

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from an earlier stage of the sitting.

HON DR STEVE THOMAS (South West) [5.06 pm]: Members will be pleased to know that I am nearing the end of my introductory remarks.

Hon Michael Mischin: Close to the beginning!

Hon Dr STEVE THOMAS: Yes, I am close to the end of the beginning. I will then start on the middle before I get to the beginning of the end.

Hon Simon O'Brien: But, first, a recap!

Hon Dr STEVE THOMAS: Perhaps I will not recap. We have done remarkably well, honourable members. I will continue to briefly speak about a few critical issues to the south west. I have spoken generally about economics in considering the budget papers and I know that members will be keen to look up the page references I have cited to make sure that they have a full literate economic understanding of where we are going in the future. As with most appropriation debates, I can now speak about almost anything.

Here is one for the Minister for Regional Development on page 176 of budget paper No 3—“Koombana Park Facilities”. It should come as no surprise to any member that I raise this, given my not infrequent criticism of the proposal for the car park at Koombana Park. There is \$3.3 million allocated in the 2018–19 budget for this project. For those not aware of what is happening in the south west, the magnificent Koombana Bay foreshore project is supported by both sides of Parliament—certainly by the Liberal Party and the Labor Party. Across the road from the Koombana Bay foreshore, across Koombana Drive, is a block of land on which it was originally proposed to build an office for the then Department of Parks and Wildlife. That office is now not going to be constructed. As a result, across the road from Koombana foreshore is Koombana car park, which is a car park across the road from a car park with a busy road in the middle and nothing else. There is an interpretation centre, which is basically a little bit of a roof with a couple of signs on it, that is also an education centre, as far as I can tell. Effectively, it is a car park.

This is not even a criticism of the current government, because it was not the current government’s project originally; however, we need to end this project and save \$3.3 million. It is my view that this block of land should be put out to the private sector. We desperately need investment and tourism in the south west, and in Bunbury in particular, because most people do not go to Bunbury for tourism outcomes; they go around Bunbury to Busselton, Margaret River, Yallingup, Dunsborough and all those lovely spots. We need some development in Bunbury and the Koombana car park should be stopped. It is not a project that has any future as a car park. People have to walk across Koombana Road to get to Koombana beach. It is a prime site for perhaps a four-star hotel or a tourism venture of some sort, and it is a bad site for an isolated car park. From that project alone we could make \$3.3 million worth of savings, money that might save—I do not know—Moorabool Residential College or something similar. Because we are here to help, we are trying to find savings for the government so it can invest wisely. This project is a prime example—\$3.3 million in the current budget for the Koombana car park facilities, which in my view should be stopped immediately.

I will comment on tourism in the south west more generally because we have a few upcoming issues. The first thing I need to say is that tourism in the south west needs to reinvent itself. It is a fantastic place. It has some great vineyards all the way from the Geopraphe wine region to Margaret River. We need some reinvestment and reinvention of that package. Some of that is about a higher class of hotel. Four-star-plus hotels need to be developed down that way.

I guess I have built a reputation for going out on a limb, not infrequently, and I will do so again today. I made these comments publicly before, but members may not be aware of them. The debate on sharks in the south west has started to do some significant damage to the tourism reputation of the south west. My constituents and constituents of other members of the South West Region, particularly those who rely on tourism or are beachfront and rely on water activity, are starting to struggle. I will give members an example. A friend of mine was travelling overseas and when he went to Germany a couple of weeks ago, he was asked where he comes from. He lives in Bunbury so he said that he comes from Bunbury. They said, “Where on earth is that?” He told them Western Australia and asked whether they had heard of Perth. They had not heard of Perth so he asked whether they had heard of Margaret River. Normally, people have heard of Margaret River because it is an iconic tourism destination. We would expect them to say, “Yes, it is a wine and tourism district”, but they said, “Oh, you mean the place with the sharks?” One of the issues is that we are famous for sharks. I will talk a bit about shark mitigation measures and how we might improve safety. The reality is that if we become more famous for risk than we do for

good tourism outcomes, we have a significant problem. There has been a hysterical reaction that is not doing my constituency, and particularly my tourism constituency, in the south west a lot of good.

Members should not believe anything that they read that states that a CSIRO study found that there are twice as many sharks off Western Australia as there are off the east coast. I advise members to read the study, because that is not what it states. I have this unfortunate issue of having to explain it to people, because it is very easy to run around and say that these attacks are happening because we have twice as many sharks. The CSIRO has effectively confirmed that its study has been misused in the debate. The CSIRO study states that based on a study of genetic diversity—we expect adult genetics to vary a certain amount within a certain population—there are twice as many adult great white sharks in the area from Mornington Peninsula to Exmouth as there are from Mornington Peninsula to the coast off Rockhampton. I absolutely accept that that is the case. Mornington Peninsula is south of Melbourne, at the bottom of Victoria; it is freezing cold and there are penguins and fur seals. The study suggests there are twice as many adult great whites from there to Exmouth as there are from there to Rockhampton. The tricky part is that the distance from Mornington Peninsula to Exmouth is twice the distance from Mornington Peninsula to Rockhampton. This study suggests that the density of great white sharks is probably about the same. That is roughly what we would expect because it is an alpha predator. The top predators tend to establish fairly stable populations. They move from patch to patch based on food availability, but we tend to get fairly stable populations of alpha predators.

The study suggests that there is an estimated adult white shark population of 750 in the eastern population and 1 460 in the south-western population. But on my calculation of the map, the eastern population is spread along 4 340 kilometres and the south-western population is spread along 8 600 kilometres. In effect, if we measure the population per kilometre of coastline, the eastern population from Mornington Peninsula to Rockhampton has one shark per 5.8 kilometres of coastline. The south-western population is from Mornington Peninsula to the west. That includes the Great Australian Bight, all of South Australia, half of Victoria and the rest of Western Australia. The south-western population has one adult great white shark per 5.9 kilometres of coastline. It is one shark per 5.8 kilometres in the east and one shark per 5.9 kilometres in the west. Basically, it is the same. As I said, as an alpha predator, that is roughly what we would expect.

No doubt interactions with large predator sharks are increasing. The study suggests that the population is relatively stable and I am happy to take the CSIRO at its word. I think it is usually a fairly reliable resource centre. I am prepared to accept that the population of the adult sharks—that is, the four-metre-plus big guys—are stable. That does not count for the population of juveniles, but juvenile white sharks are not the sharks that are taking human beings. What is the difference? The difference is that there are a lot more people and a lot more people using the water. Government has a role to try to minimise the risk. In my view, there is a role for the use of drum lines when appropriate. There is a good role for the use of Shark-Management-Alert-in-Real-Time drum lines that are strategically placed as a part of a research program, to measure where sharks are moving. We need more information on their travel patterns. We need more information on interactions that are occurring.

Hon Colin Tincknell: Based on what you just said, why then is Margaret River and the west coast known as shark territory compared with the east when the numbers are similar, the population is greater over there? Should they not be having more bites —

Hon Dr STEVE THOMAS: The population density is roughly the same. We will find that interactions are sporadic and tend to occur in certain areas where we have a change of conditions. Recently Margaret River had a large number of whale carcasses, a whale disintegrating on the beach and a large salmon run, which increase the proportion of sharks in that area.

Hon Colin Tincknell: There is more mitigation going on in the east coast than there is going on in the west coast. Is it a perception thing?

Hon Dr STEVE THOMAS: Let us get down to the scientific details here. More mitigation is happening in certain areas, but it is not up and down the coast. If we look at the population up and down the west and east coasts, we see that the cost of mitigating the risk on the entire coast is phenomenal. No-one is suggesting that we would mitigate the risk on the entire west and east coasts. I will give members an example of where we have strong mitigation practices. Hervey Bay in Queensland is the retirement capital of Australia. A huge sand island, Fraser Island, sits off the coast, which means that the water is shallow and warm and there is no surf. It is not a surf beach so people can swim there in comfort and with ease. It is a great beach for kids and retirees. Half of Australia retires there. Half of my extended family has retired there. Hervey Bay had what we called shark nets for 40 or 50 years. Obviously, in those small areas, that mitigation measure is quite effective. It kills a lot of sharks and gets a lot of bycatch, but we can manage it in small areas. However, we cannot guarantee safety up and down the coast.

There is more activity in specific areas. The same thing will have to occur here in time. As interactions increase because the human population increases and uses the water more, we will need greater mitigation activity in certain areas. We do not call it shark netting any more. That is passé. We call them eco-barriers. They have improved

dramatically. The capacity of eco-barriers to minimise bycatch and damage is much greater than it was, but they are still a part of that control program, as are drum lines on occasion. I refer to SMART drum lines, tagging more sharks, greater research, and monitoring using aeroplanes, helicopters and, increasingly, drones.

All of those things are part of an overall package and, like everybody else, I exhort the government to continue. I say this because I note that in the budget there is additional funding for shark mitigation measures. That is a good thing. A lot more work and research is to be done in this space, but can we do it in a slightly less hysterical manner so that we do not drive tourism away from the south west, as is currently occurring? Yes, we need to do more and to have a good debate on this process. The upper house could probably have an excellent debate on shark management and mitigation and, in particular, risk mitigation techniques. I would be really keen for us to talk about how to manage those processes and to minimise the risks without the need to shut down some of our tourism industries in the south west region because of its reputation. The fear is increasingly palpable. People have got to the stage at which they are frightened to let their kids swim at Peppermint Grove Beach, and we need to find a way to circumvent that. We need a reasoned and sensible discussion about all the adequate mitigation measures for minimising risks, whilst at the same time not scaring the horses; that would be a really good debate for a committee or this chamber. I do not think we have managed to do that so far. But, as I say, there is some specific funding in the budget for that program. I would like to give members the reference; I will give members the reference when I find it.

We talked earlier about risks, particularly risks to the budget. That obviously includes income risks, transfer duties, spending risks, interest rates, the exchange rate and the price of iron ore. There is one I find particularly interesting, and it is an issue that I will take up with the Minister for Environment in the not-too-distant future. I refer to page 62 of budget paper No 3 and the heading “Forrestfield–Airport Link Project—Disposal of Contaminated Spoil”. I will read this into *Hansard* with your permission, Mr Deputy President. It states —

There is a risk that the Forrestfield–Airport Link project may exceed its approved budget. Spoil (i.e. excavated soil) from tunnelling has been found to contain minor concentrations of poly-fluoroalkyl substances (PFAS). There is a risk that this spoil is unable to be reused and instead must be disposed of in landfill at an additional cost to the project. The State is contributing to the National Environmental Management Plan for PFAS, which is expected to provide general guidance on the reuse of soil containing minor concentrations of PFAS.

I have been asking the government for nearly a year to find out the extent of PFAS contamination in Western Australia, and particularly what its impacts might be on the Forrestfield–Airport Link. We are looking ultimately at something like a million cubic metres of soil sitting on an unlined site out at Forrestfield, with potential leakage into the groundwater, while somebody in government tries to determine what to do with this contaminated soil. If this were a completely private project by a private developer, there is every chance it would be deemed to be contaminated waste and the waste levy would apply to a million cubic metres of soil that could not therefore be used as fill. Obviously the thinking is, “Here’s a million cubic metres of fill.” A million cubic metres of clean fill is worth a fortune; every developer is looking for clean fill to put into development, but this has PFAS, a contaminant, in it, so it is sitting there while the government tries to determine what the impact of the PFAS is going to be, and that is absolutely critical. It amuses me to know that if this were a private sector project, it would be up for millions of dollars in waste levy, but the government will excuse itself of that and, I suspect, find a way to reclassify this stuff.

Hon Colin Tincknell: There’s a long history of government not looking after things like that, compared with business.

Hon Dr STEVE THOMAS: Yes, absolutely.

I will be extremely interested to see how the Forrestfield–Airport Link tunnelling ends up. Of course, the tunnelling stopped for a while when there was a bit of subsidence in the soil above, and that happens; there is a bit of publicity about it, but the reality for projects with sandy soils is that there is always a bit of a risk of subsidence. However, PFAS contamination of a million cubic metres of soil is a massive issue for the government to address.

I asked a question of the Minister for Environment on this issue last week. Towards the end of last year I asked him to give us all the PFAS detections in the state, and he did. I had to put the question on notice, though, because it was too hard to provide and answer on only two days’ notice. We put it on notice and we got the answer back after a month. This time around I gave the minister a week’s notice and asked what additional PFAS detections there had been since the ones that came up in response to my previous question—from November 2017 up to now, only six months. The minister’s reply was that I should put the question on notice, so I am wondering how many PFAS detections there have been since November 2017, if a week’s notice is not sufficient time in which to provide an answer on the number of detections. I suspect this is a much bigger issue than people realise, and I think we might find that it is far more widespread than people think. We might find that the mitigation costs are going to be quite extensive and that there are two separate rules—one for government and one for everybody else. But let us see how that pans out.

I have a couple of last little bits to cover before I finish up. It is incumbent upon the government to give a better running account of machinery-of-government savings. It is very difficult to find in the budget an express amount for machinery-of-government savings in 2017–18, and it is very difficult to find predicted savings in the forward estimates. Admittedly, there are going to be a few costs involved in the first year with redundancy payouts. I note, of course, that of the proposed 3 000 redundancies, only 2 000 are in train; there are still 1 000 to be met, so there is a fair bit of work yet to be done. I also note that the majority of those are in certain departments, but I would have thought the machinery-of-government changes could have been far better itemised and I am hoping that in his reply to the second reading debate the Minister for Environment can give us some detail on the savings expected and the savings already realised from the machinery-of-government changes implemented by the government. I think that would be very useful.

There are a couple of last issues before we move on. The opposition is obviously here to help and to assist as best we can. We have thrown up a few options. As I said earlier, I think the government should have a close look at the sale of Western Power while it still can, before it becomes completely valueless. I would also like the government to have a bit of a look at some of its other infrastructure because, as I said earlier, on current proposals to pay down debt, it is an 80-year plan, on the assumption that the money, in the lead-up to an election year, is not siphoned off into election commitments of some form or another. This is an 80-year plan to pay off debt based on early government budgets, so the government is going to have to look at some serious savings. It cannot just pin its hopes on the federal government increasing revenues, including GST and other federal government revenues. There will have to be some significant savings and, I suspect, some infrastructure sell-offs. Western Power is a little problematic because it is a rapidly diminishing asset. I suspect we are also going to have to go back and look at port infrastructure and its value and how it might also play a part in balancing the books of Western Australia. I look forward to a discussion over the next couple of years about where that might go and what opportunities might be realised. I realise that that is a bit out there, but every time I get up to speak I tend to be a bit out there—there you go.

Hon Colin Tincknell interjected.

Hon Dr STEVE THOMAS: I think the honourable member will have to look at this one and see where we end up.

Let me finish my contribution with this prospect: the government has been fairly effective in expenditure control—we give it credit for that. It has also been very good at raising taxes. It has put up the emergency services levy and it has put up the price of electricity and water. In fact, it increased the price of water late last year at a time when the Economic Regulation Authority released a report that said that, overall, water was overpriced. The price of water at the delivery-of-water stage was slightly under, but households were being gouged on the price of wastewater and sewerage services. This government is very good at putting up prices. I note that federally both political parties, Liberal and Labor, have announced tax cuts for working Australians. In its budget, the Liberal Party announced tax cuts. Let us say that those savings are \$530 per annum when we get there.

Hon Darren West: To the banks?

Hon Dr STEVE THOMAS: These are the personal tax cuts, honourable member. I did note that the federal opposition leader was even more generous. Members will have to assess how reliable the numbers are, but the reality is inescapable; that is, federally, both parties are offering at least \$500 in tax cuts to working Western Australian families. Of that \$500, this government is reaching into the back pocket and taking back \$300 in increased fees and charges. We have increased fees and charges at a point when inflation is low and wage increases are minimal, yet the charges imposed on Western Australian households are going up significantly, and will continue to rise significantly. We will get tax cuts from the federal government. Out of the handout of, say, \$500 at least—there might be a change of government and the tax cut might be more generous; who knows if that could be delivered—we will lose 60 per cent as the state government reaches into our back pocket and takes out money. I think the workers of Western Australia will understand that it is in with one hand and out with the other. I suspect that they will know that. If that process continues, they will remember that all the way up to the next election.

I have been over a large part of the economic parts of the state. This is not a whistle budget; rather, it is a very standard Treasury-happy budget. All the major announcements are out in advance and we are left with the simple reflection that debt will not go down significantly. It is still an 80-year plan. There is still no plan for debt and no plan to manage that into the future. The working families of Western Australia will continue to subsidise the expenditure plans of the government for many years to come. That is the result of the budget before the house.

HON ALANNAH MacTIERNAN (North Metropolitan — Minister for Regional Development) [5.34 pm]: I thank Hon Dr Steve Thomas for a very interesting discussion on everything from the budget and sharks to a seagrass wrack and back. It was a fabulous contribution, but I disagree with him. I think there is a real whistle factor in this budget, and it is the fact that we have begun to turn the state's finances around. What Treasurer Ben Wyatt has done, and what the whole McGowan government has shown with its fiscal discipline of reducing the expenditure rate so

extraordinarily, is actually a whistle factor and it should be a whistle factor to someone like Hon Dr Steve Thomas, who, on his own admission, is a bit of a finance nerd who loves to get in there and deal with the numbers. Achieving this level of expenditure control is a massive achievement. We are going from a situation in which the Barnett government in its first term of government had an annual expenditure growth rate of 13 per cent. It pared that back to about four per cent in its second term, but over its entire term of government, year on year it was a 6.4 per cent growth factor in expenditure. For us to be able to show fiscal discipline and bring that back to 1.2 per cent per annum so that we can reduce the burden on households, turn around the state's finances and create a better fiscal environment for all businesses in the state is an achievement. The member made reference to the fact that on the current trajectory it will take 80 years to relieve ourselves entirely of debt. Hon Dr Steve Thomas is unfortunately detained on urgent parliamentary business.

Hon Alanna Clohesy: No, he's in the chair.

Hon ALANNAH MacTIERNAN: Has he just popped out?

Hon Alanna Clohesy: No, he's in the chair.

Hon ALANNAH MacTIERNAN: He is in the chair. There he is; he has moved around. I was looking at him!

He talked a lot about the importance of fiscal literacy. It is very unfortunate that Hon Dr Steve Thomas was not elected back into Parliament eight years ago because he would have been a very, very important addition to the skillset of the Barnett government because certainly it did not appear to grasp very much of this. The point about debt is that it is not the absolute size of the debt; rather, the net-debt-to-revenue ratio is the critical factor. It is our ability to support a level of debt from the revenues that are generated. When we were in government in the early 2000s, a limit of 45 per cent net-debt-to-revenue ratio was set. Every time a minister put up a proposal at the Expenditure Review Committee, the chart would come out and the question would be asked, "Does this take us above 45 per cent?" I do not think we ever crossed 45 per cent. Basically, we hung around 43 per cent. But under the Barnett government, we were operating at 87 per cent net-debt-to-revenue ratio. That, folks, is almost banana republic territory. The challenge is not to get us down to zero debt; rather, it is to do two things—reduce our debt and increase our revenue to increase the level of economic activity and confidence across the state so that we get revenue growth while at the same time we pare back the debt figure. We need to remind people of this because it took the Barnett government a good eight years to totally trash the state's finances and we will not be able to turn that around overnight. We must keep reminding people about the framework of the settings in which we came into government, the degree of mismanagement and why it has landed us in this position. Again, I point to the fact that when members opposite came to government, the debt was \$5.8 billion, around 43 per cent net-debt-to-revenue ratio, and when they left, during time after time of record revenues, the debt had gone from \$5.8 billion to \$33.8 billion. That is pretty extraordinary. It was in the year when forward estimates projected out to over \$40 billion.

Hon Simon O'Brien: What is it due to go to under your previous budget; is it \$47 billion or something, is it?

Hon ALANNAH MacTIERNAN: No; absolutely not. It will go up to around \$42 billion and then it will start to reduce. The key mechanism we have at this time is to contain expenditure and go out and, as I say, develop a level of economic activity so that we can enhance our revenues.

Hon Dr Steve Thomas was a little bit critical of the fact that we have done well getting commonwealth funding. I think that is a tribute to the work we have been able to do with the commonwealth government. It points to one of these really peculiar things that went on in the last eight and a half years when Mr Barnett and the blue team generally were not prepared to engage with the commonwealth. They were not prepared to get in there. I used to see this when I was in the federal Parliament. I would see all the other states constantly making submissions to the federal government, virtually having embassies set up in Canberra, clawing back every dollar. We were hopeless over that period at every level getting commonwealth dollars. In my own area, I see it all the time. We were offered \$1 million a year for five years—a small amount—to run our medfly laboratory. No; they turned it down; they did not want it. They were not prepared to meet. We see in the Grains Research and Development Corporation, our main grain body, how our level of funding has gone down. We contribute 35 per cent and get about 20 per cent back. This is written all across the area. We were not there. When we go to federal forums, we are told that the WA government had not been engaged; it had not been engaged in northern Australia. Look at Bruce Highway and the hundreds and millions of federal government money that is put into northern roads. The vast majority has gone to Queensland and the Northern Territory because we were not in there engaging. We take it as something that we have done. We have been able to go out there and show the Turnbull government that we are a competitor government; we are a force in Western Australia. Many of the seats in the upcoming federal election have become marginal, so we are beginning to get some money. That is a good thing. We should be celebrating that, and we absolutely take credit for that.

I refer to some examples of absurdity. In 2008–09, we could have got \$1 billion to invest in the Pilbara interconnected grid, which would have driven down power prices in the Pilbara, but, no, the former government did not want that;

it wanted Oakajee. That Pilbara program was shelved and the federal government then supported Mr Barnett's claim for Oakajee because there was very little else that he had put on the table. What happened to that \$300 million of federal money? It sat for eight years in an account and was never used, so the development of this state was held up because of the desire for this vanity project, a project that was not ready at that point to go.

Reference was made to Roe 8 and that we would have built Roe 8. What a joke! The former government had eight and a half years to build Roe 8. It was supposedly its dream project, although I note that Hon Dr Steve Thomas referenced Hon Simon O'Brien when he was talking about this. I always remember this beautiful vision captured in 2000 when I think Hon Simon O'Brien said presciently at a rally down at Roe 8 almost 18 years ago that he did not think Roe 8 would ever be built. He turned out to be absolutely correct. We are very pleased that we have been able —

Hon Simon O'Brien: What I actually said was, "You might find it hard to reconcile the presence of a major road with this locality", and that I did not know whether it would ever be built.

Hon ALANNAH MacTIERNAN: He did not know whether it would ever be built. That is perhaps not quite as prescient as I had thought, but, as we know, this is a project that will never be built.

Hon Simon O'Brien: At that stage, we did not know about Roe 5, 6 or 7.

Hon ALANNAH MacTIERNAN: He should have known that because we had made a commitment to it and, of course, we did that. I think we built Roe 4, 5, 6 and 7. We built the first one in less than a year.

Hon Simon O'Brien: You avoided all the wetlands doing it, didn't you?

Hon ALANNAH MacTIERNAN: We certainly avoided any Ramsar-listed wetlands in developing it.

I will take this opportunity to comment a little on the GST debate. Hon Dr Steve Thomas took the view that many of the arguments against the horizontal fiscal imbalance that we believe exists with GST are not well founded economically. He suggested that if we look at the financial assistance grants or various equalisation processes that had been underway since the 1930s, I think he said, we would see that, generally speaking, WA had done pretty well on balance. I disagree with that. Although I understand that horizontal fiscal equalisation has a role to play, I have to say that from what I have seen, I believe that the federal government structures have always been set in such a way that seems to disadvantage Western Australia. As our economic structure is so different from that of the eastern states, the metrics of the eastern states are considered to be the norm—and to the degree that we vary from that, we suffer. Even at the very point of Federation, the mechanism chosen to fund the commonwealth was customs. It did not choose land tax or anything else; it chose customs duty. That in itself was massively disadvantageous to Western Australia because at that stage Western Australia had a relatively large customs base and a very low land tax base because most people were living in tents. The massive influx of people who had come into the goldfields were not people who owned land; they represented such a massive percentage of the population that we had not developed a land tax system. But we had relied on customs as our basic form of economic development—customs in things coming from both overseas and the other colonies. With that being taken away to fund the federal government, that put Western Australia at particular disadvantage in two ways; firstly, we suddenly had a massive drop in revenue and, secondly, we had only just begun to develop our manufacturing sector. We had our gold rushes much later. Our manufacturing sector was just beginning to take off when it was swamped with all these goods from the eastern states where manufacturing sectors had been developing over 50 years.

I could go on chapter and verse but I want to point to another key area in which Western Australia has been disadvantaged. Members may recall that Bob Menzies was always very happy to support BHP, the Big Australian—the major Liberal donor. He did not want WA's iron ore deposits to be developed and exported to the Japanese steelmakers who were BHP's competitors. For over a decade, we were denied the right to export iron ore when we should have been allowed to do it in the postwar period. After the collapse of the terms of trade in the late 1950s and early 1960s, that discrimination against Western Australia's economic development had to go and finally our iron ore industry was allowed to export.

Members should believe me when I say that the more we go into this, the more they will see that there is real substance to the chronic disadvantage that WA has suffered. I will not go into it now, but we should look at the way remoteness is assessed—for instance, how Melbourne is the capital of Tasmania for the purposes of GST, to try to make it more remote in order for more money to be handed out. Adelaide is the capital of the Northern Territory for GST purposes, and the remoteness allowance increases only up to 1 474 kilometres and thereafter, so things do not get more remote or more expensive. In the Western Australian context, being the only state with that level of remoteness, of course it is massively more expensive to service schools, hospitals and police stations in remote communities. We have done very well to get more of those federal dollars. We can take pride in that. It helps us develop this state while at the same time clawing back on the debt and deficit that we have been left with.

Hon Dr Steve Thomas admitted that there was wastage in some royalties for regions programs but that positive things came out of it. We would all agree with that. That is true. This government and local governments will have to deal with these issues in the future. Ratepayers in many of these regional communities will also have to deal with this as they seek to fund buildings or else they will see expensive pieces of infrastructure going to waste.

We are very pleased that we have been able to deliver our election commitments. Hon Laurie Graham, who was at our budget breakfast, and Hon Darren West were very keen to learn of our commitments to Geraldton Hospital, which was a significant development in the budget—a big announcement. We have been trying to manage a pretty difficult portfolio but we are trying to work out how we can deliver those benefits. Funding of \$122.8 million has been allocated across the midwest, including \$73.3 million over the next five years for the redevelopment of Geraldton Hospital.

Our ministers travelled across the state in the post-budget period.

Hon Donna Faragher: Did you go to Moora?

Hon ALANNAH MacTIERNAN: We went to the larger towns. We have not been to Moora but I have a trip booked. My next trip to Moora has been booked. I am very much looking forward to going there.

Hon Donna Faragher: They will be very pleased to see you.

Hon ALANNAH MacTIERNAN: That is good. I am sure that they will be very pleased to welcome me back. I find that all our members who went out were welcome, including Hon Darren West, who went to Northam, and Ben Wyatt, who went up to the Kimberley. I went to the Pilbara and the Gascoyne. I was well received in the Gascoyne; we did not just go to Labor areas. Minister Simone McGurk went down to Bunbury, Bill Johnston went over to Kalgoorlie and Minister Sue Ellery —

Hon Peter Collier: Why are you filibustering?

Hon ALANNAH MacTIERNAN: I am not filibustering. I am making some pretty important comments about our budget and responding to the comments that have been made by Hon Dr Steve Thomas.

Hon Peter Collier: That's what the representative minister does.

The ACTING PRESIDENT (Hon Dr Steve Thomas): Order, members!

Hon ALANNAH MacTIERNAN: Sorry. I am giving my budget speech as I think appropriate.

Hon Peter Collier: That's fine. Don't come to us and ask to get legislation through because it's not going to happen. It's your call.

Hon ALANNAH MacTIERNAN: It is important that we talk about the budget.

Hon Peter Collier: And that's what the representative minister does.

Hon ALANNAH MacTIERNAN: No. Of course we want to talk —

Hon Peter Collier interjected.

Hon ALANNAH MacTIERNAN: I have five more minutes —

Hon Peter Collier interjected.

The ACTING PRESIDENT: Order, members! There has been a trend of interjections across the chamber for the entire part of the budget debate. I think it is time we stopped it. Hon Alannah MacTiernan has the call and she should be heard in silence.

Hon ALANNAH MacTIERNAN: I want to reiterate a couple of points. We are spending \$3.4 billion on regional infrastructure over the next four years. The development of the Western Australian Jobs Act 2017 and our local procurement architecture really means that there is absolute potential to drive diversity within our regional economies and for the investment of that \$3.4 billion to become a massive opportunity for local businesses throughout Western Australia. We will be working very hard once this is all fully established by the key date of September 2018. That expenditure will translate into an enormous fluorescence in local businesses.

Hon Dr Steve Thomas talked a little about hypothecated funds. The concern that was expressed in the Langoulant report was that when we have very large sums of money—in many cases, funds of around \$100 million in each region—there is a need to go out and find things on which to spend it. We have some funds that are not allocated but they are much smaller and much more clearly focused. For example, as the member indicated, the Collie futures fund is absolutely important if we are to develop a transition for the town of Collie out of coal burning into a new future. We are very focused on doing that. It will be a body of work trying to find industries that can be brought in to replace the coal industry. I want to confirm for the member that Busselton airport is fully funded in the budget. A total of \$10 million has been allocated to the regional airports development scheme under

the Department of Transport. The remainder of the funds are in a Western Australian Treasury Corporation account, so they do not appear in the budget.

Again, I want to say that we are very pleased with this budget. Although there is an increase in household fees and charges, they are very modest compared with the increases that we saw when the Barnett government came in. These are probably running at about half of those increases. We are really committed to ensuring that we do not increase the burden on ordinary householders any further than is absolutely necessary and that we absolutely understand that this burden has to be shared by all.

Sitting suspended from 6.00 to 7.30 pm

The ACTING PRESIDENT (Hon Dr Steve Thomas): Honourable members, we are dealing with the Estimates of Revenue and Expenditure—Consolidated Account Estimates 2018–2019, and the question is that the tabled papers be noted.

HON TJORN SIBMA (North Metropolitan) [7.30 pm]: Thank you very much, Mr Acting President, friends, and countrymen.

Hon Alanna Clohesy: And women!

Hon TJORN SIBMA: The plan is working! I hope to make an economically literate contribution to this debate. That is, number one, because of the esteem I have for my colleague Hon Dr Steve Thomas, but also because the issues under consideration are worthy of that level of treatment. I do not intend to launch into any kind of partisan diatribe. I know that will disappoint some members on my own side. Nevertheless, I have demonstrated a tendency to wander into more contentious areas and expressions of view that invite unruly interjections. I hope I do not get there tonight, Mr Acting President, but I may well do.

I commence by saying that if we are to have an economically literate debate about this budget as it has been brought down, or about the economic and financial management of this state more generally, we need to establish the premises upon which we work. I come now to a theme that was touched on in debate in this chamber last Thursday. If we are to make worthy contributions and discharge our responsibility to look after the welfare of the people of this state, we must raise our discourse to a certain standard. We can achieve that standard only if we first agree on certain elementary facts. The first fact on which we must agree is the size of state debt. It has come to my attention in the four or five weeks during which this house has been sitting this year that a certain form of words or a certain view has been expressed by government members that purports that state debt is equivalent to \$40 billion—or, to use the phrase used by the government, forty thousand million dollars, because that makes the debt sound a lot bigger than it does by saying \$40 billion.

I want to put members' minds at ease. I do not disagree with the proposition that debt is an issue. Debt is a massively large issue. However, we must first agree on the size of the debt. I refer members to page 5 of budget paper No 3, *Economic and Fiscal Outlook*, and the table headed "Key Budget Aggregates". That shows that for the financial year 2016–17, total public sector net debt as at 30 June was \$31.964 billion. That is a large number, but it is significantly short of the \$40 billion that members opposite would have us believe was their inheritance. That is clearly not the case. That is not a trivial distinction to make, because \$8 billion to \$9 billion between friends is a significant amount of money. I will agree that since this government brought down its first budget seven or eight months ago, debt forecasts have come down across the forward estimates. However, it is not true to say that this government inherited a \$40 billion debt. This is not a trivial point. This is a fundamental point. If we are to engage in an across-the-aisle or bipartisan demonstration of fiscal responsibility, which is what the government invited us to engage upon when it brought down its first budget, we first must agree on the problem. I agree that the debt that the government inherited was \$31.9 billion, not \$40 billion. I do not want to hear \$40 billion again.

Hon Peter Collier: Or forty thousand million dollars.

Hon TJORN SIBMA: Or forty thousand million dollars, or anything that comes in a press release or set of talking points from the Politburo head command.

Hon Aaron Stonehouse interjected.

Hon TJORN SIBMA: We may well do, but that does everybody here a disservice.

I will return later to action on debt, or lack of action on debt, which is more to the point. I thought I would commence my contribution by underscoring the need to agree on facts. If we cannot agree on facts, we will perpetuate problems and exacerbate structural imbalances within the state's finances well beyond what I hope is the long, happy, productive and successful tenure of my friend Hon Aaron Stonehouse. I am less sanguine about our capacity to pay down that debt, even at the rate identified by Hon Dr Steve Thomas in his contribution earlier.

I also want to put on record my disagreement with the contention that this is a boring budget. This budget might not pass the whistle test that the screenwriters for *Utopia* would hope for. Nevertheless, there are pockets of interest in this budget, and we will be able to interrogate those only through the budget estimates process. I disagree with

the government view and with the uniform media analysis that this is a boring budget and there is nothing to see here. I think there is a bit to see here and there is a bit more to look for. I will identify what I mean by “a bit more to look for”. The exchange between Hon Alannah MacTiernan and Hon Dr Steve Thomas around funding for Busselton airport is an illustration that not everything we might look for and not all the information we might search for in a budget is necessarily presented in a manner that is easy to obtain. We need to engage in a bit of legwork or sleuth work.

Hon Alannah MacTiernan: That is partly because of what you did with the WATC accounts. That was part of the problem.

Hon TJORN SIBMA: That may well be the case, but, nevertheless, member, I would say that the standard of transparency, accountability and openness is somewhat undermined by the way in which the figures are presented in the budget. That is not a partisan observation. I think this is a problem with the way that the Treasury papers have been presented time immemorial. I want to take up a suggestion that Hon Dr Steve Thomas made in his contribution to the last budget that would get us having an informed economic debate. This is not a complaint about the kinds of resourcing that we struggle with or labour against because we are on the opposition benches. I think debate about the budget—debate about the financial and economic management of this state more generally—would be improved if a simple courtesy was extended to the opposition, the crossbench or indeed any member of Parliament on the day the budget is brought down. That would be to invite people into the budget lock-up process, because otherwise members are madly scrambling through what is an extensive range of material. There is every chance we might get it wrong, but that is the risk we take. I do not think it would be an overextension of courtesy; I do not think it is a courtesy that would be abused. I think the government might consider that suggestion for when it might find itself in opposition. But if we hold true to the proposition that we are here to actually engage in somewhat informed debate, let us allow everybody to be informed. I think that worthy suggestion is worth returning to, and observations on the presentation of the material in the budget papers is something that I will have occasion to speak to very briefly when we talk about consideration of committee reports because I want to highlight that some very meaningful, constructive observations on the budget estimates process were made by the Standing Committee on Estimates and Financial Operations last year.

I return to my core thesis. This is not a boring budget. It is not. It is not boring because of some of the assumptions made and targets set. A target that has been set that I want to draw members’ attention to—I think this will be referred to in the addresses and contributions made by members opposite—is a commitment to a 0.9 per cent expense growth for 2018–19. The quote from the budget speech is —

Over the whole of 2018–19 we expect expense growth to be constrained to just 0.9 percent.

A reference is later made that that is probably the most constrained expense growth target that any Western Australian government has set itself in the last 20 years. I make two remarks in respect of that target. Firstly, with the greatest possible respect to Hon Alannah MacTiernan, I do not think plaudits are deserved for setting the target; the plaudits should be reserved for the achievement of that target.

Hon Alannah MacTiernan: The achievement over the last year is significant. The achievement over the last year has clawed it back.

Hon TJORN SIBMA: Clawed it back.

Hon Alannah MacTiernan: Yes.

Hon TJORN SIBMA: It is worth, however, examining that 0.9 per cent expense growth target and how it may be delivered: what trade-offs were made to set it? I am also somewhat concerned for the Treasurer, Mr Wyatt, who I think explained in a doorstep last week that setting that target almost killed him. I worry for the welfare of the member for Victoria Park if setting a target nearly killed him. Achieving that target, I think, will be the real test. I hope he is here to deliver the budget next year; I wish him the best.

Hon Alannah MacTiernan: Setting a target means you have to actually claw back all the authorised expenditure. So the target is not just saying it; it is actually clawing back all the approved expenditures. I can tell you it is a brutal process.

Hon TJORN SIBMA: I look forward to the memoirs, member, from the Expenditure Review Committee process. I think that would be a riveting read. I have no doubt that a very heroic target has been established, but it is not in the establishment of these targets; it is for their reaching and discharging that we should reserve our plaudits and congratulations. We might inquire through the estimates period how that figure was arrived at and the conditions that will have to apply to meet it. I think the transference of the National Disability Insurance Scheme book to the commonwealth has probably contributed significantly to at least setting that as a somewhat realistic target. Nevertheless, I think he will struggle.

Talking of heroism of efforts and the midnight oil burned in delivering what I disagree is a boring budget, but which most agree is a somewhat responsible budget, how much of the acclaim should be attributed to the government's cognition or financial discipline being applied by the ERC and by the Treasurer across the ministry? It is my view that this budget identifies that the majority of the heavy lifting has been placed on at least three sectors. The first is on the commonwealth government, the second is on our mineral and petroleum producers, the third is on government trading enterprises, and the fourth is at the level of households.

I will start with households. When I talk about the increases to fees and charges borne by households—about the increases to the cost of living—I think it worthwhile to establish the present context that households find themselves in. We have most recently experienced our highest recorded level of unemployment in 16 years, at 6.9 per cent. Nearly 100 000 people in Western Australia are looking for work; I think it is closer to 98 300, but it is a significant number. Today I had my attention drawn to a study by the Australian Financial Security Authority that advised a 16 per cent increase in bankruptcies in Western Australia; in fact, 545 bankruptcies were recorded in the first quarter of this year in Western Australia, which I understand to be the highest recorded number since 2003. We know the property market is flat. We know that retail confidence is low. We also know that approximately 70 000 households in Western Australia currently have zero or negative equity in their mortgage. They have lost the value of their house. This is the context in which household fees and charges are being significantly increased. On this score, the past is somewhat prologue. The half-time siren has sounded. This is the second of the four budgets that this government will deliver. It has been a very quick first half; it will be a longer second half. But I want to place into context the increases to household fees and charges announced last Thursday, and compare them with the ones announced when the government brought down its first budget on 7 September 2017. In that budget, the representative household fees and charges increased by about 7.7 per cent or around \$438 a year. To recap, that included an increased \$169 fixed charge to power bills, which was nearly 10.9 per cent; a six per cent increase in water, sewerage and drainage fees; and a 1.8 per cent increase in public transport. Vehicle licences went up by 5.5 per cent, motor injury insurance went up by 2.8 per cent and drivers' licences increased by 1.7 per cent.

Hon Alannah MacTiernan: Very modest compared with your increases when you were in government.

Hon TJORN SIBMA: I will take that interjection because I had somewhat anticipated it. I think the member might be right. However, context is important.

Hon Alannah MacTiernan interjected.

Hon TJORN SIBMA: Try as I might, I can only deal with this member one interjection at a time. I will get to the first interjection first and may make it to the latter one throughout the rest of my address.

I want to talk about the comparison of the increases in household fees and charges because I think the member has raised an important point that is worth giving some consideration to. As I recall, the Barnett government significantly increased power charges in its first two or three budgets, but that was on the back of 13 years of systemic price deflation. Labor had pushed down power prices artificially.

Hon Alannah MacTiernan: Why?

Hon TJORN SIBMA: This might go back into the early Palaeolithic period when I was not in the chamber.

Several members interjected.

The ACTING PRESIDENT (Hon Dr Steve Thomas): Order, members! Hon Tjorn Sibma, the problem is that if you invite interjections, you may receive interjections. The difficulty for the Chair is that all interjections are unparliamentary. I suggest that you refrain from inviting interjections. We might be able to proceed with the debate.

Hon TJORN SIBMA: Thank you, Mr Acting President. That is sound guidance, as always.

Before I was interjected upon when responding to the first or second interjection, I wanted to say that a Labor government was in power for nearly eight years and did nothing to remediate the structural imbalance in the cost profile of energy generation and the tariffs that were charged. The Barnett government was required to play catch-up pretty speedily and it was done with an understanding of the pain caused at the level of the household budget. The economic experience at the household level in 2008, 2009 and 2010 was significantly more positive. That is the fundamental difference. What is being proposed here, particularly as it applies to the more than 100 000 people who are public servants —

Hon Alannah MacTiernan: When did the GFC strike?

Hon TJORN SIBMA: In 2008. The member will understand that the —

Hon Alannah MacTiernan interjected.

Hon TJORN SIBMA: Mr Acting President, I have tried to be accommodating.

Hon Alannah MacTiernan: That's right. But you don't like the answer!

Hon TJORN SIBMA: No, I think the member has the wrong end of the stick.

The ACTING PRESIDENT: Order, members! I return to my original point. If you invite interjections, you may well receive interjections, and all interjections are disorderly. I think we will proceed without interjections and without the honourable member inviting them.

Hon TJORN SIBMA: Thank you, Mr Acting President. I will do my level best to restrain myself from doing anything that might otherwise invite that kind of interjection.

I want to put on record that we saw significant real household income growth during that period when power prices were increasing. We are experiencing the opposite scenario now. Might I also say that those increases were to address a structural imbalance and were playing catch-up to achieve full cost recovery. The government now proposes to go to full cost recovery and beyond and that can be rendered legitimate. I have a serious problem with that, which I will address later.

Past is prologue. The budget delivered seven or eight months ago delivered increases to household fees and charges of around \$440. The budget delivered last Thursday was another slug to the household budget. Another seven per cent has been added to power prices. When added to the increase brought down in September and looking across the estimates, someone in July 2022 will be paying power bills that are nearly 25 per cent higher than this time last year. That is a significant increase, which takes us to cost reflectivity and well beyond, potentially into the territory of price gouging. Another 5.5 per cent has been added to water charges. Across the forward estimates, water charges will increase by a cumulative 13.6 per cent. But when last year's six per cent rise is factored in, in 2022, households will pay 20.4 per cent more for water than in July last year. This demonstrates that the force of compound interest is probably the strongest force in the entire universe. It is not just individual charges added up. When compounded together, they take a significant chunk out of a person's discretionary income. Water charges have been a topic of some interest to many members. I will pick up where Hon Dr Steve Thomas left off regarding water charges. I will quote from the Economic Regulation Authority document, "The efficient costs and tariffs of the Water Corporation, Aqwest and Busselton Water: Final Report", released on 10 November 2017. On gouging, page XVI states —

The total revenue expected to be collected by the Water Corporation in 2018–19 from metropolitan customers ... plus revenues received through State Government subsidies to cover concessions ... exceeds the ERA's estimated efficient cost of supply by \$338.4 million. This is 26 per cent more than the efficient cost of supply in the Perth area ... This overall outcome masks considerable revenue variation in the three supply sectors:

- For water services, Perth customers would be charged \$30.4 million less than the ERA's estimated efficient cost of supply.
- For wastewater services, —

This is where it gets interesting —

Perth customers would be charged \$365.2 million more than the ERA's estimated efficient cost of supply.

That is a significant gouge. This was a pretty significant report. When the Standing Committee on Estimates and Financial Operations was playing catch-up with last year's budget cycle and had its annual report hearings earlier this year, this topic was addressed in the hearing with the Water Corporation. I will quote from the hearing's transcript an exchange between Hon Dr Steve Thomas, again mentioned in dispatches, and Ms Sue Murphy, the CEO of the Water Corporation. I will try to abbreviate it; we get to a point at which Hon Dr Steve Thomas puts —

... I note with interest that the Economic Regulation Authority released a report that said that the Water Corporation is in fact undercharging on water distribution ... but significantly overcharging on wastewater. Does the corporation have a position or a public statement in that regard?

Ms Murphy was asked whether she agrees with that assessment, because it was a pretty withering assessment. She states —

No, we do not set our price; the government sets our price. The government of the day decides what our tariff structure is. We always respect the government of the day to set that price. We do have a model and the ERA has a model. We do not totally agree with the ERA model but the gist is correct.

I repeat: "The gist is correct." People are being overcharged.

That was a pretty significant piece of testimony in an area of public policy but the real interest came about a month later. On 13 March, the Premier was quoted in an article by Daniel Mercer in *The West Australian* titled, “Water Corporation customers being milked to fix the State Budget.” I quote —

A few weeks ago, Premier Mark McGowan made a curious, albeit tacit, admission.

When asked whether Perth households were paying too much for water, McGowan, as he often does, answered as if a different question had been posed.

I have never had that experience! It continues —

“The Water Corporation provides support to the State and that support goes into providing hospitals, schools, police, roads, environmental protection,” McGowan said.

“It’s one of the important sources of income for the State and whilst, of course, I’d like everyone to pay a lot less for water, without that money we can’t provide those services.

“You need to get revenue from somewhere.

“So if we don’t get that revenue from government trading enterprises, we need to get it from taxes, we need to get it from fees and charges and the like.”

I thought that was a pretty extraordinary contribution.

Hon Alannah MacTiernan: I think it does answer the question pretty directly.

Hon TJORN SIBMA: If only that were entirely true and if only the justification for that position had been entirely consistent because increases to household fees and charges, as it was put in last year’s budget, was a contribution to everyone doing the heavy lifting. This foreshadows that these things are also being increased to pay for other government services. It is not about budget relief, but could be for something else—possibly to pay for election commitments. I do not want to be cynical but, very possibly, that is true.

Hon Dr Steve Thomas: There has been a lot of cynicism out today.

Hon TJORN SIBMA: There is; it is a “bring out your dead!” kind of contribution. I will get rid of all my cynicism.

I also want to talk about the harnessing of government trading enterprise dividends as a means to prop up the budget. I refer to budget paper No 2, volume 1, page 143. This is where we start; between the 2016–17 and 2017–18 budgets when the Labor Party transitioned from opposition into government, dividend payouts doubled from \$838 million to close to \$1.7 billion. The dividend from Western Power quadrupled from \$102 million to \$418 million. Across the forward estimates, this budget will see the government extract \$5.2 billion from government trading enterprises. The Water Corporation alone will be milked for \$2.8 billion over the period, contributing nearly 54 per cent of all dividend payments, up to and including the financial year 2021–22. It is clear that the Water Corporation is seen as the cash cow—the enterprise where the government goes to prop up its budget. It is also worth referring to the Water Corporation’s annual report for 2016–17. Page 58 of the annual report shows that the Water Corporation records its net asset position of \$10.457 billion, which in part was made up of an accumulated surplus of nearly \$3 billion. Cash receipts from customers in 2016–17 totalled \$1.78 billion and the figures were similar the year before, so that number will only increase. After accounting for expenses, the Water Corporation recorded an operating surplus of \$1.173 billion. That was reduced by virtue of the dividend it was hit up for by the government.

Governments have always used GTEs in this way but the trend that was established last year was effectively to increase the payout ratio in GTEs up from around 65 cents in the dollar universally to almost 75c across the board. The Water Corp was the one exception, which I think is moving in the direction of 85 cents in the dollar. The government determined an organisation with a healthy cash flow is the place to go to if an operating deficit needs to be remediated in any year. Why am I banging on about this? In part, it is because of the public policy announcement that I think started in *The Sunday Times* not last Sunday, but the Sunday before. It targeted “water guzzlers” for a stepped change in charge rates depending on usage. On the following Monday or Tuesday, I heard the Minister for Water, Hon Dave Kelly, being interviewed by Gareth Parker. A number of justifications were proffered in that interview, which I found interesting, but it seemed as though the government was fishing for a justification. One was that a clamp needed to be put on demand. The second was that there is an annoying group of people that use too much water. Thirdly, it was put that the government needed to kick down the road, far beyond the forward estimates, the need to build, maintain and operate a new desalination plant. If we look at the Water Corporation’s books, they show construction of an entire desalination plant could very easily be funded out of its operating surplus sans a government dividend. It has the capacity to do it. It can fund infrastructure at that scale and level of sophistication out of cash. I do not think it is a plausible argument to say that the government is looking at the revised pricing scheme because it needs to defer capital expenditure. If the government was committed to that capital expenditure, it could do it.

I am a little sceptical of the utilisation of a household budget. I do not know what that model is and I might interrogate Treasury when they come to this place. Household fees and charges are referred to at appendix 8 on page 259 of budget paper No 3. There is some explanation about the parameters of what an average household is. Note (d) states that the average water consumption is modelled on 240 kilolitres in the present household model. I do not know whether that is a good model and I do not know whether that is a baseline. Setting averages like this is a very blunt instrument. I make the point that a number of people, try as they might, will not be able to reduce their consumption of water. As a Liberal person, I believe in the concept of user pays, so if I use more, yes, ipso facto, I should probably pay a bit more, but the implementation of these kinds of instruments can be blunt and entirely insensitive.

With some indulgence, I will talk about my own household water consumption. Before we had our first child, I might have run our washing machine two or three times on the weekend. It was my wife and I, and it was normally our work clothes and that was it. Once a new baby was in the house, we were probably doing our weekly wash seven times over. This is with just one infant. With two or three children in the household, washing clothes, doing dishes —

Hon Dr Steve Thomas: How do you get children to do dishes?

Hon TJORN SIBMA: Now the member is interjecting on me, despite ruling against such things!

Hon Dr Steve Thomas: I am not in the chair anymore.

Hon TJORN SIBMA: The point is this: there is very limited scope for a reduction in consumption across the majority of households, at least in metropolitan Western Australia. Policy settings like this look very good when taken as a one-pager to the Economic Regulation Authority and look defensible when taken to cabinet, but this is the kind of thing that fails the real-world test. We are not devising budgets or debating budgets in a vacuum. These are not hypothetical scenarios; it is not abstract. We are actually talking about the implications on the lives of working men and women, families and, dare I say it, the forgotten people of this budget—Western Australian seniors. We are putting up these fees and charges and being insensitive in the design of these instruments to their application at a time when there is negative or very low and, in some areas, negative wage growth. This is not a boring budget; this is a budget that lets those people down. This lets down just about every family in this state.

When we add the increases in fees and charges—even if we apply this universal average household model, which I am sure will be anything but—to what the government did in September and what it did last week, people are now \$740 out of pocket. It will get worse. It will deteriorate because the government fails to use its enormous political majority in the other place to any real effect. I think this is the subtext of this budget. It is not boring; I think it is cowardly and kicks the can down the road, especially as it relates to debt and especially as it relates to the potential sale of assets that, I am sorry, just need to be sold.

When the last budget was delivered, it was delivered on the same day that I think Hon Stephen Dawson tabled a ministerial statement from the Minister for Racing and Gaming, who is in the other place, on the sale of the TAB. I got a bit excited because I thought that within the next two hours the government was going to announce something on the sale of the TAB. Instead, it announced that it was going to engage in more consultation, which is fair enough—it is not always something it does well—but there would be an end to it. Again, I was disappointed last week that we are still in the status quo. I quote from the budget speech —

Mr Speaker, while this Government does not see asset sales as a solution to the fiscal problems we have inherited, we do wish to end the uncertainty which has frustrated the racing industry over the future of the TAB.

...

I am happy to report that consultation is proceeding well and I am confident that we will agree a path forward for the future of the TAB later this year.

In between that, there was a criticism—not a veiled criticism, but a direct criticism—of how the previous government handled this issue. Effectively, this government has had exactly the same period to come to a determination on this matter as the previous government had, and it still has not made a decision.

In the time available I might look ahead at a couple of portfolio issues. I will foreshadow what I will be inquiring into during the budget estimates period. The construction of these super-agencies by virtue of the machinery-of-government changes has not, at least on paper, proved its worth. The value of those changes has not been demonstrated. Nowhere in those pages have I seen—albeit in the limited time I have had available—the government trumpeting the realised savings of making those changes, the efficiencies obtained, the potential increases in service provision, improvements in the value for money, and the appropriations that are attached to each of those individual service lines. I am relying somewhat on my dim recollection of what was in the Department of Communities' budget last year, but I do seem to recollect effectively \$30 million being provided to

that agency to assist it in the agglomeration of all its new constituent bits to make them work together. I assume that a lot of that was the back-office stuff. When we head into estimates, we might get the chance to ask the Department of Communities some questions about how it is going. I will be interested to know where the value for money has been obtained, what efficiencies have been achieved and what improved services have been rendered to the people of this state. When I look through the nearly 30 pages of budget statements related to the Department of Communities, I find scarce mention of probably the largest minority group in this state—our seniors. There is very little mention. I find that exceptionally disappointing. I understand that social issues wax and wane and that resources are allocated as they are needed, but there is a significant range of missed opportunities occurring in that department and under that portfolio.

I might jump to the public sector more broadly. Unsurprisingly, by virtue of the answers that were provided at last year's budget estimates and to follow-up questions, the target for voluntary severances has not yet been achieved but the government is on the path to achieving them. It is difficult to find, and I will take people's advice about where I should look in the budget papers, but which individual agencies have coughed up what FTEs? I am really interested to know which agencies have done the heavy lifting and more to the point, which have met their targets. I know that targets were set because the Treasurer wrote to respective ministers late last year setting these targets. When we inquired into what those targets might be, we got crickets in response, which I can somewhat understand.

Another issue I spoke about during budget estimates last year was the scale of current liabilities around employee provisions recorded in each department's balance sheet. Basically, how many people in departments are banking how much leave? A quickfire back-of-the-envelope calculation last year was about \$2 billion in annual leave liabilities sitting on the books. That appeared to be significantly more than we would expect if every employee in that department had just had recorded their four-week annual leave liability. I think a significant amount of leave banking has been allowed to go on in the public sector. This happened under the Barnett government and it happened under the Carpenter government, but it is something we need to seriously address. I read with some surprise and interest that on 9 April the Premier announced a policy to look at capping accumulated leave to something like eight weeks. If a person does not take it in two years, they either take it or do not get anymore. I am interested to see how that policy will be applied. If previous form is anything to go by, I seriously have my doubts, but I wish him well and I will do everything I can to support it.

Nowhere in these documents will we find a department for accountability or a portfolio for accountability, transparency and openness or anything of the like, and that has always been the case. But it is always instructive to look into those kinds of integrity agencies and evaluate whether those agencies are appropriately resourced. My strong view is that they are not being resourced. I will draw reference to the Office of the Information Commissioner, which appears in volume 1 of budget paper No 2. It is notable for an omission, and not every agency or sub-agency does this, but a lot take the opportunity, certainly the bigger agencies, to outline key issues facing the agency to give some foreshadowing of issues that they are dealing with in the present financial year and might have to deal with in future financial years. When that does not appear in the budget papers, one might form the view that there are no significant issues facing an agency, but that is a dangerous assumption to make. One of the key services and key efficiency indicators of the Office of the Information Commissioner is the resolution of complaints. Often these complaints are about an applicant seeking an external review of a decision not to grant documents under the Freedom of Information Act 1992. Going through the freedom of information process, information will be withheld or redacted in some way. If a person is unsatisfied, they can apply to the commissioner for a review in the hope that possibly they will get the information they seek. I bring this issue up because last week I received a letter from the Office of the Information Commissioner in respect of a complaint that I had lodged about an FOI. That FOI was to deal with interactions between the Premier's office and the last member for Darling Range. That is not really the issue. The issue was in the response I got back, which was, "Yes, I am looking into this; however, due to an increase in volume and a lack of resources, we effectively cannot commit to any tight time frame for when you might expect an answer back." If a person is reasonable they think, "Well, that happens from time to time. You have many peaks and troughs in workflow through any organisation through any sub-department or unit."

Hon Sue Ellery: Did he tell you where the peak in applications was coming from?

Hon TJORN SIBMA: I can make some assumptions, member, but we should also apply the Japanese five questions approach, which is to ask a question before that: why would any member want to apply for a freedom of information application?

Hon Sue Ellery: Are you aware that in the opposition there was an FOI from a member who looked a lot like you, and an application from the Leader of the Opposition's office about exactly the same things, and when the relevant agency tried to say to the LOOP office, "We need to tell the other person", the LOOP office told them that they did not know you had made an application, so I think there was perhaps a breakdown in communication.

Hon TJORN SIBMA: I think that is a fair point. It gets to the appetite for curiosity. That issue was resolved within two hours. That was done and I am conscious of the demands on people's time. I think the issue is that when people find they have no other recourse to information because they possibly, with the greatest of all possible respect, Leader of the House, do not necessarily get answers to their questions, which really look like answers —

Hon Sue Ellery: That would be true if all the FOI requests were perfectly reasonable in the kind of public debate or related to questions that had been attempted to be asked and not get answers. But some of the FOI requests are extraordinary.

Hon TJORN SIBMA: I would put it to the Leader of the House that that has probably always been the case.

Hon Sue Ellery: A higher number, a peak number of applications.

Hon TJORN SIBMA: It is very interesting that we should talk about peak, because today I lodged a question without notice, of which some notice was given, through Hon Sue Ellery to the Attorney General that asked exactly that question, because I want to try to be helpful and understand the volume pressure. Is there something reasonable that can be done? If I have any tickets on myself, and I do find that I am the embodiment of sweet reasonableness every now and again, I am here to be helpful; I truly am. But that question could not be answered today for the reason that was put to my office. I do not mean to put words into people's mouths, but an appropriately senior person within the commission could not sign off on it. That to me reveals a very small agency, perhaps one which is not being adequately resourced, if the government is going to walk the talk on openness, accountability and transparency.

Hon Sue Ellery: Or perhaps an extraordinarily high number. I will come back to you on that very issue.

Hon TJORN SIBMA: I look forward to that answer; I truly do. But it does illustrate the point that we can only operate an open accessible transparent polity if the independent office charged with discharging those responsibilities is appropriately resourced. I would expect, member, that the sins with regard to that could probably be equally worn. But I bring it up because this Premier, probably more than any other Premier whom I can recall, made a very strong claim on the day that he was sworn in that it was his hope that he would run a gold-standard accountability government—open, transparent and accountable. One can only claim that if the rest of the architecture supports it. I would think, too, if we look at this as a production line of information requests, that possibly if more constructive, factual, timely answers are provided to questions in this house, and perhaps in the other house and to questions on notice, the poor people who labour with eight FTEs, as identified in these budget papers, at the Office of the Information Commissioner could probably experience a relief in volume work pressure. That exchange was fun. It sort of went into territory that I was not necessarily anticipating, but I hope that we are somewhat the better for it.

I want to round out on an area of structural concern. It is not about political pointscoring. Before the member came in, I conceded that the debt challenge presented to the government when it came to power was exceptionally large. I admit that, but I also caution that we need to be singing from the same song sheet on the size of that debt. I believe that the government needs to concede that, on its own projections, it has added \$8 billion into the estimates compared with the level that it inherited. It has gone from \$32 billion, which was the inheritance, to beyond \$40 billion over the estimates. That \$8 billion was not a legacy of the previous government. That \$8 billion is a consequence of the decisions the government has made.

In the less than half a minute left, I express my concern about the liability that rests beyond the estimates period, particularly as it relates to Metronet. We have absolutely no idea what level of operating subsidy will be required to operate the Metronet system once the three major expansion lines have occurred. That is a considerable liability that I am sure gives Treasury sleepless nights.

Debate adjourned, on motion by **Hon Martin Pritchard**.