REVENUE LAWS AMENDMENT BILL 2014

Second Reading

Resumed from 24 June.

HON LJILJANNA RAVLICH (North Metropolitan) [3.17 pm]: I welcome the opportunity to continue my remarks on the Revenue Laws Amendment Bill 2013. I finished off yesterday by making comment in relation to the spending risks that pose a challenge to this government. I want to put on record some of those spending risks, because it is very important in the context of the bill we have before us that we understand that if we did not have total government incompetence, we would not have to deal with the Revenue Laws Amendment Bill that imposes a tax impost on first home buyers and landholders of taxable properties. The statement of risk that I started commenting on really highlights the absolute incompetence of the government when it comes to its financial management. It also highlights, in my view, the wide range of risks faced by this government in trying to get its finances right. Yesterday I briefly mentioned the asset investment program. It also, obviously, has risk associated with its fiscal action plan in terms of, particularly, consumer price index growth limitations on public sector workers, which is intended to be 2.5 per cent. The government is also facing risks in terms of agencies trying to manage the CPI cap on salaries and expenditure imposed by the government in the 2013-14 budget. Today we had health workers rallying for fair pay rises; they do not want to be subject to that 2.5 per cent cap. It is a huge, huge challenge for the government because enterprise bargaining agreements are expiring, new EBAs will be entered into, and there is no doubt that there will be enormous pressure on the government to do better by public sector workers than 2.5 per cent. It should do better; had the government managed the finances of the state properly, it would have been in a position to do so. But the total lack of incompetence that has led to these risks has led to health workers having to suffer, has led to first home buyers having to suffer, has led to people with taxable properties having to suffer and has led to all manner of people within the community having to suffer. That is a direct result of the absolute mismanagement by this government of the finances of the state. Other risks are population growth and economic expansion. There is no doubt that the population of Perth is increasing. We only need to try to do a right-hand turn at a traffic light, and wait there and wait there and wait there, and then have to cut through the red light in order to get to where we are going, and we only need to look at what is happening with the rat runs through the suburbs, to see the pressure that is being placed on the main arterial roads in Perth.

Leave liability is another major challenge. There are all sorts of issues and threats to the budget in the education portfolio. There are also challenges in the health portfolio. The Fiona Stanley Hospital project has been an absolute disaster in terms of the waste of public sector funds. The original approved budget for this project was some $420 million. The expected final cost of this project is $1.7198 billion. Truly! What sort of absolute incompetence is that! I understand that there has been some redefinition of the scope of that project. But that accounts for only a portion of that phenomenal escalation in costs. Much of that cost is associated with the total mismanagement of this project by the state government. In fact, in 2012 the Auditor General looked at the estimated total cost of 20 major projects in Western Australia. He states in his report that the total cost was $6.157 billion. That was $3.275 billion more than the original approved budget for those projects, or more than double the projected cost of those 20 projects.

It is simply not good enough for the government to be so inept when it comes to managing taxpayers' money. It is simply not good enough for the government to be so incompetent and expect the taxpayers to pick up the pieces. The mums and dads in this state have had quite enough. What we have before us today is yet another amendment bill that is about getting, in this case, first home buyers, and people who own taxable properties, to pick up the pieces.

The point I am making is that if these spending risks are not addressed, they will result in hundreds and hundreds of millions of dollars of additional moneys that will need to be found. Remember, on top of all this we have 63 national partnership agreements with the commonwealth that are due to expire. There is no word on which of those 63 agreements will be re-entered into by the commonwealth government. The commonwealth government has got its own problems, and no doubt that will affect not only those 63 national partnership agreements but also all manner of moneys that in the past have come from the commonwealth to the state, whether it be in the form of GST revenue or through other programs for which the state government receives commonwealth government funding.

The uncertainty surrounding all these matters highlights to me a major challenge for the government. If these risks cannot be managed—particularly the risks that are identified in budget paper No 3—what we see in this Revenue Laws Amendment Bill will be just the tip of the iceberg, because we will see other legislation come into this place in the future that will be directed at increasing taxes across a whole range of areas. The only way in which this government can deal with its incompetence and the mess it has created is by bringing in a revenue bill that will impose increased taxes and charges on Western Australian taxpayers and households. That is the solution as the government sees it. The government never makes any attempt to fix anything. All it wants to do is get other people to pick up the pieces to cover for its incompetence.

In my view, this is really bad legislation. However, we are going to support it, because at the end of the day we have to support it. We do not want to be seen to be uncooperative with the government.

Hon Stephen Dawson: We always try to be cooperative, don't we?

Hon LJILJANNA RAVLICH: We always try to be cooperative! Absolutely spot on, Hon Stephen Dawson! He has not been here long, but he has picked up very, very quickly has our honourable member. He goes to the top of the class does Hon Steve Dawson.

The minister in his second reading speech on the Revenue Laws Amendment Bill states that these new measures build on the fiscal action plan as announced in the 2013-14 state budget and will allow additional spending to be directed towards front-line services, including health, education, disabilities and child protection services. Unfortunately, the only way in which the government can now fund additional spending is to find new revenue measures, whether that be through borrowings, sale of public assets or raising taxes, or any number of combinations of those. The minister in this second reading speech claims that these revenue laws amendments are necessary and are in response to three key factors. The first is the higher demand for services due to population increases. The point I would make in relation to that is that the government knew this. The government knew that the population was increasing, because it was the architect of the increase. So how could the government not know about that, and how could it not do anything about that? That population increase was part of the Barnett government's skilled migration strategy, which the Minister for Training at the time, who now happens to be the Leader of the House, told us about. The minister told us about the government's skilled migration strategy in this place time and again. I know that, because I was the shadow opposition spokesperson for training at the time, and the minister would get up in this place and puff himself up and proceed to tell that by 2015, we will have another 150 000 extra workers come to Western Australia, because the place is thriving. Yes, the place was thriving. It was booming. Of course those 150 000 additional workers had children and they had wives, and they all needed to be accommodated.

Hon Nick Goiran: And husbands.

Hon LJILJANNA RAVLICH: Yes. He also went to Ireland and rounded up people who then came here, but was any consideration given to the fact that these 150 000 extra people, and there might have been others, would need to be accommodated, which would result in pressure on schools, the health system, the transport system and all manner of things? That is a bad reason given by the architect of this legislation as to why this bill should be supported. My argument is that the government should have known that there would be a population increase that would cause pressure on the resources on account of the fact that it was the architect of the policy. The point is that the government sat and sat on its hands and did nothing about it. The Leader of the House did nothing about it, and so we have a problem. Because government members did nothing about it, we now have to increase taxes.

The second reason the government has given for having this amendment bill is that the weaker than expected revenues are not keeping pace with the increasing cost of providing those services. Historically the government knows that the cost of providing services in the state does not go down but tends to increase. Wages increase, which is a huge component, the input on the provision of any services increases, and of course there are all sorts of other add-on services. The government could hardly say that the weaker than expected revenues and more pressure on services due to population growth was unforeseen. The government foresaw this and what happened? Nothing. Why? Because the government sat on its hands.

Finally, the third reason the government gives for having this legislation is that the amendments are necessary because of a lower share of goods and services tax revenue. Once again, this definitely could not have been unforeseen because, quite frankly, when government members sat on opposition benches they kept going on and on about the fact and argued that there was not much of a problem. However, when they came into government they quickly realised there was an issue in terms of a lower GST revenue share for Western Australia. That GST agreement was signed by a Liberal Premier and everybody has heard repeatedly year in, year out since it was signed that it is disadvantageous to Western Australia and that we get proportionately less than what we put in and we cross-subsidise the other states; there is nothing new about this issue. Once again, the government could have foreseen this problem. This issue is not unforeseen; the government should have known these things. This is an unstable, incompetent, and fiscally irresponsible government that accepts no responsibility for the mess that it creates. It does not care about the burden of this mess on WA families.

Most people acknowledge that Western Australia is experiencing a challenging fiscal environment due to an expanding population, which puts upward demand on key government services, and softer employment and wages growth, which results in weaker growth in taxation collections, particularly in payroll tax. This is due in part to the fact that business investment is continuing to moderate and expected to be around about only

2.75 per cent in 2014–15, and also due to the state's share of national GST revenue continuing to decline. All these factors have some validity and people accept that these are partial causes of our challenging fiscal environment. However, they want signs from this government that it is trying to address these challenges, but that is not what they are getting. It seems that this government has made no attempt to get to the heart of the problem. Although the public will accept all this, it will not accept that none of this was unforeseen by this government. The public should not be asked to accept that because it is not true. This government chose to close its eyes and not see the mess that it was creating with the economy and the mess it made of the state's finances through total incompetence. In 2008 the Barnett government inherited a $3.8 billion debt from the Carpenter Labor government and it is now on track to blow that debt out to nearly $30 billion over the forward estimates. How on earth could that be? It can only be through mismanagement. The public now knows that the government lacks leadership when it comes to financial management of the state and it has taken state finances backward. A part of the problem is that we have had seven Treasurers in six years —

Hon Nick Goiran: Can the member name the seven?

Hon LJILJANNA RAVLICH: I am not going to name the seven. The member should name the seven. I want to forget them. I do not want to name them. Half of them ran off and the other half fell over. Honest to goodness, the member should be ashamed of himself; he should not ask me to name them because why would we want to remember them? The Western Australian public is glad to see the back of them. The current Treasurer, Mr Nahan—the seventh Treasurer—was in the paper recently. In fact, I got an interesting message from a neighbour very early one morning. After we have finished with the newspaper I leave it out for my neighbour to collect, and that is one way of recycling the newspaper. My neighbour asked me if I had read the story in the paper about Mr Nahan. I asked, "What about Mr Nahan?" She said they had interviewed him and in the opening paragraph he had said what a great Treasurer Eric Ripper was.

Hon Sally Talbot: The member knew that already.

Hon LJILJANNA RAVLICH: I knew that already. This was the government's Treasurer—the first of the government's seven treasurers—who had been given a $3.8 billion debt. By the time they had gone through the conga line of Treasurers, we were heading towards a $30 billion budget. I am not going to laugh about this because this is no laughing matter, but it just goes to show that we cannot have a spendthrift Premier whose first priority is to build monuments to himself, and whose priority 101 is Western Australian taxpayers—it just does not work. The fiscal action plan is a direct result of the Barnett government's mismanagement of the state's finances, which has resulted in the loss of the AAA credit rating. It is a plan to get the finances back on track providing the assumptions are right. The amendment bill before us now is a desperate attempt by an incompetent government to find pockets of money to plug an ever-increasing black hole in the state's finances. What the Premier fails to tell the house is that revenue laws come on top of a raft of cost of living increases for things such as power, water, public transport, motor vehicle charges and the like, and this is on top of everything else. I am not going to go to those because I know my learned colleagues sitting next to me will probably cover them in detail. However, having said that, this is just more of the same—more pain and pus for WA taxpayers. These revenue laws will hurt a generation of young people who, in my view, will be kept out of the housing market. These laws will hurt the housing industry and also put pressure on facilities. They will also hurt landowners who are taxed. All those people with investment properties will probably just end up increasing rents and shifting the burden to people renting properties, and at the end of the day it goes from bad to worse. WA taxpayers know that the financial management of this government has been woeful and that ministers have squandered hundreds and hundreds of millions of dollars, and the Premier himself is probably one of the worst offenders.

I quickly want to touch on the first home buyer duty concession, because from 2014–15 the first home buyer transfer concession will be adjusted to provide a full exemption for houses purchased for $430 000 or less, which is down from the current exemption level of $500 000. The concession will then phase out between $430 000 and $530 000, down from the current $600 000. First home buyers will continue to be exempt from duty on purchases of vacant land valued at up to $300 000, phasing out at $400 000, which I understand is unchanged from the current arrangements. It is estimated this measure will save some $222 million over the forward estimates and it will read something like this: in 2014–15, $53.9 million will be saved; in 2015–16, $55.3 million; in 2016–17, $56 million; and in 2017–18, $56.6 million. That will total $222.8 million over the forward estimates, as I have already said. A number of questions arise on the first home buyer duty concession and I ask the minister to provide me with answers to them in his response to the second reading debate. The questions I want answers to are: What modelling was done on the impact of this policy on the uptake of the first home buyers scheme on young people? What impact is expected on the state's average house price as a result of this policy? What is the likely impact on the building industry?

Hon Helen Morton: Are you going to put those questions on notice?

Hon LJILJANNA RAVLICH: No, I am not; I am going to ask that you in your reply to me provide that information. Are you going to tell me that you have come to this place with this legislation and done no modelling? Is that what you are going to tell me?

Hon Helen Morton: I am not going to respond to you.

Hon LJILJANNA RAVLICH: Why not? What is your problem? It is because you have not done any modelling; you are not smart enough to do any modelling.

Hon Peter Collier: It's because I have got carriage of the bill!

The ACTING PRESIDENT (Hon Amber-Jade Sanderson): Order, members! I ask Hon Ljiljanna Ravlich to direct her comments through the Chair.

Hon LJILJANNA RAVLICH: Regarding the 10 per cent increase on land tax rates from 2014 I also ask that the minister answer the following questions in his response to the second reading debate: What modelling was done on the impact of this policy on the owners of taxable properties? What impact is expected on the rental rates of taxable properties? What is the likely impact on the number of people who may end up homeless because they can no longer afford to pay rent?

Hon Peter Collier: Are you serious?

Hon LJILJANNA RAVLICH: Yes, I am absolutely serious.

They are simple questions. The minister has either done some modelling or he has not—simple as that.

An interesting article was published in *The West Australian* on Thursday, 19 June 2014 that pretty much sums up what is going on here. It was written by Gareth Parker and has the title "We need a dose of fiscal reality". This is aimed at the Leader of the House. The article states —

> When is a WA parliamentarian going to get serious about the state of the State Budget? Who is going to be the first to admit that subsidies to the public electricity utilities are killing the bottom line—with no end to the red ink in sight?
>
> And who is going to admit that the only solution is for consumers—that is you and me—to pay more for our power, an amount that reflects the cost of delivering the service?
>
> …
>
> Here's a sobering fact. If we paid as much for electricity as we should, we could afford to build a new Elizabeth Quay every single year—and still have more than $200 million left over to build schools, fix country roads or pay down debt.
>
> The polarising capital works projects —

Sorry, I will miss that bit!

Several members interjected.

Hon LJILJANNA RAVLICH: Further, the article continues —

> In 2014–15, —

Hon Simon O'Brien: I bet you wish you hadn't started that!

Hon Peter Collier: You're destroying your own argument!

Hon LJILJANNA RAVLICH: No! I will start again —

> In 2014–15, the Government will spend $461 million —

Hon Peter Collier interjected.

Hon LJILJANNA RAVLICH: The minister is laughing, but I would keep my head low. I will start again —

> In 2014–15, the Government will spend $461 million subsidising Synergy for below-cost electricity tariffs and a further $28 million doing the same thing for regional power provider Horizon.
>
> The Government's first-term dedication to closing the so-called cost-reflectivity gap diminished the closer it got to last year's State election and has since been abandoned altogether, with the Government caught between escalating costs and the Premier's election debate promise to keep future price rises "at or about inflation".

Hon Sally Talbot: That is the bit they did not want you to get to.

Hon LJILJANNA RAVLICH: That is the bit the government did not want me to get to. The article continues —

> Energy Minister Mike Nahan has deflected all questions on the subject by pointing to his recently announced electricity market review and a rhetorical line about cutting costs within Synergy but these are stopgap answers that do not face up to the reality that everyone—especially West Australians who can afford it—must pay more.

Hon Peter Collier interjected.

Hon LJILJANNA RAVLICH: The minister is single-handedly a major contributor to all this mess. He can sit there and laugh about it; he reckons it is really funny, but he ought to be hanging his head in shame. He knows he should be hanging his head in shame because he is wholly and solely responsible for more than a large portion of this absolute mess. If the minister and all his colleagues had been able look after their portfolios properly, keep an eye on the finances and not cause the massive overruns that they have caused because of their incompetence, we would not have to be hitting the wrong people—the poor people out there including first home buyers or people who have tried to get ahead by buying land. We would not have to be hitting them. It is the first home buyers this time and it will be another group next time. What really, really jacks me off is the fact that the minister over there, the Leader of the House, thinks that this is really, really funny. He might, but unlike him, there are many people in the community who have family responsibilities. They have kids they have to dress, food they have put on the table and all manner of things that they need to fund in order to have a decent life. Clearly, the sorts of costs that the government is imposing on them is making that more and more difficult all the time.

Hon Simon O'Brien: There will be another two minutes respite before we start.

Hon Ljiljanna Ravlich: What's your problem?

The ACTING PRESIDENT (Hon Amber-Jade Sanderson): Members!

HON SALLY TALBOT (South West) [3.50 pm]: I hope Hon Simon O'Brien will be as accommodating of my slight vocal incapacity today as he was yesterday. He has not made a terribly good start, unless he trying to give me a little bit more time.

Hon Alanna Clohesy: He doesn't appear to be vocally incapacitated.

Hon SALLY TALBOT: No, there is nothing vocally incapacitated about Hon Simon O'Brien.

My colleagues on this side of the chamber gave a very adequate account of the three measures in the Revenue Laws Amendment Bill 2014. The change to payroll tax is well worth supporting, but we have serious reservations about the other two measures. This debate is in parallel to the budget, which is an unusual turn of events. It is much more conventional for members in this place to deal with the budget appropriations, and then at some point in the ensuing months to look at the measures that give effect to tax increases and rises in levies and other charges. This is the second year that this has happened. It is almost a year ago to the day when we sat in this place for, I think, well over 24 hours talking about the equivalent measure and the government's attempt to slip-slide its way around some of the more difficult and intransigent parts of its own budget. The government was desperate in its search for money to fill that black hole.

Listening to the debate over the last few hours, it occurred to me that it is like listening to a government in its first few months of its first term in office debate a bill. The rhetoric coming from the Liberal and National Parties is full of statements about tough times and the challenges of trying to keep Western Australia's head above the financial waters. In the context of the government having been in power since 2008, we begin to see some of the cracks appear in those arguments. The government is desperately struggling to deal with problems that are entirely of its own making. Hon Peter Collier's second reading speech in this place repeats this rhetoric. It is a mantra that goes right through the budget, the budget papers, the budget debates, the estimates sessions in the other place and the estimates hearings in this place. There is constant reference to the fact that we are facing challenging times. As I pointed out yesterday, these observations are simply not borne out by the facts, yet the third paragraph of the second reading speech on this bill states —

> In response to the high demand for services in this state and the costs of providing those services, combined with weaker than expected revenues and a lower share of the goods and services tax revenue, the government announced a new package of revenue and savings measures in this year's state budget.

The six dot points under the heading "Highlights" on page 15 of chapter 2 titled "The Western Australian Economy" of budget paper No 3 do not point to an economy that is even challenged, let alone facing any sort of crisis. The first dot point reads —

> The Western Australian economy has grown well above average over the last two years, expanding by a record 7.3% in 2011–12 and 5.1% in 2012–13, fuelled by unprecedented investment in the State's resources sector. Business investment peaked at a record $74.7 billion in 2012–13.

I would have thought that a set of headline indicators like that would bring a smile to the face of any Liberal or Labor Treasurer. The second dot point states —

> As the State's economy transitions from the construction phase of major resource projects to the production and exports phase, Gross State Product (GSP) growth is forecast to moderate to 2.75% in 2014–15, after estimated growth of 3.75% in 2013–14.

The third and fourth dot points talk about the resulting softening labour market and dwelling investment. The fifth dot point is of particular interest in the context of this debate, and reads —

> As major iron ore and liquefied natural gas (LNG) projects ramp up production, strong increases in export volumes are expected to support a lift in economic growth across the forward estimates, culminating in growth of 5% by 2017–18.

The final dot point states —

> Despite the forecasts of more moderate growth in the short-term, the Western Australian economy is expected to grow at a similar, or faster, pace than nationally across the forecast period.

I would say that that is unequivocally good news. These are not weasel words. This is not the manipulation of complex economic data. This is page 15 of budget paper No 3, and it is all set out in black and white. Back in the second reading speech we find the Ides of March, doom and gloom, paragraph —

> In response to the high demand for services in this state and the costs of providing those services, combined with weaker than expected revenues …

I will interrupt myself to ask the minister to point out to the department that a four-page explanatory memorandum of which nearly two pages is the second reading speech word for word is not what members in this place expect. The explanatory memorandum is supposed to be the reference document for the clauses of the bill. This is a practice I have seen develop recently and I do not think it is acceptable—even going as far back as 2013 and putting on my shadow Minister for Environment's hat, I could suggest that we could have saved a number of pieces of paper here. But from a procedural point of view, it is just not necessary to reproduce the second reading speech word for word in the explanatory memorandum.

To give context to my remarks, we need to read the third paragraph of the second reading speech that refers to "weaker than expected revenues" and the doom and gloom as setting the scene for a tax-raising bill—essentially two out of three of the measures in this legislation raise revenue for the government. I refer to the figures on page 217 of budget paper No 3. I know these figure are replicated elsewhere, but I sourced them from the budget papers. The second reading speech reference to "weaker than expected revenues" intrigues me. I suppose in a literal sense, if we were engaged in an English language exercise about precise meanings and the exegesis of the documents produced on this, we could present a semantic argument about what "weaker than expected revenues" means, but in the context of a budget and forecasts we would expect those words to mean some demonstrable dropping in revenue, which is simply not the case. Opposition colleagues in the other place went into detail. Interested honourable members can find the shadow Treasurer talking about the fact that nowhere back to 2008–09 does any single figure show that revenues are falling in this state. Indeed, all the indicators show precisely the opposite, which can be seen in the revenue section of the table headed "General Government Operating Statement" on page 217 of budget paper No 3. However, I am looking for a reason for us to be considering a revenue-raising bill at the same time as we are considering the budget bills. We can find that, I suggest, at close to the bottom of that page under "Net Operating Balance", which shows the net operating balance in 2013 as $249 million; the estimated actual in 2013–14 as $183 million; the budget estimate in 2014–15, which refers to the budget papers currently under consideration, falls to $175 million; and then by 2015–16 the forward estimate has fallen right down to a minuscule, indeed a negligible, $5 million. That means that the government received its budget papers—three or four glossy volumes of beautifully laid out budget papers—and read them and thought, "By this time next year we are within $5 million of not being able to pay our wages bill and of simply not being able to meet that basic budget bottom line of being able to keep the state running."

We all hear these dramatic stories coming out of Washington and the United States about the budget crises that they seem to be able to engineer there every couple of years, where certainly the Capitol, if not the United States itself, is predicted to close down within a matter of hours unless Congress passes certain budget bills. But that is what we are coming to here. This time next year there will be a surplus of only $5 million, which is nothing. It is a breath of a whisper of an eyelash between the government being able to manage to pay its bills and not being able to pay its bills, which always comes down to the public sector wages bill. That is how close the government is running with this budget. That is why the government has to rush in here, when we have not even finished considering the appropriations for the financial year due to start next week, and put some revenue-raising measures in front of us. That is why we are having to deal with this bill. That is why the government has asked for this bill to be passed before Parliament gets up for the winter recess.

Having said that, let us look a little more closely at this bill. The reality is that although some of the measures are quite dramatic—I will go into the exact implications of some of these measures for individual Western Australians a little later in my remarks—what is the headline figure here? We are told that changes to the first home buyer scheme will raise $222 million in four years; we are told that the changes to land tax rates will raise $334 million in four years; and we are told that the changes to the payroll tax threshold rates will cost the budget about $121 million in three years. I am not sure why the number of years is different in that we are given projections for the two revenue measures for four years and yet the expenditure measure is costed only over three years. I will be interested to hear the explanation for that when the minister summarises the second reading debate. That therefore comes down to the government aiming to raise in the region of $556 million over four years minus the $121 million in three years for the payroll tax exemption. Those figures are probably not 100 per cent accurate because of that disparity in the time frame. We are therefore looking at about $435 million over three to four years. If it is over four years, it is about $100 million. That is absolutely not going to come anywhere near making that $5 million surplus figure next year look less scary—if members follow what I am saying.

In other words, this is a quite insidious combination in a blustering bill about which the government says, “We’ve got to pass this quickly because we need the revenue measures because we’ve got all this gloom and doom stalking the Western Australian economy but actually it’s only going to raise a relatively small amount of money.” It is therefore the government trying to look as though it is doing something. Perhaps it is trying to address those perceptions that I canvassed at some length yesterday in my budget remarks that the ratings agencies are saying that they detect no will on the government’s part to rectify the imbalance between expenditure and income and no appetite for reining in the debt. Indeed, they say specifically that they detect the opposite: the government is in fact quite happy to have debt blowing out at a dramatic rate. So, here we are. Perhaps the Treasurer will shoot off an email or tweet to the ratings agencies later this week when this bill goes through this place saying, “Please note that we’ve passed a revenue-raising bill today that shows we’re serious.” But I do not think that will cut it because, as I say, the amount raised will be a relatively small amount that will go no way at all towards mitigating fears about the very slender, indeed non-existent, surplus predicted for next year.

I want to say one more thing about these “weaker than expected revenues” that are referred to in the second reading speech. I refer to a document that I have cited before in this place. It is the BIS Shrapnel–RMIT University–UnionsWA report written by Darren Anderson and David Hayward titled “The Strange Case of Western Australia’s government finances: A AA Budget in a five star economy” of 9 May 2014. The dot points at the beginning of the executive summary are very interesting because they directly put the lie to the government’s line, repeated yet again in the second reading speech on this bill that there is something wrong with the revenue streams coming into this state. These writers, in a brief dot point I will quote in full, point out the following —

> Growth in royalties in particular have ensured that, overall, the State’s revenue base continues to increase, despite the reduction in GST revenues from the Commonwealth. Claims that cuts to GST revenues are the cause of WA’s budget woes are not supported by the evidence.

That is one very important dot point. We long ago stopped reminding the Liberals and the Nationals in this Parliament that it was their government last century that signed up to the GST arrangements. We long ago moved far, far beyond that. We have seen in just the last few months the Liberal Premier refusing to take part in discussions about changing the GST base. We therefore assumed that, just as Richard Court and his Treasurer, Colin Barnett, signed off on the original GST agreement, the current Premier who was then the Treasurer and whose signature is on the document is still quite happy for that document to be in effect.

The whole point, which every year 8 economics student in this state understands, is that the reason GST revenues go down is due to a relative degree of prosperity in the state linked to royalty income. It is actually not that complicated, yet the government thinks it can get away with constantly bleating this mantra about GST revenues being cut. I am therefore very impressed by the following headline statement in this report that puts the lie to that —

> Claims that … GST revenues are the cause of WA’s budget woes are not supported by the evidence.

I would like to get some bumper stickers made up saying that, and I would like to go around the parliamentary car park and plonk one on the bumpers of cars belonging to members of the Liberal and National Parties.

The second dot point I want to refer in this executive summary is —

> In real terms, revenues are up by 26% relative to 2007/8.

I repeat that: revenues are up by 26 per cent since this government came to office. Surely, if I had told members that in 2008, they would have thought, "Everything's going to be all right. Everything in the garden is rosy." What if I had looked in my crystal ball or examined my tea leaves in September 2008 and said, "Hey guys, how would you feel if revenues went up 26 per cent between now and 2014?" To add to that, what if I had said, "And I make a further prediction that population growth over the same period will only be 19 per cent"? Members opposite would have been pretty happy. They would have said that was great. We know that nothing places the government under more stress than a growing population, with the demand for increased infrastructure. Much of that infrastructure, particularly in a state like Western Australia with its tyranny of distance, is extremely expensive to provide. Revenues went up 26 per cent but the population only grew 19 per cent over the same period. I put it to honourable members —

Hon Nick Goiran interjected.

The ACTING PRESIDENT (Hon Amber-Jade Sanderson): Order! Hon Sally Talbot has the call. She does not appear to be taking interjections.

Hon SALLY TALBOT: I think the smiles would have been very big on the faces of those on the other side if they thought that this would be the case. They must be puzzled now to find that they have what a very, very famous Treasurer once said—a Treasurer who is far more famous than any Liberal Party Treasurer will ever be—"a beautiful set of numbers". They must be very puzzled to find that they have what is in effect a beautiful set of numbers yet the government is still in crisis; it still has to peddle misery wherever it goes. Whether it is in health, education or community safety, the government has to say, "Sorry, folks; tighten the belts a little more because we have weaker-than-expected revenues." It is a lie; it is simply not true. These budget papers are here for every person in Western Australia to refer to, and that will set the lie straight.

I talked a bit about pain and gain yesterday in my remarks about the budget, but let me refer to it once again. The second reading speech goes on to say that there will be more money. This is where we are supposed to find the good news. It states, in part —

> These new measures build on the fiscal action plan announced in the 2013–14 state budget and allow additional spending to be directed towards front-line services, including health, education, disability and child protection services.

One thinks: "This can't be so bad, can it? I know we're raising only about $435 million over four years—a bit over $100 million a year—with the measures contained in this bill. But if that's going to health and education, that can't be such a bad thing, can it?" When I look at the health budget and how this Liberal–National government spends its money on Health, what do I find when I start looking for some indication of how that money is being spent? The first thing I find is this: for the $4.3 billion contract given to Serco to run Fiona Stanley Hospital, the government has incurred a cost to be borne by WA taxpayers—not to be borne by taxpayers who are shareholders in Serco, because the cost is being borne by Serco—of $330 million. That is for cost overruns on a $4.3 billion contract—good-o! This bill will raise about $100 million a year by slugging first home buyers and people who find themselves subject to land tax. It will not go anywhere near plugging that $330 million hole that we have just wasted. We might as well have stood on the Dawesville Cut bridge and thrown the money into the channel, because that money has gone. There are a few vulgar phrases that describe what the government is doing. Of course I am far too conscious of protocols in this place to use them. We might well have stood on a bridge and thrown the money into the water.

Debate interrupted, pursuant to standing orders.

[Continued on page 4530.]

Sitting suspended from 4.15 to 4.30 pm