonably expect to harvest. Over the past year or two, we could expect to budget for about 12 bags to the acre, or near enough to three tonnes a hectare in the new terminology. That has come about because of technological improvements in plant breeding. Scientists genetically modify grains in laboratories so that higher yields can be produced. Agronomic packages allow us to make maximum use of the rainfall and be profitable compared with the rest of the world.

I will give members a very good example of the effect of the Government's budget cuts over the past three or four months. A grain breeding program no longer takes place in rural Western Australia; it now takes place in another State. That occurred because the Department of Agriculture had to cut its budget to meet the allocation that it was given. That is sad, and we will pay a price for it in the long term. Production must occur in the regions. If that trend continues, the long-term effect on this State will be that farmers will not have the opportunity to produce more wealth, wealth which would otherwise flow on to the rest of the State. Rural Western Australia will then continually have to deal with not being able to compete with its peers in the city. Country people will tell the Government that all they ask for is to be treated equally with city people and to be treated as their peers in all areas, whether it is in respect of the income they earn, the services and facilities provided to them or the way they live generally.

The fishing industry is exactly the same. That industry is facing some problems right now because of the decline in the Asian market, partly because of SARS and partly for other reasons. Its budget is so tight that the research work is not being done, and when that occurs sensible decisions are not made about the allocation of resources.



More and more pressure is being placed on that industry all the time, much of it from recreational fisheries. That was recently highlighted in Shark Bay where a recreational fishery had to be closed for some time, although I understand it has now recovered. I am talking not only about professional fisheries, but also recreational fisheries. I urge the Government to reconsider that budget allocation. I would support a special allocation to the Department of Agriculture and the Department of Fisheries to make up for the deficit that has occurred during the budget process.

I turn now to the issue of power and power supplies in the country. I am aware of the Government's agenda to divide Western Power. I do not know how the Government proposes to do that, but most of us are well aware of the principles, and we as an organisation support some of those principles. We can support competition in the power generation industry and we can support efficiency, but we want reliability of supply and costs maintained at a level that provides a reliable supply at a reasonable cost. We are concerned that the infrastructure is deteriorating, and the Government is about to walk away from that. I know the Government has said the infrastructure will not deteriorate, and it will make an allocation for upgrading power poles and things will not fall down, but I have not seen any indication of that in the past couple of years. I am not sure what will change, particularly when the Government plans to give away the generating part of power supply, which provides the finance to do other things. The impost on consolidated revenue will be greater. We will wait to see the legislation, and we can debate that issue at another time.

We are sick and tired of the power going out for three or four days at a time - not just a few hours. It seems to have a habit of going out at three-quarter time when the West Coast Eagles are a point behind. When that happens the phone at home immediately rings and there is an angry constituent on the other end who thinks that I, as a member of Parliament, can fix it. I can understand the frustration and the anger, but three days later when that person rings and says that his food has gone off in the freezer, and the shearing has not taken place, I begin to understand the point.

I want to make a suggestion. If Telstra does not reconnect a service to a landline within a certain time, it reduces the next account by a progressive amount; the longer the landline is not connected the greater is the discount provided by Telstra. I suggest the same thing for Western Power. Its discount should start on an hourly basis and it should be in fairly large increments. The longer the power is off, the greater the amount that is knocked off the next account. To be facetious, they could leave it off so the power could not be used and there would be nothing to pay. Sometimes the way Western Power operates, a person could think that might happen. If Western Power were to put in place a system containing a penalty process, people would have access to a reliable power supply but if it did go out it would be quickly reconnected. It is pretty difficult for people who live in an area isolated from the main facilities, but it is doubly difficult when they do not have a modern electricity supply. I offer that as a suggestion to the minister and I look forward with interest to his reply to the budget debate on Thursday.

I now turn to the health budget and acknowledge the Government's problem of a quarter of the total budget going into health resources. I acknowledge the huge increase in allocation and support it. Having been part of a budget process, I know that it is a very difficult issue to deal with and the problem is that it seems insatiable. Governments over the past 15 to 20 years have all faced the same problem, and we may have to change the rules under which they operate. One of the ways to make the change positive for country people is to increase the fly in, fly out surgery service that is being provided in partnership with Sir Charles Gairdner Hospital and the University of Western Australia, inaugurated and pioneered by Professor Tony House and his wife Jill. This has proved to be a huge success. This surgery is in the form of minor operations; we are not talking about heart surgery. These operations are performed in small country operating theatres and, importantly, this allows the hospital beds to be used for a day or two while the patient recovers. Perhaps patients could be brought back to those rural hospitals for their recovery period. One of the things that concerns me about small country hospitals is that a lot of them have 10 to 14 beds and a bed-patient average that is quite low, yet those hospitals are fully staffed - as they need to be. We are not using the resources as well as we could be. In the future a Government may think it could shut those hospitals, and that would be a terrible impost.

Mr M.F. Board: It is not too far into the future; they are thinking about it right now.

Mr M.G. HOUSE: That is the problem. It behoves all of us to try to help with some of the solutions, and the idea I have proffered may be one. If we could use the skills of those nurses and the beds in those hospitals in a more productive way we would have a much better case for keeping those hospitals open. That is very important, because we could have an emergency and suddenly need them.

During all my time as a member of this Parliament I have never been big on using personal examples but recently I brushed up against the health system, and the treatment, the professionalism, the efficiency and the skill of the nurses and doctors was absolutely sensational. They do a terrific job. They must cringe when they see the criticism that some people level against them. I did not see one person who was not doing their best,

working beyond the call of duty, and providing good care, service and attention. They are just wonderful people. It is important to remember that they are as sensitive to criticism as anybody else. They cop a lot of undeserved and unjust criticism. Everybody makes mistakes, and I am sure if we tried hard enough we could find a person in the health system who is not satisfactory but, generally speaking, the doctors and nurses do a really good job. We need a more sensible approach to health care, a change to some of the health management practices, and certainly a less centralised system. We have the opportunity to decentralise the system. We have some very good regional hospitals, such as Bunbury, Albany, Geraldton and others. I was a member of the Public Accounts Committee that inquired into health services, and it noted that one of the problems we face in the future is providing doctors and specialists for regional hospitals. That is not quickly solvable; it takes 10 years to train a specialist. Bearing in mind the number of overseas doctors brought to Western Australia in the past few years to take up the slack, it is clear we have walked away from our responsibility as a nation. An opportunity exists for the State Government to pick up that slack and provide money for training doctors and specialists. We are not doing the right thing by taking doctors from countries such as South Africa and bringing them to Australia. The people in those countries desperately need that medical help themselves. A society that is as affluent as ours should not do that.

I turn now to what I think is the Government's largest financial problem. It has two really: first, it has the debt that it is increasing, which the previous Government worked hard to get down. If my memory serves me correctly, we reduced the debt to the State by \$4.9 billion. We reduced interest payments, which allowed us to use recurrent income for other services, such as education, health and law and order. This Government has balanced its budget by allowing debt to blow out again substantially. I believe the Government will face a serious problem in a year or two when it gets to the end of the slack. People in small business do that. They go through a few hard years, borrow a bit more money, interest rates go up and suddenly the debt load is more than they can bear and they go broke. I can foresee that happening to this Government. We handed this Government a AAA credit rating after Labor lost it in the Burke, Dowding and Lawrence years. We worked hard to get it back. We got it back and we gave it to this Government. To its credit, the Government has managed to maintain the credit rating, but I cannot foresee that continuing. One does not have to be Einstein to read the figures and to see which way the rating is heading. There is no question that this Government will lose the AAA credit rating.

That brings me to the second problem that the Government has; that is, the railway line that it is intent on building. There are railway lines from Fremantle to Perth and Armadale to Perth. The Government will now duplicate those railway lines by whacking another one along the middle of the freeway. I will listen to anyone who can explain the sense of that to me. I cannot see the sense in running up a debt of \$1.5 billion to build a railway line when it has been shown that servicing the railway line will incur a recurrent loss each year. More than that, this year's budget is a tick short of \$12 billion and the Government is spending \$1.5 billion on one project. That does not make economic sense, nor does it make sense for the State's future transport needs. I am not sure how many people live in Mandurah; however, even if its population tripled not all of them would travel by train every day.

Mr B.J. Grylls: On the Government's own figures it is \$1.5 billion for the 28 000 people who live there.

Mr M.G. HOUSE: So, why are we building it?

That leads me to the next point. Funding for roads, which have a very important function in the part of the world in which I live, has been reduced. In a good year they take to port between 10 and 12 million tonnes of grain to earn export income. They also take kids to school and people to work. Funding for roads has been reduced so that this railway line can be built; the Minister for Planning and Infrastructure admitted that. She said that road funding had been reduced so that the Government could build the railway line. The budget papers indicate that only \$130 million has been allocated in this year's budget for the railway line. Another \$1.5 billion must be found some time in the future; that will not be easy. While all that is happening, road maintenance will be running down. The death toll on roads is higher this year than it was last year, and it was higher last year than the year before. The Government must take some responsibility for that. It has lowered the speed limit to 50 kilometres an hour in some places and 40 kilometres in others, but that does not appear to have made much difference. There continues to be a serious problem on the roads. We must get grain to port, children to school and people to work.

I was very disappointed to hear the Premier say that the road budget had increased. It has increased but a reading of the budget papers indicates that the funding increase is for bridges on this railway. There is no increase in funding over and above the original budget allocation for major arterial roads in the wheatbelt, the great southern or the north. The Government must look at that matter seriously in the future. It cannot allow infrastructure to run down and expect to do nothing about it in the future.

I turn now to the environment. I will talk about the environment generally and how we see the way forward on environmental issues. We have made a lot of progress in the past 10 to 15 years; I do not believe any member

doubts that. Although some members want more for the environment and some members are critical of the Government, the way in which we do things now is different from the way things were done previously. All members accept that there is - and should be - a lot less land erosion and greater controls on air and water pollution. However, that must be done in partnership with the States, the Commonwealth and the people. The important aspect of that partnership is the people. We, as people in a position of authority, must support the people who set the projects and carry them out. To that end we must be careful about using a big stick approach. The budget states that 30 extra people will be employed in environmental enforcement. Enforcement is not as important as cooperation. The way forward is to seek the cooperation of people and to give them some environmental understanding so that they will want the environment to be better, rather than force them to be better. I am sure all members are disappointed at some big companies that have thumbed their noses at environmental laws. There have been a couple of very good examples of that in this State. It is disappointing to small landowners, who do small things such as plant trees, try to reclaim their land from salinity and clear their watercourses, to hear of big companies walking away from their responsibilities because of a technicality in the law. That does not sit well with people and it is why a cooperative approach must be taken on environmental issues. To that end, budgeting for 30 more environmental enforcement officers will not achieve that objective as well as working in cooperation with regional groups who work particularly hard on environmental issues.

I will finish by talking broadly about what is happening in rural Western Australia. Members who represent rural Western Australia will agree that it has been a tough time in recent years. Rightly or wrongly, various reasons have contributed to an economic downturn. A couple of dry seasons and now a decline in returns to the fishing industry have contributed to that downturn. With the recent increase in the value of the Australian dollar, from 50c to 65c to the American dollar, there will be a decrease of about 30 per cent in raw material prices for primary industry. That will have a serious effect also on the mining industry, the oil and gas industry, agriculture and fishing. The reduction in the timber industry has also contributed to the decline in the economy. Some of those matters will have a serious effect on the economy. Plans must be put into effect before small country towns and communities start to suffer. To that end it is important that the Government understand what is happening in those areas; to do that it must go out and talk to the people in those communities. The Government must cooperate with local government to get an understanding of what is happening. Some ministers, to their great credit, do that. I will not name them but those who get out into the community know who they are. Some ministers should visit regional areas more often to get a better understanding of what is happening there.

I am disappointed in this budget because of the increased debt levels; the priorities are not right. It is disappointing because it is a budget in deficit. As much as the Treasurer has said that it is not, the figures indicate it is. The long-term effect of that deficit will be felt seriously in future by the people of Western Australia. I will work very hard to try to turn that deficit around to ensure a positive result for people in rural Western Australia.

**MR R.N. SWEETMAN** (Ningaloo) [1.48 pm]: I am pleased to contribute to this debate on the budget for the financial year 2003-04. As an introduction I will refer to an opening comment by the member for Stirling. He said words to the effect that the budget lacks vision. I go further than that to say that it lacks vision and imagination. This Government is developing a theme that if something moves, tax it; if it does not move, sneak up on it and tax it. The Government is taking for granted the greater constituency of Western Australia; it believes that the community does not have a pain threshold for taxes and other charges. I ask members to put aside for the moment the fact that the Government in a pre-election commitment said that it would not increase state taxes and charges. This Government is on three strikes, and this budget is the third strike.

An amount of \$410 million dollars set against the small business community and the constituents of Western Australia is very significant in the scheme of things. However, it is not all negative because the State retains its AAA credit rating. Although we have spent much time expressing our concerns and highlighting the Government's ineptitude and incompetence in financial administration, we must face the reality that, to date, WA still has its AAA credit rating. The member for Stirling also stated that that is on a knife's edge. The changing world circumstances and our diminishing wealth creation base in this State inevitably mean that something will have to give. For the Government to maintain its priorities in capital works and the like, it will have to decide whether to plunge further into debt, and, in doing so, lift its own comfort threshold, which is 45 per cent debt to revenue. Debt to revenue is currently running between 42 per cent and 43 per cent. The Government has capped it at 45 per cent.

Mr M.P. Whitely: The target is 47 per cent.

Mr R.N. SWEETMAN: I thank the member for Roleystone. As has been highlighted, when the coalition Government lost office it had reduced the debt to revenue ratio to 34 per cent. Currently, it is between 42 per cent and 43 per cent.

Mr M.P. Whitely: By selling things.

Mr R.N. SWEETMAN: That is right. However, when the coalition Government came to power, state debt was in excess of \$8 billion.

Mr P.G. Pendal: It was \$11 billion.

Mr R.N. SWEETMAN: We reduced the state debt to \$4.5 billion. It is my understanding that we halved it. Other items made up that \$11 billion state debt. There are different categories of state debt.

Mr M.P. Whitely interjected.

Mr R.N. SWEETMAN: It depends on what one classifies as a deficit. Many of us learnt a lot of things from Hon Julian Grill, a previous member of Parliament. In fact, we often learn from our senior colleagues in this place. One of the things he said that registered with me when I was a new member of Parliament was that debt is not the fundamental and contagious evil that everyone thinks it is if the State has the capacity to service it. The two are inextricably linked. However, there will always be argument about the capacity to service debt and the safe debt to revenue limits. In this changing world environment, it was interesting to hear a Treasury briefing this morning in which it was stated that for every dollar reduction in the world price for oil, this State effectively forgoes \$18 million of royalties and other payments because of the rising value of the Australian dollar. Many royalties are linked to US dollars, which are then converted to Australian dollars when they are received by the State. This means that for every 1c that the Australian dollar rises, we lose another \$18 million. That does not paint a good picture. A one per cent increase in the Australian dollar and a one dollar decrease in the world price per barrel of oil means a swing of nearly \$36 million. That is significant when one considers that the Government had to increase state taxes and charges by \$162 million this financial year. Thirty-six million dollars is a significant shift based on the price of oil and a 1c movement in the currency, particularly given that over the past three or four months, the Australian dollar has risen by about 4c. That is very significant. All of a sudden, even though state taxes and charges have risen quite substantially and taking into account all revenue raised by the State Government, our AAA credit rating is more tenuous than many people think, including government members. It is on a knife's edge. International circumstances do not have to change too much before this State is put in a difficult situation.

Mr M.P. Whitely: We have an \$83 million buffer. What do you think is appropriate?

Mr R.N. SWEETMAN: I am not arguing so much from that side. Probably between \$80 million and \$100 million may be a relevant buffer. We also have to look at this issue from the other side. I draw members' attention to a comment that the Premier made last week either by way of a ministerial statement or when answering a dorothy dixer. He said that in the order of \$14.5 billion worth of capital works is taking place in this State, in the combined public and private sectors. The Premier did not refer to any historical data so we cannot conclude whether that is a good and high figure, a steady-as-she-goes figure or a declining figure for total capital works under way at any one time in this State. If we take into account Woodside's \$2.4 billion third production train that is being developed on the Burrup Peninsula, BHP Billiton Ltd's \$1 billion improvement at Finucane Island, its development of an iron ore mine in my electorate at area C, and Newcrest Mining Pty Ltd's \$1 billion Telfer project, we cannot delude ourselves. It may be that the \$14.5 billion worth of capital works currently under way in this State is a good figure. Many of those projects probably had a gestation period between five and 10 years. In fact, I am sure that some of those projects were undergoing pre-feasibility studies during the last Labor Administration. That is the type of lag time for many of these major resource developments. We must be mindful of that. If that is the case, what is the State doing? This issue relates to the vision and imagination that speakers have referred to so far in this budget debate. What is the Government doing about fostering and facilitating further development? I know that initially it is a costly business for this State to be enterprising and to try to create new revenue streams. With respect to the Burrup Peninsula, the State is committed to contributing about \$130 million towards infrastructure, of which the federal component is between 40 per cent and 50 per cent. It is not all state money in the first instance. By investing that money up-front the State will create the opportunity to earn money from those projects for the life of them. The State requires vision to ensure that it is doing its part, whether it be through the Department of Mines or through resource development. The highest level of government - Cabinet - must have a forward plan for state development. I know the member for Pilbara has always referred to a policy for state development that provides some type of road map for the future to ensure that projects are coming on-line. There are incidental factors that impact on the prospectivity of different areas.

Consistent reference has been made to the Government's attack on the road funding budget. The road funding budget should provide an all-weather road to communities in Western Australia, some of which have small populations. For that reason they appear on a list of priorities that includes between 10 and 20 towns for a 10 or 20-year period. However, some keep shifting down that list of priorities and other towns are able to ratchet up

the scale, causing some communities to miss out. This Government does not give sufficient regard to road programs and the prospectivity of various areas. It is my understanding that much of America developed adjacent to its transport corridors. Initially, transport corridors were established to service the requirements of existing users, consumer and constituents. Ultimately, that led to great state development within different areas of the American States. Western Australia's situation is not too different, because much of it is highly prospective. However, much of it is undeveloped because some parts of the State do not have good communication or road links. The State does not seem to have sufficient regard for that, and I do not think it is helpful. Continuous reference has been made to the Perth-to-Mandurah rail link. I wonder by how much the cost of this project will have to grow before the Government will realise it is simply unaffordable.

Ms A.J. MacTiernan: Your government reckoned it was going to build it.

Mr R.N. SWEETMAN: I had hoped that my Government would have the presence of mind and maturity to realise that once the project reached the levels that it is presently reaching, it would reassess sections of the rail link.

Debate interrupted, pursuant to standing orders.

[Continued on page 7689.]