

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 19 June on the following motion moved by Hon Helen Morton (Minister for Mental Health) —

That pursuant to standing order 69(1), the Legislative Council take note of tabled papers 1449A–E (2014–15 budget papers) laid upon the table of the house on Thursday, 8 May 2014.

HON SALLY TALBOT (South West) [3.14 pm]: I should preface my remarks about the budget by saying that if my comments are accompanied by a certain amount of coughing and spluttering, it is partly, at least, due to the virus I acquired on the weekend and not entirely to do with my dislike of this truly horrible budget that the government brought down last month. I hope also that Hansard has practised its lip-reading in case my voice gives out.

Hon Simon O'Brien: Heaven forbid that should happen.

Hon SALLY TALBOT: I knew that I would win immediate sympathy from Hon Simon O'Brien and I do appreciate it—thank you. I know that the honourable member will keep nice and calm while I am speaking so that I do not have to strain my voice.

Hon Simon O'Brien: Every now and again I will give you a little break by interjecting so you can compose yourself.

Hon SALLY TALBOT: I might just curl up and have a little sleep if the member does that.

I know that this budget has been given a subtitle, if you like, by several members on this side. The mantra that we have heard many times over the last 12 months or so has been about the untruths that were contained in the fully costed, fully funded theme that the Liberal Party and the National Party took to the election in March 2013. Fully funded and fully costed has been shown to be absolutely not true as promise after promise has fallen away and the government retreats to some sort of rhetoric that I do not think we have ever seen in Australia before, where promises are simply discarded like things that are no longer of any value. Of course, they are of value to the electorate because, despite what this government would like to believe, the electorate is fairly sophisticated about these things. People in the electorate did an evaluation of what they were presented with in March 2013 and they put their vote where they thought their money was going to go. To find that that is not true has done the democratic process itself a considerable amount of damage. It is our job as members of the opposition to make sure that that damage is sheeted home to exactly where it belongs, which is on the shoulders of government members in both the Liberal Party and the National Party.

I think that another subtitle could be given to this budget that is along the lines of turning good news into bad news. We should be in the best of times. We have just had the first stage of an unprecedented boom in Western Australia. We have copious data showing that Western Australia is still driving the nation's economy. That part of the country that has only about 10 per cent of the population is still turning in figures that should have all legislators beaming all over their faces. It is particularly ironic that at this moment in time we are supposed to be under the leadership of a conservative government. Conservatives traditionally have always been people who ran on their economic credentials; yet it is under this conservative government that we have come to a point at which government members themselves, both in the Liberal Party and the National Party, are saying, if not explicitly then at least implying by their comments, that Western Australia is facing some sort of budget crisis. That is ironic when we look at some of those headline figures.

I was given a copy of a report that I guess has been circulated to all members of this Parliament and that was commissioned by UnionsWA, RMIT University and BIS Shrapnel and was actually prepared as a precursor or scene setter to the May budget. It is called "The Strange Case of Western Australia's government finances" and the subtitle is "A AA Budget in a five star economy". It is that five-star economy that I am referring to when I talk about the fact that this should be the best of times. Turning to page 5, we read —

Periods of strong economic growth typically result in strong public finances, with revenues being swollen by increases in economic activity.

The report goes on to make a number of points that essentially act as riders to that opening statement. Honestly, as conservative legislators in this state, this ought to be a time when all of the government's greatest wishes are being met—an economy that is, as this report says in its subtitle, "a five star economy". This ought to be the place where conservatives could trumpet all their economic credentials and ride high on the crest of that wave and start delivering things to their own constituents. But, of course, that is not happening. It is not just because of the fact that that strong economic growth has gone along with an increase in population, which brings its own pressures to bear on the budget and the kind of need for the provision of infrastructure that goes along with those increases in population; it is because of something that happened within the first 12 months of this government

coming into office. It has been suggested by some that the fact that the Liberal and National Parties won the 2008 election and assumed government at that time was in itself something of an unprecedented occurrence in that the person who became the Premier was, only a matter of months before he became the Premier, setting himself up for a long, healthy and, presumably, prosperous retirement. So, perhaps the Premier has a different view about how to sustain a state such as Western Australia over the medium to long term. Perhaps there was such a feeling of unexpected euphoria in that win in 2008 that all those conservative economic credentials that I have referred to just got thrown out the window and people started thinking that they could do whatever they liked; those credentials were not even supposed to be there.

The rot began to set in very early when we started to see the good news, which was the increase in government revenues, being swiftly eclipsed by the fact that government expenditure was running out of control. In September 2013, that resulted, of course, in the loss of the state's AAA credit rating, at least from one of the major ratings companies. I thought it was worth reminding honourable members at the beginning of my comments on the budget what Standard and Poor's said when it was explaining what had happened. I will quote again from the same report—that is, the BIS Shrapnel report titled "The Strange Case of Western Australia's government finances"—which quotes an ABC radio interview in September 2013, in which Claire Curtin, an associate director of Standard and Poor's, gave an account of why Standard and Poor's had downgraded the state's finances. Members should bear in mind that this was in September 2013. We saw a tough budget in September 2013, but now we are into our second budget since the downgrade. This is what Ms Curtin said in September 2013 about the downgrade to AA —

“We think that the Government doesn't have a particularly high will to address the fiscal pressures that we think are facing Western Australia at the moment.

The ABC reporter asked —

So where's the government lacking from your view?

CLAIRE CURTIN: We think that there hasn't been a great deal of commitment displayed to addressing the structural deficit, and that includes the actions taken in the fiscal foreseen budget.

The interviewer responded by saying —

So even though that was a pretty tight budget, —

That is, the 2013 budget —

it wasn't enough in your mind or in Standard and Poor's mind, to show that they're addressing the levels of debt in WA?

Claire Curtin from Standard and Poor's said —

Yes, that's correct”

From 2008, we staggered through five years of extraordinary economic growth and increasing levels of government revenue, and we ended up not with a state that was riding high on the crest of an economic wave or abounding in good things for the Western Australian community, but with a state that had lost its AAA credit rating and is now regarded as having a budget and running an economy that is not healthy. But it is much more serious than that. The position is not just that it is unhealthy at the moment, but that there appears to be no plan over the short, medium or long term to rectify that situation.

If, as a result of this, we were seeing people who can afford to pay more being asked to contribute more, perhaps people on this side of the chamber would not be quite so distressed by what is happening, but that is clearly not the case. We are seeing the gap between rich and poor in Western Australia get increasingly great. We are seeing more of the social dysfunction that goes along with those increases in inequality, and huge expectations are being placed on the shoulders of people who can least afford to pay for it, the expectation being that they will step up and pay more for the services and the levies that they have to pay to try to address this problem that the government has created for itself. Alongside all that, we are seeing two of the biggest increases in the burden on the state coming to be represented by interest repayments. These are the sorts of gaps that people in this state who can least afford to pay are being asked to fill by their sacrifices. I will have much more to say about that as I go through my remarks.

I do, however, want to make a couple of comments about the federal budget. This is an unusual thing to do, as this item on the notice paper obviously refers specifically to the state budget. But now that we have a state and federal government of the same ideological hue, it is quite interesting to see how they are playing off each other and how those synergies are being put in place that will eventually end up with us living in a thoroughly conservative economy, with all the perils that that entails for people who are not wealthy. Given that we have had seven Treasurers in six years—I always have to think about whether it is six Treasurers in seven years or

seven Treasurers in six years, but I think it is seven Treasurers in six years—one would have to say that this latest Treasurer, who is having his first crack at the job, is in one important sense a very, very lucky man. He is not lucky in the sense that he had only a few weeks to put his stamp on the budget because of a series of misfortunes that befell the government, largely of its own making and which have been well documented, and I do not have time to go into them now. We had a new Treasurer well and truly into the process of putting this budget together. That must have been quite a hard job, but he seems to be a pretty capable person, at least with his conservative economic credentials, so I do not imagine that he regarded it as the biggest challenge of his life. But then he got his big stroke of luck, because it turned out that within a matter of days—I think it was five days—after bringing down the Western Australian budget, his federal counterpart brought down the commonwealth budget. Of course, as we all know, that has enabled the state budget, at least to a certain extent, to slip under the radar. Part of the job that we on this side of the house have to do is make sure that the spotlight is shone very firmly on the state budget and the specific measures in the state budget that we think are unnecessary and uncalled for and place the obligation and the pain of rectifying the government's mistakes onto the wrong shoulders.

Nevertheless, that stroke of luck was really brought about because the Abbott government chose to make its first budget the sort of budget that shows us exactly what type of economic management we get and what sort of emphasis we get on where the economic priorities lie from a government that does things like reintroduce knights and dames. We have here a commonwealth budget that matches the state budget with its impeccable right-wing credentials. We saw a curious thing with the federal budget that I have been looking at very closely to see where the echoes come in the state conversation about budget management. One of the things I have found most offensive about the way that conservatives operate in this country in general, and in this state in particular, is that we are seeing a subtle change in the language that is used. We on the left of politics are always jumped on from a great height by conservatives when we start engaging in what conservatives like to call “class warfare”, which, if you notice, Mr President, is always the pejorative term used whenever Labor people start talking about rich people and poor people, or contrasting people who are wealthy with people who are impoverished, people who are advantaged with those who are disadvantaged, or people who are privileged with those who are underprivileged. As soon as we start talking in those terms, conservatives jump up and down about the fact that we are trying to re-engage class warfare and that this is a very last-century thing to do. I deeply disagree with that. I think that although some of our terms and circumstances have changed, there is still a fundamental divide in Australia between people who have and people who do not. We see language being recast by modern conservatives, and we see also, particularly in the context of the commonwealth Treasurer and the federal budget, that we are now talking in terms of “lifters” and “leaners”. The federal government talks about the fact that leaners are bad and lifters are good. I just explained that in case anyone on the other side of the house was a bit confused about whether it was good or bad to be a lifter or a leaner, because it is not entirely clear to use that kind of language. I think what the commonwealth government is getting at is that we are all supposed to be lifters, and I suppose that goes along with some of that conservative rhetoric about carrying one's weight and that sort of thing. We are all supposed to be lifters now and I know that, maybe in a past life, Hon Simon O'Brien engaged in a bit of weightlifting himself—literally. I remember while having my induction into this place in 2005 walking into the gym and seeing Hon Simon O'Brien in there lifting some weights. I have not seen him in there recently, but, anyway, he will understand that kind of language! Clearly, leaners are supposed to be bad. I suppose in conservative rhetoric leaners are not those people who lean in the sense that they feel supported by something, but who lean on people who do not want to be leaned on, a bit like one of those large smelly shaggy dogs that comes along and physically leans on someone and they try to get it off. There is all that sort of pejorative language tied up in the idea of lifters and leaners, and it is language from which all of us on this side of the house would absolutely, categorically dissociate ourselves, but I will have a bit more to say about that later in my remarks.

More graphically, we have heard talk from the federal government about the “age of entitlement” being over. Again, the implication, if not explicitly, is that it is wrong for someone to feel that they are entitled to something. That is language that relies so much on the unspoken dog whistle of everything that is contained in that phrase the “age of entitlement” when it is used to denigrate a culture. I cannot find many references to this, but occasionally I hear in the odd *Lateline* interview broadcast after most sensible people are asleep conservatives talking about this being the “age of opportunity” rather than the “age of entitlement”. All good conservative rhetoric, I suppose, but clearly with quite a sinister agenda underlying it.

I suppose there is a sense in which the Liberal–National government in Western Australia has been able to fly under the radar as far as a lot of its own budget measures go, because obviously the Western Australian community is very upset about a lot of things the federal government has done. Just before I leave that matter of the federal government, I still think some of the best budget analysis of both the commonwealth budget and the state budget is done by the ABC, not so much by the news programs, although they do a pretty good job, but in the in-depth analysis that sits on the website. The other day I found a list that I thought was quite breathtaking ,

and I refer to it only because I think it gives a sense of how conservative governments, both state and federal, weigh their priorities. It was the list of the winners and losers from the federal budget, and the losers list is about four times as long as the winners list. Remember, we are specifically talking about the state budget in this debate, but look for the overlaps on the losers list between people who are double losers—who are clearly losers from both the federal and state budgets. The losers on the list were families, seniors, education, health, public sector, foreign aid—remember, I am talking about the federal losers list now—unemployed people, young people, university students, people with disability, low income earners, Indigenous people, public broadcasting and the environment. The list of winners is remarkably and depressingly short: mining, infrastructure and defence, and, finally, medical research, which I think is very questionably on the winners list, because although the commonwealth government has started that massive fund, it has used other sources for it; it has deprived other projects of funding in order to contribute to that fund. We come to the fact that this can pretty much be overlaid onto the state budget, leaving out the obvious things such as public broadcasting; to an extent university students, given that university funding largely relates to the commonwealth government; and foreign aid. All those other areas overlay on the state budget, and that reinforces the fundamental point I am making here in the framework for my remarks; that is, although it is true that as a community we have all got richer over the last couple of decades, it is equally true that the sobriquet that might be given as a label for our age is, rather than the conservative label “the age of entitlement” or “the age of opportunity”, the “age of inequality”. Those gaps between the wealthy and people who would regard themselves as living on ordinary incomes have opened up exponentially over the last few years, and that is always, always a bad thing for a community. I will explain exactly why that is a bad thing as I get further into my remarks.

Just by way of establishing a framework, there is a very, very interesting report that was released, I think only last week, called “Advance Australia Fair? What to do about growing inequality in Australia”. It is based on a forum that was held in Canberra. Not all the participants in the forum are from my side of politics or express views that I would necessarily agree with, but it is very interesting to see the diversity of views and opinion that can be brought together to talk very coherently and constructively about the problems that growing inequality causes. This report was published in May 2014 by Australia21 in collaboration with the Australia Institute. I came across the report because I was following up a couple of quotes that journalists had been reading recently. I found a very succinct introduction in the executive summary of the report, which I will just quote, because I cannot express these things more clearly by paraphrasing. The second paragraph of the executive summary reads as follows —

The wealthiest 20 per cent of households in Australia now account for 61 per cent of total household net worth, whereas the poorest 20 per cent account for just 1 per cent of the total. In recent decades the income share of the top 1 per cent has doubled, and the wealth share of the top 0.001 per cent has more than tripled. At the same time, poverty is increasing and many of those dependent upon government benefits, including the unemployment benefit, have fallen well below the poverty line. If we do not pay attention to the problem of financial inequality, current economic circumstances are likely to make it worse.

It is easy to gloss over that kind of observation; what does it actually mean to say that the top 0.001 per cent of the wealth share has more than tripled? Not being a statistician I do not find it easy to translate those kinds of statistics into a practical mental picture of what is happening, but I did find a way of doing it in one of the three quotes that open the report—if I have time later, I will refer to the other two. The quote that gave me this vivid mental picture is the second of the three quotes, which is from the Oxfam report to the Davos conference of the World Economic Forum 2014. It is very short and reads as follows —

... the richest 85 people on the globe—who between them control as much wealth as the poorest half of the global population put together—could squeeze onto a single double-decker.

That is 3.5 billion people. I know members on the other side of the chamber will be asking: why on earth is she talking about the world’s population, we are supposed to be talking about the Western Australian budget? But the whole point is that this is a global phenomenon that we are seeing in our very own communities. Those honorable members who spend any time at all in their electorate offices know that they see this every single day they sit in their electorate offices—nine out of ten people walking through the doors of our electorate offices will only dream of the kind of wealth that the wealthy people in our community have. As members of Parliament it is illustrated to us every single day of our working lives that this kind of inequality is very much part of the Western Australian community. If I have time at the end of my comments I will come back to some of the observations in that report, but I will say that given Western Australia has a healthy economy that is driving Australia forward, there is nothing that says we do not have stark inequality in our own community.

We would expect a budget in which the government is talking up pain and saying how terrible it is that we have lost the AAA credit rating, that we have to get it back and get debt under control, and that we all have to share

the pain to be balanced by some kind of gain. It might not be easily explicable to people struggling to pay their electricity bills, but one would expect a few line items in the budget papers that the government could point to and say, “It might be hurting you now, but in a few years’ time we will be back in a position in which we can be more generous with our concessions and start talking about supplementing people’s incomes again. But we have to get through this difficult time; it is a transition.” The government is using language that we have all heard many, many times in recent years. The interesting thing about this budget is that we are getting pain without gain; the government has not even tried to get debt back under control. Two of the biggest drains on the economy are to do with that burgeoning debt, and I will refer to that in a little bit more detail. Two of the biggest costs borne by this government are increasing interest costs and increasing depreciation expenses, and both reflect directly on the increased use of debt to fund an enlarged infrastructure program. This statistic explains why we are not even offered any hope of relief in this budget; that if we go through the pain for three years or four years or five years that at some identifiable point in the near future we will be out the woods and we can start relaxing again. Instead, ordinary working people, pensioners and students are being sluggish by a budget that has to fund line items specifically connected to running a large and out-of-control debt level.

Look at the way comparisons are drawn between the way the state is run and the way a household is run. Imagine a financial counsellor talking to members of a household whose credit-card use is out of control—that is not an uncommon thing and, again, members who spend more than five minutes a week in their electorate offices know that a lot of the need for financial counselling is brought about by peoples’ increasing reliance on credit cards to fund their everyday expenditure. It always scares the living daylights out of me when I am standing in a queue at Woolworths or Coles or IGA and people in the queue in front—not Gina Rinehart, just ordinary working people—pay for their groceries with their Amex or Visa card.

Hon Robyn McSweeney: Gina Rinehart is an ordinary working person. Excuse me; many people are employed through Gina Rinehart.

Several members interjected.

Hon SALLY TALBOT: If I saw Gina Rinehart in the queue at Coles —

The PRESIDENT: Order, members.

Hon SALLY TALBOT: I just want to tell Hon Robyn McSweeney that if I were standing in the queue at Coles and Gina Rinehart was in front of me paying for her groceries with her Amex card, it would not send a shiver of fear through me; I would think that is fine. But when I see people who are not Gina Rinehart, who do not have incomes that even match Gina Rinehart’s tax bill, paying for their groceries on credit, it bears out for me that the reason people are coming to my electorate office in need of financial assistance or counselling is often because their credit card use is out of control. Imagine a financial counsellor —

Hon Robyn McSweeney: How many people does she employ? I think that is really rude to single her out.

Hon SALLY TALBOT: I could talk about Andrew Forrest or any number of people who simply have —

Several members interjected.

The PRESIDENT: Order, members. Order! Let the member on her feet have the call, not two or three others around the chamber trying to outspoke her.

Hon SALLY TALBOT: I do not like to upset Hon Robyn McSweeney, so I will ensure that she checks a copy of the draft *Hansard* so that she is absolutely sure that I am not actually being nasty about Gina or Twiggy at the moment; I am just drawing a distinction between their capacity to fund their grocery bills on credit and the capacity of most ordinary Western Australians to do so.

I am trying to do this mind experiment: I know that members of Parliament never provide people with financial advice—certainly I do not as I am not trained to do so, but I can refer people to financial counsellors who do a very fine, if under-resourced, service throughout the south west. Members know, because they have spoken to the counsellors, that one of the first things they do is talk about careful budgeting; the need to have a proper household budget that takes into account everything the person needs to fund including contingencies for things like fridges that break down and cars that blow up and that sort of thing. In fact the other day I was reading an article in one of the financial papers about a free application that people can download to assist them with their household budget. Can members imagine what they would say if they were in a family or household that goes through this financial counselling process and comes out the other end asking what the end result will be if they do all this, and a financial counsellor says to them, “The end result will be that your credit card debt goes up”? I put it to you, Mr President, and to honourable members through you, that if your financial counsellor were to say that, you would think it was a pretty shonky piece of financial counselling. That is because there is simply no process whereby careful budgeting ends up with an out-of-control credit card debt increasing. Yet that is exactly what we have in this budget. By 2017–18, which is only a matter of a blink away from where we are now, our

state debt will be in the region of \$30 billion. That is absolutely an inconceivable amount, given that in 2008, after seven years of a Labor government, the debt level was \$3.6 billion. I would bet members that if we had gone around to every member of this Parliament and asked them to write on a piece of paper what they thought the debt level would be by 2017–18, and if we had put it in an envelope and left it for seven years and opened it this month, we would find that nobody would have said the debt would blow out by that much. It may be, as I said earlier, that this is to do with having seven Treasurers in six years. Seven Liberal Treasurers! What has happened to the Liberal economic paradigm that all of a sudden it is acceptable to have an economy that is in this state?

I was talking about the relationship between pain and gain and that normally we expect governments inflicting pain to be able to talk about the gain down the track. We therefore go looking for the gain. Do we find any gain in this budget? We know that the Premier has the most extraordinary attitude towards the out years. In fact, I would go further than that and say that the Premier has the most extraordinary attitude to budget papers per se. I remember in those years when Labor was in government that our budget papers looked quite different from the ones we are presented with now in that we cannot find most of the big items we are looking for. It occurred to me the other day when we were conducting estimates hearings in this place through the Standing Committee on Estimates and Financial Operations—I know you, Mr President, kept a close eye on them, largely I suspect because we were using your chamber—that an extraordinarily high number of supplementary questions were submitted to that committee. I would be very interested to know whether that number has increased in the seven years of this government, as we have seen budget papers virtually whittled down to a series of dot points rather than any kind of adequate explanation of where funding is going or where it is projected to go.

We therefore go looking in the budget papers for where the gain might be, and it is simply not there. What will we be able to show for this period of pain after it is over, if we ever get through it? As far as I can see, in the budget there is \$1.1 billion worth of extra taxes and levies costing each household an extra \$324 per year. If I have time, I will go through some of those line by line. That is hardly the gain that Western Australians will be looking for to compensate for the pain that has been inflicted on them by this budget. Yet, as I said earlier, we have had strong revenue growth for all the time that this government has been in office. An average of 10 per cent over the seven years is remarkable revenue growth. Growth in the financial year that is just drawing to a close, 2013–14, will probably be 8.8 per cent, but it has been 10 per cent per year on average since 2008.

Since 2008—given that there is an extra \$324 a year in extra household charges this financial year, 2014–15, that the budget relates to—we will have seen almost a 50 per cent increase in the cost of living. Again I admit, as I have many times in this place, that I am not an economist—I know that attracts a certain amount of hilarity from the other side—therefore, when I go looking for an explanation of what it means to talk about a \$2 500 increase per year per household representing nearly a 50 per cent increase in the cost of living, I am then helped to understand what this means. I know that not all the people on the other side are economists, so it is worth sharing with honourable members an analysis that goes like this. In 2008, the average cost per household in electricity prices was \$963. That has increased in six years by 76.96 per cent. This is a quite revealing document. I do not have time to read out all the figures in it but I am sure it is publicly available—probably on the Australian Labor Party website. Water charges in 2007–08 were \$365 a year and have gone up 90 per cent. Water, sewerage and drainage costs in 2007–08 were \$918 and have gone up 62.7 per cent. Public transport in the south west is interesting. Obviously public transport in the major population centres such as Albany and Bunbury are very significant, and of course in Mandurah.

[Interruption.]

Hon SALLY TALBOT: Something has fallen down somewhere. It was not me! At least it was not the Black Rod. We might have been in serious trouble if the Black Rod had fallen down! I might have had to start from the beginning! It is just a piece of the Parliament falling off!

Several members interjected.

Hon SALLY TALBOT: These figures relating to public transport have a footnote that states that all years in the above figures assume five return trips on full fare, whereas the budget papers include only five one-way full fares. Public transport in 2007–08 cost \$1 323 and has gone up by 29.7 per cent in the seven years. That amounts to a total of 48.63 per cent in cost of living increases, almost 50 per cent, in the seven years that this government has been in office.

I will summarise those figures. In this budget this coming year, 2014–15, power will go up by 4.5 per cent; water by six per cent; public transport by four per cent; and car registration by three per cent. These are topics that I will not expound on at great length now because I note from the notice paper that finance bills are coming up that deal specifically with these issues. Land tax will go up by an extra \$334 million over the four years, which I note is a 10 per cent increase. Last year's budget upped it by 12.5 per cent. There will therefore be a total increase in land tax, including last year's increase, of \$670 million. Of course, there is also the change to the first

home buyer stamp duty exemption, about which we will have more to say when we get to the finance bills. There is so much material that needs to be covered in this context, but I thought I would point to a couple of charges in this budget as an illustration of where in the budget we can see the government's total dysfunction borne out. As I say, I will make some brief comments because there is another item on the notice paper that tells me that we will get to one of my favourite subjects—the landfill levy—before we rise and go away for the winter recess. I notice that in this budget the landfill levy will effectively double. What better place than to start talking about the dysfunction of this government and the lack of understanding about how specific measures affect other specific measures? The effective doubling of the landfill levy—I will look that up to assure honourable members I am not making it up as I go along—is on page 5 of budget paper No 3, and reads —

From 1 January 2015, the landfill levy for putrescible waste and inert waste will increase by \$27 and \$32 per tonne respectively, which is estimated to raise \$202 million across the four year budget period.

I will not go into this in great detail because, as I say, we have plenty of opportunity later in the week to look at these issues. Here we have one of the government's basic areas of dysfunction. The government will put up the landfill levy because it desperately needs more revenue. In budget paper No 3 it is listed under "Revenue Measures". It is also in budget paper No 2. One of the measures the government has specifically identified to help fill its revenue black hole is the landfill levy. But the whole point of the landfill levy in 2008 when the act was gazetted was to reduce the amount of waste going to landfill. What has the government done? It maintains in its rhetoric that it has an overall objective to reduce the amount of waste going to landfill because we all know we are supposed to be recycling, reducing and reusing to do our bit to prevent the catastrophe of climate change and increased carbon levels. We introduced a landfill levy, which is supposed to send a price signal to the producers of waste. Remember that the producers of waste are not just the John Hollands of the world who are demolishing things and filling up skips with stuff that should no longer be going to landfill. Incidentally, John Holland has won lots of prizes for the measures it has put in place to reduce the amount of waste it sends to landfill. Not only would the government never win a prize for that; if there were a booby prize, we would want to give it to the government in spades. Through a whole series of measures, which, as I say, I do not have time to go into now, the government is using the landfill levy as a cash cow to fill its cash vacuum. What does that tell us about what is supposed to be the overarching object of reducing the amount of waste going to landfill? If everyone—members of Parliament, our councils, manufacturers and retailers—were to decide right here at four o'clock on the afternoon of Tuesday, 24 June that we were not going to produce any more waste to send to landfill, what would the government do? One of its major revenue raising streams would totally disappear. The government needs us to continue to produce lots of rubbish because it is making money out of it. That is a completely unacceptable way to proceed. I, for one, along with my colleagues on this side of the house, will continue to point out how misguided the government is in this regard, as well as many other regards.

I have indicated many times over the course of my comments that this government is made up of the Liberal and National Parties, and I want to make a couple of comments about that. I came across some interesting issues the other day about the National Party trying to run away from the fact that it constitutes the other half of government. I will draw on a couple of examples, one of which comes from the south west, down in my patch, where there was the odd sight of a government member jumping on Labor's bandwagon to complain that in this budget Collie Senior High School has been stripped of funding. Hon Colin Holt said that this was simply unacceptable and that the Collie Senior High School population was going to increase beyond the school's current capacity. He goes to some length to point out that we need a fully functioning school in Collie with a good reputation to attract people to that area to live well and to educate their children. We then saw Hon Martin Aldridge jump on the same bandwagon and put out a press release about the schools in his region, which I think is the Agricultural Region, being defunded because of royalties for regions cuts, which is exactly what has hit Collie Senior High School. This is where something needs to be said about this government's accountability.

The Liberal Party was able to form government in 2008 because the National Party decided that the offer from the Liberals with royalties for regions was the best deal it would get. I cannot believe the National Party has been silent about this, because, despite putting out these little press releases that it hopes will go under the radar, I have not seen a single National Party member stand up and say that stripping the original intent of royalties for regions is simply not acceptable and breaks that fundamental covenant the National Party would have the Western Australian people believe it has entered into with the Liberal Party to keep money flowing to the regions. In 2008 it was starkly obvious to people on this side of the house that the Liberal Party would never keep its promise to keep those funds flowing to regional Western Australia. The only way it could have kept that promise was to legislate for the distinction between expenditure that came out of consolidated revenue and the extra money that was going to come out of iron ore royalties. Of course, that was never done because the Liberal Party was never going to commit to that. What have we seen? We have seen that original promise absolutely trashed; it has not just been broken or sidelined. It is being spelt out in the budget papers, and I can give members a specific reference in case anyone in the National Party has decided that reading budget paper No 3 was too depressing and is using it as their doorstep in their office rather than sitting down and reading it.

The chapter on royalties for regions starts in the second paragraph of the introduction on page 199 where, written down in black and white, it starts by referring to the \$1 billion cap. It states —

In addition to the \$1 billion legislated cap on the balance of the Royalties for Regions Fund, starting in 2014–15 and across the forward estimates there will be an expenditure limit of \$1 billion each year that will be reviewed annually. On current budget estimates, this will mean that the appropriation to the Royalties for Regions Fund will decline below the current 25% of mining royalties across the forward estimates period, to as low as 12.4% in 2016–17.

That is not a promise that has been sidelined; it is a promise that has been smashed to smithereens. Not one person in the region is under any illusion about what this means.

I hark back to a period similar to the period we have just entered in the political cycle. One of the first things Geoff Gallop did when he became leader of the Labor Party, when the Court government was still in office, was to take on a tour of regional Western Australia a delegation of MPs and people who had some experience of running small businesses. One of the people who went on that delegation with him was Bob Kucera, who subsequently became the member for Yokine. Geoff Gallop did a tour of regional Western Australia and in every town he went to throughout the state he saw high streets that were beset with shops that were closed, vacant properties and businesses that were closing down. The real estate agents consistently said that property prices were coming down because nobody wanted to live in those regional centres or country towns because there was simply no functioning economy there. That was in the last two and a half years of Richard Court's conservative government.

I put it to you, Mr President, that we are entering into the last two and a half years of the Barnett Liberal–National government and we are going to see the same thing. We are effectively seeing the Liberal Party foot being put on the hose of the funding that was designated to go to regional Western Australia. It is just disgraceful for the National Party not to be out there complaining loudly about what has been done. People in regional Western Australia are under no illusion that this has happened, and they will hold the National Party directly responsible for not standing up to the city-centric focus of the Liberal Party. That city-centric focus, incidentally, is specifically borne out in budget paper No 3, because the third paragraph of the chapter on royalties for regions on page 199 states —

In line with the Government's decision in the 2012–13 Budget to establish the Western Australian Future Fund, —

Members might ask why we are talking about the future fund in the context of royalties for regions, but they know why. This is what the government has done. Remember, the National Party has four members of cabinet, and that means that about one-quarter of cabinet is made up of this mob who have just sold regional Western Australia down the line.

Hon Peter Collier: Three.

Hon SALLY TALBOT: One is a parliamentary secretary; that is right. A substantial part of cabinet is made up of these people who have just sold regional Western Australia down the line. I will start the paragraph again —

In line with the Government's decision in the 2012–13 Budget to establish the Western Australian Future Fund, an amount of \$246.8 million will be transferred from the Royalties for Regions Fund into the Future Fund in 2014–15. This brings the total amount transferred to \$807 million.

The money in the future fund is not going to regional Western Australia. There has never been any talk about that money going to regional Western Australia, so what has happened here is a double bunger. Royalties for regions is effectively dead in the water. The country local government fund, on which local councils have relied—all our local councils talk about the benefits of that fund—has been fiddled with to such an extent that it virtually no longer exists. The SuperTowns program no longer exists. Maybe the people in Manjimup will not be too upset about that, because Manjimup has had quite a lot of money through the SuperTowns program and it has spent it extremely well. I was there the other day talking to the councillors about their plans—they still have a lot that they want to do to the town centre—and they told me how much money they have had from that program. The other towns on that long list of SuperTowns have not had anything like that amount of money, and now that program has effectively finished. The Liberal Party has killed royalties for regions and the National Party has just lain down and died with that program. We put up an idea that I think would have had regional Western Australia in a much better position now, but we will see over the next two and a half years how things go. I can guarantee that when we get to the next election, regional Western Australia will come back to Labor and say, “You're the people who made our high streets vibrant again and you're the people who made our towns worth living in again, and that is why we're going to back you from here on.”

HON ALANNA CLOHESY (East Metropolitan) [4.14 pm]: I share Hon Sally Talbot's croakiness, so please bear with me. It seems no time at all since I stood here and reviewed last year's budget and, indeed, it is not

really. Since that time we have had the midyear review, and now we have the 2014 state budget. In that time, we have seen a range of promises and commitments made and others broken, some planning changes and movements on major projects. This budget is no different from the last budget in the sense that what underpins it is a range of broken promises but also some seriously poor planning and a lack of vision for the state. I am pleased to have the opportunity to closely scrutinise the budget through not only this process, but also the Standing Committee on Estimates and Financial Operations. As Hon Sally Talbot pointed out, this budget seems to be a much slimmer version in not only the number of pages, but also the type and quality of information provided. Of course, that means that we need to work all the harder to identify exactly what the government has in mind.

In my contribution on the budget, I would like to look at the budget framework and some of the features that characterise the budget. In doing so, I will look at whom this budget will affect and who will be better off and who will be worse off. I suspect that, in this review, we will find that those who can least afford it will be worse off. Of course, on top of this budget, people on low and fixed incomes also are reeling from the great big whack that is coming their way from the federal budget. Not only will the state budget unfairly and disproportionately impact on people on low and fixed incomes, but also the federal budget provides a double whammy to that group of people. That disproportionate burden on people on low incomes should not come as a surprise to us, or to them, given the track record of this government. The disproportionate effect of cuts started a long time ago in the state budget, and certainly has started with the Abbott government's federal budget. So, as I said, we should not be surprised that that is the case. However, I would have thought that the measure of any good government—it does not matter which government—is the way it treats those most disadvantaged in its community. I cannot see anything in this budget that redeems this government from being labelled as unfairly treating those on low and fixed incomes. That is one of the major features of this budget and one that the Barnett government needs to be roundly and solely condemned for. It also tells us that because of the disproportionate impact on people on low and fixed incomes, this budget is based on all the wrong priorities.

Let us look at the first feature of the budget. The government wants us to believe that this budget is about getting WA's finances back on track, and that is a quote from the new Treasurer, Hon Mike Nahan. But of course the first question I have to ask is: back on track from what? It is certainly not from the former Labor government, that is for sure. When Labor left office in 2008, this government was left with an immaculate set of books—very shiny—thanks to the state Treasurer from 2001 to 2008, Hon Eric Ripper, and of course the good management of successive Labor governments dating back to 2001. The facts are clear. Labor left Mr Barnett and his several Treasurers with a healthy surplus, low debt, and, as has been commented by many throughout the country, the best set of books in Australia. However, over the last seven years, what we have seen from the Liberal–National government is mismanagement. I think we have had six Treasurers over seven years. Maybe that is one of the reasons for the significant mismanagement of the finances of this state and the poor attention that is being paid to the needs of Western Australians. Maybe that is what the state's finances need to recover from.

There is another thing that is quite perplexing about this budget. I refer to a report commissioned by Unions WA and written by Professor David Hayward, Dean of the School of Global, Urban and Social Studies at RMIT University, who looked at the strange case of why the state of Western Australia, with its supposedly five-star economy, has lost its AAA credit rating and appears to be in fiscal constraints. That may be because of the lack of attention from government, with six Treasurers—sorry, seven Treasurers—over six years, or it might even be seven —

Hon Alyssa Hayden: Did you say six over seven or seven over six?

Hon Ken Travers: There are so many you lose count, don't you!

Hon ALANNA CLOHESY: We had Troy Buswell —

Hon Sue Ellery: We had Christian Porter first —

Hon ALANNA CLOHESY: No; we had Troy Buswell —

The PRESIDENT: Order, members! Hon Alanna Clohesy.

Hon ALANNA CLOHESY: Thank you, Mr President.

I think the Premier has been Treasurer about three times, after a couple of little mishaps. Is that not the case?

Hon Ken Travers: He always seems to replace Buswell for some reason.

Hon ALANNA CLOHESY: Imagine my surprise! I am not sure why that is. However, we now have the latest in that long line of six, Hon Mike Nahan. The point I was making is that maybe one of the reasons that Western Australia's finances need to recover is because of the poor mismanagement and the succession of Treasurers that Western Australia has had. The government is certainly not keeping its eyes on the ball. According to Professor David Hayward, in real terms, revenues are up by 26 per cent relative to 2007–08. This is

a far higher than population growth over that same period of 19 per cent. In addition, in constant 2011–12 prices, royalties have risen from \$1.8 billion in 2008 to \$5.8 billion this year. So, revenues are up, and royalties are up. Therefore, why is the budget in this state? Professor Hayward suggests that it cannot be accounted for by the relative reduction in goods and services tax revenue. The report by Professor Hayward found that between 2008 and 2014, Western Australia's GST revenues—again, at constant 2011–12 prices—fell by approximately \$2 billion. That means that as a result of the increased royalty income, the government is getting in twice the amount of money it has lost in GST revenue. If that is the case, why is this state in such dire economic circumstances?

Let us look at debt. I suggest that the level of debt that we see in the budget is due to not only the succession of Treasurers, with six Treasurers over seven years, but also the mismanagement of the Barnett government, particularly around poor or no planning. We see that particularly when we look at infrastructure. The government made a range of promises in 2008 and 2013 that it knew at the time it could not afford, yet it went ahead and made those promises, and broke those promises, and we are seeing the effects of that in this budget. The government has now left this state in a situation of spiralling debt. This is of extreme concern to me because it means—as many before me have commented—that we will be leaving a legacy of debt for generations to come. The budget papers tell us that in this financial year, there will be a \$2.9 billion increase in debt. It is interesting to note, in the context of the good management of the state's books by previous Labor governments, that that increase in debt of \$2.9 billion is nearly equivalent to the entire state debt in 2008. That is the increase in debt that we will experience in this budget this year alone.

Of course, the increase in debt is likely over the forward estimates to spiral to \$30 billion. That figure is astounding, because it is a strong indicator that this government has managed this state's finances very poorly. The conga line of Treasurers, as I have mentioned, has meant that no-one has been in the driver's seat and firmly in charge of the state's finances for a length of time to enable serious management to take place. This state has already lost its AAA credit rating. That reinforces the fact that this debt and this government are out of control.

I am not the only one who is worried about the size and spiralling nature of the debt; lots of people are worried about it. Lots of families are worried about it. It is unusual that practically every interest and lobby group in the state has serious concerns about this budget. Often business will have concerns about a budget and perhaps the welfare sector does not have as many concerns. That is not the case with this budget, because business and the welfare sector have serious concerns about the level and spiralling nature of debt.

Debate interrupted, pursuant to standing orders.

[Continued on page 4344.]