

APPROPRIATION (CAPITAL 2016–17) BILL 2016

Third Reading

DR M.D. NAHAN (Riverton — Treasurer) [12.12 pm]: I move —

That the bill be now read a third time.

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [12.13 pm]: I take great pleasure in rising to speak on the capital component of the appropriation bills. In starting, I thank the member for Mandurah for the ample notice he gave me to speak on the Appropriation (Capital 2016–17) Bill 2016, and hope I do justice to the —

Mr D.A. Templeman: So do I; otherwise, I won't do it again!

Mr R.H. COOK: The capital component of the WA health budget is a component of the budget that always receives a great deal of attention, not the least of which is because it usually involves an awful lot of dollars but also because it involves the development of infrastructure that plays a very important role in the lives of Western Australians. It is always interesting to see what the government has to say about capital expenditure in health. This year, of course, a number of areas have become the focus of the usual levels of attention. What has become a feature of this government's budgets year on year since 2008 is how it can package and repackage the non-development of Royal Perth Hospital to try to continue to deflect attention away from one of its key commitments in 2008. The government continues to have the electorate of Western Australia, and particularly those inner northern electorates, on a string as it tags along year after year with this false hope that it is providing to the people of Western Australia that it has in any way any sort of commitment towards Royal Perth Hospital. As we know, this government got a lot of votes out of its commitment to protect and redevelop Royal Perth Hospital. To its word, the government brought in a Royal Perth Hospital Protection Bill, which was the first component of its promise, but it then allowed that bill to sit and languish on the notice paper for an entire term of this government's life. The government simply ignored the bill year after year. Having introduced it within the first 100 days of government, it then promptly ignored the obligation that it had to the people of Western Australia to progress the legislation and to commit to the other part of its promise, which was to redevelop Royal Perth Hospital.

It will not come as any surprise to members in this place that the Royal Perth Hospital Protection Bill is now being carried by the opposition. This government's ongoing neglect of this legislation meant that we had to take the initiative and recommit it to Parliament following Parliament's recommencement after the last election. We will pass this bill because we have a commitment to Royal Perth Hospital—one that this government does not share. This government has put \$200 million in the budget year after year for the redevelopment of Royal Perth Hospital. Each year we would ask the government, "What are you going to do with this money? When are you actually going to do the redevelopment?" and each year the government would say, "Wait on. Wait on. We're getting there. We're getting there." Eventually, the Minister for Health relented and said, "Okay, we're not going to do anything with the redevelopment of Royal Perth Hospital; I admit it. That's a second-term project, but we will get on to it." Here we are, in the third year of this government's second term, and there is still not any sort of plan for the redevelopment of that hospital. This would have to be the biggest Liberal Party lie at the last election. It was the single biggest lie of that election that the Liberal Party would protect Royal Perth Hospital, that it would redevelop the hospital and that it had a vision for that redevelopment. It was a lie. It has done nothing. It has no interest in it at all.

Now that the government has done the other projects—it was in fact Labor's project to build Fiona Stanley Hospital and Labor's vision to relocate the children's hospital at the QEII campus—it has essentially given up on health; it has just completely lost interest in the area. That disinterest, which the minister is now raising his eyebrows about, may be in the context of the fact that the government has completely destroyed the finances of this state and has completely destroyed the credibility and reputation of this state as a state of strong economic wellbeing. The government's current disinterest in Royal Perth Hospital might have something to do with the fact that even it now understands that it has wrecked the state's finances and has nowhere to go and nowhere to progress with Royal Perth Hospital. At least now the government has the courage to take that \$200 million out of the forward estimates. At least now the government admits that it was in no position to redevelop, and it had no intention of redeveloping Royal Perth Hospital. It has fundamentally failed the people of Western Australia, particularly in the electorates of Morley, Mount Lawley, Perth and Belmont—all those seats where members opposite campaigned so hard to say that only the Liberal Party would protect and redevelop Royal Perth Hospital. It was a lie; it was a complete lie, yet only now is the government demonstrating the extent of that lie.

Just prior to the budget coming out and with what must be an act of extraordinary comedic sense by this government, a sign was erected outside Royal Perth Hospital. It was dripping in irony and put on display just

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

how hopeless this government's commitments are to Royal Perth Hospital and how little interest it has in the hospital's redevelopment. With great Liberal Party-blue fanfare, the sign outside the hospital—with its feet entrenched in two big blocks of concrete, which is about the extent of the foundation of the government's commitment—announced that this was the redevelopment of stage 1 of Royal Perth Hospital. With an extraordinary sense of shameless marketing, the following projects or exercises were put up as “key infrastructure enhancements” as part of the hospital's redevelopment. The sign includes “lift upgrades and modernisation”. They are not upgrades, Mr Acting Speaker; they are repairs. The lifts were not working, which is why the government had to spend money on Royal Perth Hospital. The sign continues with a “central cooling tower replacement for air conditioning”. Again, when a Building Management Authority report was done into the hospital, it revealed that the air conditioning was of such a poor standard that it had to be replaced as a matter of public safety. It is the same again with “chiller replacement for air conditioning” and then the “central steam boilers replacement”. I am sure that the people of Western Australia, as they go in to receive treatment, appreciate the great work being done by this government to replace the central steam boilers at Royal Perth Hospital. The sign includes “emergency generator replacement and additions”. This is repairs; it is an old hospital. This is not something to be badged as some sort of faux redevelopment. “Electrical switchboard upgrades” and “patient ward fire safety upgrades” are mentioned. Again, part of the assessment of this building showed that it was unsafe for the public. It is not a redevelopment for which the public should be grateful. It is a repair to protect public safety, not a discretionary spend by this government as part of its commitment to the future of RPH. It is simply repair work to make sure that the building complies with ordinary safety standards. The sign then includes “acute care unit ward enhancements”, which is followed by my favourite of all, in what must have been a triumph of the marketing committee's creative talents—the “patient catering food delivery system upgrades”. Mr Acting Speaker, the patient catering food delivery system upgrades mean the hospital has new food trolleys! It has new trolleys for patients to receive their meals on.

Mr M. McGowan: It is all part of the bigger picture!

Mr R.H. COOK: It is all part of the bigger picture and, indeed, in its Liberal Party blue, the sign announces this as “part of the Bigger Picture”. Part of the bigger picture is that Royal Perth Hospital has new food trolleys! This must be of great comfort to the patients at Royal Perth Hospital.

It is most galling of all that the sign mentions the upgrades as being part of a \$19 million redevelopment. The \$19 million redevelopment looks back over past budgets to see what repair work was done at the hospital. If it is totalled up, it comes to about \$10 million. Then \$9 million was committed in the forward estimates and the government is therefore saying it is part of a \$19 million project. That is absolute bunkum! This is an exercise in repair work to an ageing piece of health infrastructure that this government has neglected following a full frontal, two-election campaign about how it was committed to a \$200 million redevelopment of Royal Perth Hospital. The Bigger Picture sign puts a lie to that election commitment. It shows once and for all that this government has no interest whatsoever in redeveloping Royal Perth Hospital and no interest in keeping to its election commitments. The government made the promise to the people in the inner northern and inner eastern suburbs that it would redevelop Royal Perth Hospital.

Just today, I had staff members come to me to say, “Can you please do something about Royal Perth?” It is a disintegrating piece of infrastructure that is required to deliver tertiary hospital services. Both sides of Parliament are committed to the ongoing delivery of tertiary hospital services from Royal Perth Hospital. It is there to deliver important services as our state trauma centre, but it is very old infrastructure and it continues to disintegrate. The fact that this government has so badly neglected that infrastructure is bad in itself, but the fact that government members went to two elections saying that they would spend \$200 million to redevelop the hospital is an absolute disgrace. I know that is not this minister's fault. This minister inherited a basket case of a portfolio. He now has these broken projects that he has to try to put back together and he has the Liberal Party lies to live up to about Royal Perth Hospital and the fact that the government has simply not done what it told the people of Western Australia that it was going to do at two elections. The government's day of reckoning will come around why the Liberal Party lied to the people of Western Australia to get votes and why it went to the people of Western Australia saying that Royal Perth Hospital was in good hands when, clearly, it was in a set of hands that had no commitment to its future at all.

Royal Perth Hospital will continue to need ongoing upgrades and maintenance. If it continues to be the state trauma centre, it will need continued infrastructure redevelopment. For instance, if it continues to receive patients by helicopter, significant upgrades will be needed to the helipad to take new-generation helicopters. The \$9 million ain't going to do it; \$9 million will struggle to continue to undertake the work programs that are needed just to make sure that the building remains safe for the public to use. Safe for the public to use is what the government describes as a glowing redevelopment of the hospital, but it is not. The message for the people in all those electorates—Morley, Balcatta, Mount Lawley, Belmont and Perth—is that this hospital is not in safe hands

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

while it is in the hands of the Barnett government. The only way that we can guarantee a new vision and a new future for Royal Perth Hospital is to elect the Barnett government out. That is the fact of the matter.

We have all seen the problems that have afflicted the construction and commissioning of Fiona Stanley Hospital. There are some very disturbing stories that come from that process—a process that was made all the more complex by the privatisation of hospital services for that campus, which I suspect is the root of a significant number of problems. We look forward with much anticipation to the construction and commissioning of Perth Children’s Hospital, and we all hope that it will not receive the disastrous oversight that this government demonstrated with the construction and commissioning of Fiona Stanley Hospital. But we have reasons to be concerned that this government is pushing for the commissioning staff of Perth Children’s Hospital to open it as part of its political narrative to meet its own political time lines, rather than meet the time lines of what is required to commission a safe hospital.

The Liberal Party promised to have Perth Children’s Hospital constructed, commissioned and receiving patients by 2014. Upon achieving government, it quickly walked away from that commitment. That is not surprising. We saw the government break many promises to the people of Western Australia. Then the minister eventually announced that the new Perth Children’s Hospital project would receive its first patients in December 2015. It comes as no surprise to anyone who has watched the performance of this government to see that that project time line was also blown out. On many occasions in debate in this place, I gave the former Minister for Health the opportunity to revise those time lines and walk away from the hubris of his predictions of receiving patients in December 2015, but he refused to do so, as he did with Fiona Stanley Hospital. He said, “No, it will be open in December 2015.” Of course, not surprisingly, we then saw those time lines revised to early 2016. We now have a vague idea from this government that it has an aspiration to open this hospital towards the end of 2016. I, like many people who have watched the performance of this government, have my doubts that it will have the capacity to deliver the hospital in this current time line.

In March this year, Hon Adele Farina asked a question in the other place about the date of the practical completion of Perth Children’s Hospital. At that time, the minister, through his spokesperson in the upper house, said that the date for practical completion had not been determined. Even at this late stage of this process the government did not know what day the construction company, John Holland, would toss the keys over the table and say, “There you go; it’s all yours. Let’s get on with your commissioning.” Even at that stage, the government did not say when practical completion would be. Even today, with the announcements last week, the government has still not settled on a date, instead settling for the idea that sometime in August—remember that is only about five weeks away—the government will receive the keys to the buildings. This has obviously led to a certain amount of head scratching, because we know that it takes a lot to open the hospital. It requires a clinical clean. Hygiene standards are then required to be brought up to hospital grade. The hospital itself then has to be accredited by the Australian hospital standards accreditation authority to receive its licence to run. In estimates the government, through its spokespeople, said that it had decided to squeeze the commissioning time down from an anticipated 26-week program to under 20 weeks. When the government has already said that it is cutting corners on the commissioning time lines, I think it is fair to ask how this will impact upon the standards of hygiene and safety that have been envisaged for the patients at this hospital. Tender documents the government has released show a very clear time line from the date of practical completion through to move day—a 26-week period that sets out very clearly the processes that have to be undertaken in order for the hospital to be commissioned safely. The government has now thrown that out and said that it will do something fast and furious and jam patients in there as quickly as it can because it needs to make an announcement for the next election rather than care about patient safety. The government needs to get its narrative up rather than get on with the job of just commissioning the hospital safely.

Mr J.H.D. Day: You did not listen to my answer yesterday.

Mr R.H. COOK: I did listen to the minister’s answer yesterday. He accused me of being a bit preoccupied with the clinical clean, which was an extraordinary accusation to make I think, and he said, “Don’t worry about it; we will do it, but if we can’t do it, we won’t do it.” From everything the minister has said, including public statements made by his representatives from the hospital, the only conclusion that can be made is that this is going to be a rushed job. That is why we are concerned about this government’s approach to this particular project.

Mr J.H.D. Day: You are not giving due credit to the Frank Dalys and the David Russell-Weisz.

Mr R.H. COOK: Minister, stop it. Whenever I criticise the minister, he says that I am criticising the department. The minister is responsible. Start accepting some responsibility. When it came to the most extraordinary behaviour around Elizabeth Quay, the minister said, “There you go accusing the department of doing one thing and doing another.” We are not accusing the department; we are accusing the minister. The

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

minister is the minister. The minister is responsible for this, not Frank Daly, not the members of his department—the minister. It is time he took responsibility. We are not criticising Frank Daly. Frank Daly is one of the most competent people the minister has leading the department.

Mr J.H.D. Day: I did not say that you were. I said that you were not giving due credit.

Mr R.H. COOK: Given the government's absolutely pathetic performance with Fiona Stanley Hospital, we have a right on behalf of the public to question the government's competence around commissioning a hospital without significant breakdowns in service standards. We think the government has a case to answer and when we seek answers from the minister that would give us confidence in his knowledge of the date of practical completion and about what needs to be done in the commissioning stages to make sure the hospital is being delivered on time to meet patient safety standards, he dithers, he flusters around, he says to trust Frank Daly and he says that he does not know when practical completion will be. These are fundamental questions. The minister will soon take control of and responsibility for that building and when he does, he will find a whole bunch of things that he did not know were there before and he will enter into discussions with the builder about rectification at the same time he tries to wheel patients into the building. For instance, we heard this morning that there was some major flooding on the lower floors of Perth Children's Hospital as a result of burst hot water pipes. The minister may want to confirm this by interjection; can the minister confirm that for us today?

Mr J.H.D. Day: No, I cannot confirm it. It is not something I have been made aware of, if it has occurred.

Mr R.H. COOK: Perhaps the minister could seek to clarify that for me. We know that things happen on building sites, but that is my point: it is a building site. If the building was subject to major flooding this morning, that gives us more concern that this building is not fit to be handed over to run major hospital services.

Mr F.M. Logan: Sorry to interrupt, but do you know why? Because they used the same piping in the children's hospital as they did in Fiona Stanley Hospital. They used the same bellows, and if that is where the leak is, then, minister, you and the department are going to get flogged. You have already known about this.

Mr R.H. COOK: Indeed, member for Cockburn, if that is the case, it would be a very grave situation. We know that as a result of the Fiona Stanley issue, they had to refit those bellows, and some of them were deep inside wall cavities. That would indeed be a subject of great concern.

Several members interjected.

The ACTING SPEAKER (Mr N.W. Morton): Through the Chair, member.

Mr R.H. COOK: Just to clarify, Mr Acting Speaker, am I at the end of my time? I have been getting stuck in, but I do have three minutes.

Finally, I want to raise, for the interest and concern of members, another aspect of the capital appropriations—savings that were identified in Perth Children's Hospital information and communications technology. I will never be a member for as long as the member for Hillarys—I can guarantee that for all here and now—but even if I were to be here that long, I still would not have got to the bottom of all the things that have gone wrong in Health ICT. I see from the Auditor General's supplementary report that even he has trouble getting to the bottom of this. I know that the director general of Health originally brought in the Auditor General to try to unpick all of this. It is a labyrinth of extraordinary complexity that we will all, as servants of Her Majesty's taxpayers, struggle to ever get to the bottom of. I notice that significant savings have been identified in the integrated health systems at Perth Children's Hospital as a result, according to the budget papers, of the decision to defer the procurement of the integrated health systems and reallocating \$28.5 million of this funding to support critical Perth Children's Hospital ICT systems that will ensure the delivery of safe and effective hospital ICT systems and prevent further delays to hospital commissioning. That seems to say to me that this is another aspect of Perth Children's Hospital that the government has walked away from in order to meet the early commissioning needs for a pre-election opening. This brings into sharp focus the concerns that I, and a lot of people in the community, have about the competence of this government to deliver the new children's hospital in a safe and timely manner that will deliver the outcomes for sick children and their families that we are all expecting.

MR M. MCGOWAN (Rockingham — Leader of the Opposition) [12.42 pm]: In contributing to the debate on the Appropriation (Capital 2016–17) Bill 2016, I rise to comment once again on the most disastrous budget in the history of Western Australia. This budget has once again saddled future generations of Western Australians with an extraordinary legacy of debt and deficit.

It is quite interesting to contribute in the context of the capital appropriations in the budget because, ordinarily, traditional budgeting has included a component of borrowings for capital. That provides facilities and infrastructure for future generations so that the responsibility for the cost of construction is spread across the years. Future generations assist in paying for it. This can be done in varying ways. It is not necessary to borrow

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

all the cost. Running a surplus makes it possible to assist in paying for that capital over the out years. A solid surplus is necessary for a big capital program because it reduces the debt burden in the future. The government should always run a surplus if it is running a significant capital program to assist in keeping down debt over time. That had been the way budgeting took place until this government, which is borrowing for recurrent expenditure. This government is borrowing to put petrol in police cars and to pay the salaries of teachers—borrowing for everyday recurrent expenditure. That has been unheard of for 16 years. This is the worst budget in Western Australian history, with the largest deficit ever seen. I commented on that last night and in my speech the other day.

This budget is also in disarray in many ways. I want to talk about some of the issues that have arisen in the budget's capital program. We had a significant debate yesterday on the Perth Freight Link—the road to nowhere that does not fix the freight issues confronting our state. We had a discussion about the wastefulness of the plan and the mass confusion between the state and federal governments. In fact, it is in disarray. Today we discover more disarray, because the Minister for Transport is now contradicting the Premier on this issue. On 24 May, the Premier said —

“If Bill Shorten becomes Prime Minister, he can withdraw the federal funding but he can't change the project,” ...

“It would mean the state government would have to pay a bigger share of it.”

In other words, the Premier says full steam ahead—it does not matter who the federal government is, it is full steam ahead on Perth Freight Link. Today we see the rather hapless Minister for Transport saying about the prospect of Bill Shorten and federal Labor forming government —

“I am not going to comment on whether we would take it on fully or not, I don't think that is appropriate at this point in time,” ...

This is completely different from what the Premier said. What is the government's position on this matter? Once again, we see the Minister for Transport undermining the Premier. We know all about the activities in Shenton Park. In spring of 2014, the Minister for Transport arrived at the Treasurer's front door with a proposition for the Treasurer. We know all about that, but we now also know that the Minister for Transport has a different position from that of the Premier on the Perth Freight Link and what would happen if the government changed nationally on 2 July.

We then have the issues surrounding the Perth City Link and the disastrous announcement made a few weeks ago during the parliamentary break that the arrangement with Mirvac to undertake development of eight of the blocks would not now go ahead. This was a major capital project of the state and commonwealth governments, managed by the Metropolitan Redevelopment Authority, that was in the budget as earning income over the out years. We now find that Mirvac has walked away from the deal. The state has invested a very significant amount of money in the Perth City Link, undergrounding the bus station and the like, on the basis that there would be commercial development on top that would enliven and create place-making and job opportunities. Then we find that the government has lost the deal. Over the break, another deal has been lost.

I saw the arrangement yesterday. Of course, the government does not roll out the minister; it always seems to roll out Kieran Kinsella. He seems to be the patsy who gets rolled out with all the bad news. If there is bad news about Elizabeth Quay, for instance—the government did not put the pipes in right, so they flowed the wrong way—roll out Kieran Kinsella. If there are problems with dolphins, very unfortunately, in Elizabeth Quay, roll out Kieran Kinsella. If the water park causes grief for children, roll out Kieran Kinsella. Where is the minister? We see bad news at Perth City Link, so roll out Kieran Kinsella. Yesterday we saw him come out and say that we will put some apartment blocks on top of it, and some retail opportunities. Today, Gavin Hegney, a Western Australian property expert—not a Queensland property consultant who prepares blank reports to just put a cover on about whatever it is the government wants it to say like the Matusik mob—who regularly speaks on these issues has said it is ridiculous. I will quote what he said about the plan that Kieran Kinsella rolled out on behalf of the government yesterday. Gavin Hegney is quoted as having said —

“Unless the MRA knows something the private developers don't know, then they'll probably suffer the same fate in that it's probably not a commercially viable venture at this point in the market cycle.”

...

“Perth is a developing city but at the same time we've also got a high 20 per cent vacancy rate—they're 30-year highs in the office market—so you can't make money out of building offices at the moment.

...

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

“The apartment and the office markets are both languishing, not looking for new development, looking to absorb what is there at the moment.

“Retail space—no people, no retail so really, they all go hand in hand.”

In other words, he said it could be years before such time as the market could pick up the opportunity for apartments or retail on that site. That is more disarray. Government representatives are saying one thing one day, and people actually in the marketplace are contradicting the government the next day. Disarray on Perth Freight Link, disarray on Perth City Link. What will happen to Perth City Link? Will it be like Elizabeth Quay, with blocks that taxpayers have invested in sitting there empty for years? The member for West Swan made a very good point about the amount of spare office and apartment capacity in the city and the contracting domestic economy; anyone who walks the streets of Perth can tell us that. The state has now tied up an enormous amount of capital in both those projects and the one at Riverside, with limited prospects for development. Why did the government not think about this? How long will they be empty for? Those important capital questions are confronting the state.

I want to comment on the government’s privatisation campaign because I have a few things I want to talk about. First of all, the Treasurer’s budget speech, under the heading “Funding Future Infrastructure”, states —

... I am announcing today that the Government proposes the sale of:

- Western Power; and
- Horizon Power’s transmission and distribution assets in the Pilbara.

The proceeds will be used to reduce debt and to fund future infrastructure. A final decision to sell these assets will not be made until after the next election.

A decision to sell the assets will only be made following confirmation that divestment is in the best interests of both taxpayers and electricity consumers. The decision will also be dependent on an effective regulatory regime, which ensures electricity consumers are no worse off.

In other words, it is an asset sales plan that is contingent upon an election, and a review after the election subject to a bunch of conditions. I have never heard of a more conditional plan on anything. If the government is going to go out and sell, “Look at all the things we can build with this privatisation plan; look at all the things we can do”, it is a privatisation plan about nothing. It is a *Seinfeld* plan. We do not know what the government is doing, and the government does not know what it is doing. The government does not know whether it is going to sell the assets, so if it commits to spending based upon this, it cannot actually say it is going to sell them because that is contingent on a review after the election.

But we do know that the Liberal Party is dedicated to the sale of Fremantle port. Yesterday, I asked the Treasurer a question about the Fremantle port sale, and whether the purchaser of Fremantle port would be excluded from the opportunity to own a new port in Kwinana. It was a pretty straightforward question, and, to be fair, the Treasurer gave me a pretty straightforward answer. He said the owner of Fremantle port would have first rights on a new port in Kwinana. I wrote down what the Treasurer said. He said, and I quote —

The successful lease company will have first rights to build the outer harbour.

Dr M.D. Nahan: It was in the second reading speech of the —

Mr M. McGOWAN: Yes, well, I am pleased. I do not listen to everything the Treasurer says.

Dr M.D. Nahan: You should.

Mr M. McGOWAN: Well, I do not.

Dr M.D. Nahan: If this is an issue of relevance to you, you should read these things. It is nothing new; it has been there for a month.

Mr P. Papalia: Maybe we should see the member for Forrestfield!

Mr M. McGOWAN: That is right; good point! If government members want to come around and talk about political issues, they just roll up on a Saturday morning with the member for Forrestfield and have that political chat, because they cannot do it inside Dumas House of course! How could they possibly have a political conversation by going up one floor in Dumas House? They have to have it on a Saturday morning! I will call Natasha Cheung to see whether she can put it together for me!

The Treasurer further stated —

When the inner harbour gets towards full capacity, the lease company will have first rights to build, own and operate the outer harbour.

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

The Treasurer has said it will be 25 years before we need to do this. That was the Treasurer's commentary. The 2014 annual report of Fremantle Ports—contrary to the Treasurer, who said it would be 25 years before we need a new port; he said that on 28 April this year—states —

Fremantle Port's Inner Harbour container trade is expected to reach optimal capacity within the next 10 to 15 years, ...

That is completely different from what the Treasurer has said. The Treasurer says one thing, but the port authority that actually runs the port says it is going to reach optimal capacity 17 years before the Treasurer says it will. Who is right: Fremantle Ports, which actually runs the ports, or the Treasurer—the Shenton Park conspirator? Who is right? I know who I would trust.

The SPEAKER: Leader of the Opposition, I just want to draw to your attention that the privatisation of the Fremantle port is not contained in this bill. You have to stick to what is in the bill. You should not —

Several members interjected.

Mr M. McGOWAN: It is in the second reading speech, Mr Speaker.

The SPEAKER: Our copies over here have a very short second reading speech, and I do not know whether it was referred to but if you can maybe help me.

Mr M. McGOWAN: I have page 6 of the second reading speech with me, which has a heading "Funding Future Infrastructure" and relates to privatisation.

Of course I will relate it to Perth Freight Link—I think that is still in the budget! Of course, Perth Freight Link is one of the things the state wants to engage in to a port that is nearing capacity. The state will spend \$2 billion on a road to a port that is nearing capacity, according to Fremantle Ports, but the government has not come up with any serious options to deal with that before 25 years. And when it does, it gives the first opportunity to do it to the people who buy Fremantle port. The government's line on this is, "Oh well, it's fine for the ultimate owner of Fremantle Ports to be given ownership of the outer harbour." The line yesterday was that Mr Sims from the Australian Competition and Consumer Commission said that there has to be competition between ports when possible. That is not what he said. In a speech on 2 March this year he said, and I quote —

I was very concerned to hear press reports about a possible plan to offer the new owner of the Port of Fremantle the right to develop a new port south of Fremantle in the future. As you may be aware, a similar arrangement was entered into over a decade ago in relation to Sydney Airport, Australia's busiest passenger and cargo airport. This anti-competitive arrangement has curtailed the potential for Sydney to be serviced by two competing airports, to the detriment of passengers and business.

Governments should use privatisation processes as an opportunity to put in place pro-competitive market structures. Failure to do so will come at the cost of an effective 'tax' on future generations of farmers, miners and the general community.

In that speech he condemns the idea that a new port in Kwinana and the existing Fremantle port could be owned by the same people. The Australian Competition and Consumer Commission also published a document that was very critical of doing those things in that way. I quote the ACCC's 2005 report "Container stevedoring monitoring report no. 17". It states —

The market structure entrenched at the time of a privatisation can have serious implications for the state of competition in the future. Opportunities for competition between ports should be protected by governments ...

There is a lot of other commentary in the report, but the ACCC is absolutely concerned about what the government is proposing—in fact, it is not proposing, it is absolutely committed to it—in the case of the port of Fremantle. What is more, there is further concern about the vertical integration between the purchaser of the port and the stevedoring operations. There is a more complex argument and there is massive concern. That is what farmers are concerned about.

Dr M.D. Nahan: If you'd listened to the second reading speech, you'd have noticed, perhaps, that there'll be no integrations; it will be banned. The stevedores will not be able to have involvement in the lease of the port.

Mr M. McGOWAN: We will tease that out.

Dr M.D. Nahan: You can tease it out if you dare.

Mr M. McGOWAN: We will if it is brought on for debate.

Dr M.D. Nahan: We will.

Mr M. McGOWAN: Will the government bring it on for debate?

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

Dr M.D. Nahan: We will.

Mr M. McGOWAN: If the government brings it on for debate, we will tease out the issue whether it is a ban forevermore.

Dr M.D. Nahan: You can bandy it about as much as you want; I look forward to the ramblings.

Mr M. McGOWAN: I am looking forward to the debate. I hope that the Treasurer goes out and speaks about it on the street, with Dan Emerson recording it once again.

The ACCC has expressed grave concerns about the sale of the port. There are regulatory issues and we will follow up on what the Treasurer just had to say. However, I think the big issue is the concept of a new port in Kwinana, and that is a significant issue that needs to be dealt with.

Dr M.D. Nahan: How are you going to fund your new port?

Mr M. McGOWAN: We will talk about ours at some point in the future, but giving the monopoly rights to the owner of Fremantle port for a new port in Kwinana and coming up with the subterfuge that somehow there will be of an overflow port when there should be competition between ports —

Dr M.D. Nahan: It is going to be an overflow port.

Mr M. McGOWAN: There should be competition between ports.

Dr M.D. Nahan: That is what Alannah had planned.

Mr M. McGOWAN: The way the Treasurer is going, he will lose his life membership of the Institute of Public Affairs Australia. It is going to come and take his medal away, the way he is going.

Dr M.D. Nahan interjected.

The ACTING SPEAKER: Members, can we stop the interjections across the chamber. I want to listen to the Leader of the Opposition. Through the Chair, please, Leader of the Opposition. Just a reminder to all members that we are talking about the Appropriation (Capital 2016–17) Bill 2016, so the comments have to be confined to items found only in that bill.

Mr M. McGOWAN: In any event, that is the privatisation of Fremantle port. Of course, the government also has a plan for a fire sale of Western Power. I am more than happy to fight an election on that issue. I will run through the arguments again. Western Power provides essential services to the vast majority of the population of this state, in an area that stretches from Kalbarri, out to Kalgoorlie, down to Ravensthorpe and across and including the great southern, the south west, the wheatbelt, Peel, the Perth metropolitan area and most of the midwest. That is the area that Western Power provides an essential service to. It is not connected to any national electricity market; we stand on our own in this state. Western Power is the electricity distributor and transmitter in Western Australia. As the Premier has regularly said, it is an engine of economic activity in this state that we do not want in a monopoly private ownership arrangement. He has said it time and again over the last 25 years. Western Power produces an income for the taxpayers of this state that would be lost if it were sold. It provides tax equivalent payments, a dividend and a contribution to the tariff equalisation scheme. A significant contribution of around half a billion dollars every year would be lost. I admit that if it is sold, some interest payments would be offset.

Dr M.D. Nahan: The tariff equalisation that goes through Western Power is not added to the debt. You don't understand it.

Mr M. McGOWAN: Understand this: when this government gets its hands on some money, it blows it. When this government gets its hands on the proceeds of a sale, they are gone. The Western Power entity can be sold only once. If this government is successful and sells Western Power, the proceeds will be blown. That is what this government does, and that has been its record over the last eight years: debt and deficit. I am not going to let the government do that. I am going to fight to stop the Treasurer and this government from blowing the state's finances, creating the worst debt and deficit in history and then having a fire sale in which they flog off essential state assets like that.

Dr M.D. Nahan: We have no choice.

Mr M. McGOWAN: The Treasurer says that he has no choice because he created the problem. He is out there saying he has to sell this because his government created the worst financial situation that has ever confronted this state. I will let every single Western Australian know that, because it is absolutely true that this government has created the worst financial situation that this state has ever confronted and now it wants to flog off assets like Fremantle port and Western Power.

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

Of course, as all the Treasurer's speeches have stated, he will say that the government needs to sell it because we are confronting a serious financial situation, which is of the government's own making and, therefore, it will attempt to maximise the sale price. What does the ACCC say about that, as any economic commentator would have said on these sorts of issues? I quote —

Budgetary pressures may, however, mean that governments do not take advantage of this opportunity and instead seek to maximise the sale price at the expense of competitive outcomes and adequate regulatory protections.

Dr M.D. Nahan interjected.

Point of Order

Dr A.D. BUTI: I do not think the Leader of the Opposition is actually directing his comments to the Treasurer or is seeking interjections. Mr Acting Speaker, I ask that you ask the Treasurer to stop interjecting because he does not make any sense anyway and I would like to hear the Leader of the Opposition.

The ACTING SPEAKER (Mr N.W. Morton): I have previously asked for interjections across the chamber to desist. Leader of the Opposition, I want to listen to you. If you direct your comments through the Chair, we can continue.

Debate Resumed

Mr M. McGOWAN: He does keep interjecting on me. I am making a point about our position. Our position reflects the position that the Premier of this state has held on Western Power for the last 25 years, which until the ascension of this bloke to the Treasury portfolio was a commonly held position on both sides of the Parliament. That is the opposition's position on that matter and on Fremantle port. I hope Rod Sims gets copies of what the Treasurer said yesterday, analyses it and comments publicly on what the Treasurer has had to say about a new port in Kwinana. I think it is a very significant issue for both job generation and competition and, in particular, for importers and exporters and, therefore, general consumers in Western Australia in the long term.

I want to make sure that he hears about it. I am more than happy to have a debate with Liberal Party members about these two issues every day between now and the next election. I want to have that debate about these issues over the next nine months because every time we do, it reminds people who is responsible for the debt and deficit position confronting our state—the Liberal and National Parties are. Who is responsible for the fact that, if the government is successful, there will be a fire sale of state assets? It is the Liberal–National government. I am more than happy to make sure that the public understands that every single day between now and March next year.

MS R. SAFFIOTI (West Swan) [1.12 pm]: I rise to speak on the Appropriation (Capital 2016–17) Bill 2016. It is, as everybody has recognised universally, the worst budget ever. It is time that the government acknowledged it. Government members live in this bubble and believe that somehow everyone sees them as economic masterminds. The entire public has woken up to this government and understands that it has driven us to the worst set of finances in the state's history.

It was quite interesting listening to the Treasurer's erratic interjections about the debt problem. The point is that privatisation is not a long-term solution to manage debt. We have only to look at the cash flow statement on page 207 of the *Economic and Fiscal Outlook* to see that the actual cash deficit for 2016–17 is \$4.7 billion. In one year the government's deficit is as big as the potential sale price of Fremantle port.

Mr M. McGowan: It's twice the size.

Ms R. SAFFIOTI: It is twice the size, depending on what the government does with the guarantees and other issues with the sale of the port. The entire cash deficit in 2016–17 is \$4.7 billion. Again, it goes to the point that privatisation is not a long-term fix for the state's finances. It is a sugar hit, but it does not rectify structural issues. As we know, the government has created a structural problem in the budget on its recurrent side. It still has not managed to fix that. Despite all the protestations from the other side, everyone understands that this government had the best economic climate of any government in the state's history and it blew the boom. The government is now running around saying it has to sell things. No-one believes the government and nor should they. The Treasurer is confused if he thinks that anyone outside his own party room or his own mirror believes that he is some sort of economic guru, because the public has woken up.

I want to refer to the appropriation for the Perth Stadium account, which is item 146 on page 4 of this bill. I think the stadium is the classic example in which the government refuses to acknowledge the full cost. During the estimates committee hearings process, I endeavoured to ask the Minister for Sport and Recreation what the full cost of the stadium is. I asked this question —

Ms R. SAFFIOTI: What is the total obligation to taxpayers of this project?

Ms M.J. DAVIES: You are talking about the value in this budget.

Ms R. SAFFIOTI: No; the total obligation to taxpayers.

Ms M.J. DAVIES: The construction cost of the 60 per cent capital contribution from the state, which is \$489.5 million.

Ms R. SAFFIOTI: What is the total obligation to taxpayers of this project?

Ms M.J. DAVIES: Well, member, we have talked about this previously.

Ms R. SAFFIOTI: You do not know.

...

Ms M.J. DAVIES: The value of the contract in net present terms is \$1.2 billion.

I asked again, “What is the total obligation of this project to taxpayers?” The minister refused to answer. People understand that I love football and many people in this state do, but we have to be transparent about the cost of a project. The more people understand the cost of the project and the implications for football lovers and taxpayers alike, they know it will cost them. The government initially tried to present the idea that it can spend approximately \$2 billion on a new project and no-one has to pay extra for it and somehow everyone is better off. Of course, that is not the case. A lot of people will be worse off because there are a lot more mouths to feed in the process. There is the financier and the constructor, Westadium. There is now the operator, and then there is the West Australian Football Commission, which has historically received revenue from the existing stadium. There are a lot of mouths to feed and the idea that the government could spend \$2 billion on a stadium and somehow it will not have a financial impact on everybody is false. We are seeing it now. We are seeing the financial impact on taxpayers with the cost of that stadium being over \$60 million per annum.

Mr R.F. Johnson: It will be nearer to \$100 million.

Ms R. SAFFIOTI: Exactly. That is the current estimate. It will impact the football grassroots community because they are likely to miss out. It will impact people going to the football. I am quite interested in this whole idea of the football experience. Call me a traditionalist, but the definition of a good football experience is when my team wins. I do not necessarily need a cup holder in front of me or to be somehow catered for. My football experience is dependent on whether my team wins. If my team wins, it was a good football experience; it does not matter where I was sitting. If my team loses, I could have my own lounge chair with a bar fridge and I still would not enjoy the game. That is what football lovers like. We have changed it from a football experience to a corporate experience. That is all this stadium is about. The whole focus has been on the corporate experience. The allocation of the seats is about how the government can maximise revenue; it spent \$2 billion on the stadium and it will have to recover that money somewhere. This has been my point all the time. Do not pretend everyone wins because they cannot. We cannot spend \$2 billion on a stadium and somehow no-one will pay for it. A number of people will pay for it. That was an example; I asked the minister three or four times, “What is the total obligation to taxpayers for this stadium?” Still the minister has refused to acknowledge it. I can help, partially.

From the information that I understand, we have the contract with Westadium, which is \$1.2 billion net-present-value terms. It is not nominal. It is discounted for the rate of inflation over a time to reflect the time cost of money. In 2014 terms, \$1.2 billion is the net present value of the contract with Westadium. An amount of \$151 million is for the non-design, build, finance and maintain portion of the project—the non-contract capital expenditure. That includes the precinct works and other works around that. I will talk about Chevron Parkland in a minute. Plus there is \$336 million in public transport infrastructure. I estimate that in 2014 dollars it is approximately at least \$1.7 billion. This government has refused to acknowledge that figure, but it is now out there and people are starting to understand that is the capital cost of the stadium, at the least.

We also have these other issues. Where are the taxpayers in all these negotiations? The taxpayers are bearing the risk. They have put forward the capital contribution. They are paying money annually and there are all these little agreements to which taxpayers are not a party, and we do not even understand what they are. We still do not know exactly what the payment arrangement is for Chevron Parkland, which was announced last week. Did Chevron pay the financier to reduce the impact on the financier but that has not been passed to taxpayers? I think that is the case. A deal was done because we handed over power to the financier, to Westadium, and it is obviously now able to enter into revenue arrangements with third parties even though the minister said in the Parliament that was not the case. Taxpayers will get some money back, but our capital contribution will not be reduced; the budget does not show any reduction in the capital contribution. This, again, is an example of how deals are done and taxpayers are on the hook. On the public transport subsidy, taxpayers will spend \$336 million

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

to build new public transport infrastructure to service the stadium because, of course, its location means transport will be a major issue. Now we know that taxpayers will have to pay \$7 million a year to get people to that stadium. They will be subsidising the stadium users by 50 per cent. These are all additional costs. There is not only the \$1.7 billion capital component, which, in a sense, is the cost of construction of the stadium; we now have all these extra costs. These are the types of costs that arrive when we make decisions without any proper analysis—without any proper analysis.

Dr K.D. Hames: Say it again.

Ms R. SAFFIOTI: Without any proper analysis. Do you want me to say it again? I can say it in Italian if the member wants it in another language. “Without any proper analysis” is a term the former minister will be very, very aware of because it was the method of operation for his ministry.

The government is spending \$1.7 billion without doing the work to build a strong business case and that was always going to cost the state. Now the costs are coming through and the minister is refusing to acknowledge them and the Premier is saying that bringing up all that little detail is just nitpicking. Everyone likes shiny, new things. The Treasurer has said that we will sell things to pay for things. Then he asks us how we will fund a new port and how we will fund economic infrastructure. Tell me how to fund a \$2 billion sports stadium.

Mr R.F. Johnson: Debt.

Ms R. SAFFIOTI: With debt. Tell me how to fund a \$500 million Elizabeth Quay?

Mr R.F. Johnson: Debt.

Ms R. SAFFIOTI: With debt. Tell me how to fund a City Link project?

Mr R.F. Johnson: Debt.

Ms R. SAFFIOTI: With debt. The minister sits there asking how we would fund economic infrastructure that will power the economy for 100 years when he borrowed money for a \$2 billion stadium that will cost taxpayers forevermore and borrowed for other projects such as Elizabeth Quay and City Link, which will not provide any return to taxpayers. In fact, they are costing us money.

Dr M.D. Nahan: The outer-harbour port will cost money too. You are building prematurely; it will cost users or taxpayers.

Ms R. SAFFIOTI: The Treasurer is telling me about building things prematurely! Go and see the empty blocks of land at City Link and Elizabeth Quay.

Dr M.D. Nahan: Are you against City Link?

Ms R. SAFFIOTI: Do not talk to me about financial management. The Treasurer sits there playing on his iPad. Stand up and make a contribution. He is the worst Treasurer—living in a bubble—who somehow thinks that because he says it is so, it is right. I used to think he was an economic zealot.

Dr M.D. Nahan interjected.

The ACTING SPEAKER (Mr N.W. Morton): Members! I am trying to listen to the member for West Swan. Member, through the Chair, please.

Ms R. SAFFIOTI: Sure, Mr Acting Speaker.

I used to think the Treasurer was an economic zealot, but he is a political zealot; he is not an ideologue. If he were an ideologue he would not pursue these types of policies. He is a political zealot, and that means he sees Labor bad, Liberal Party good. That is the level of sophistication of his analysis. He does not dissect things economically; he does not come in here and tell us exactly the whole cost of the stadium and how it works. He does not even understand how it works because he has not bothered to get to the bottom of it. He is a political zealot, whose whole analysis is Labor bad, Liberal good. That is it. I am glad the Treasurer interjected about building things prematurely and to say that to do so is a waste of infrastructure. Yesterday we found out that the anticipated revenue of \$35.6 million over the next four years of the City Link project will not be realised. The entire scope and nature of the project will have to change because the government undertook three inner-city developments at the same time to provide commercial space. I remember the member for Cannington’s analysis of how much commercial space would be created if all these projects were completed within a certain time frame, and they were. It was astronomical. The amount of commercial space they would create was significant compared with what existed. The government has completed these projects around the same time and is trying to fill up all these buildings when there is only ever a certain amount of commercial activity, particularly when the domestic economy is contracting. The Treasurer is telling us that we are proposing to build a port prematurely—

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

economic infrastructure that will drive tens of thousands of jobs and create more efficient trade that will bring significant benefits to importers and exporters—as though somehow we need to be lectured about economic infrastructure.

Dr M.D. Nahan: It will be a tax on importers and exporters.

The ACTING SPEAKER: Minister!

Ms R. SAFFIOTI: He is already putting a tax on. His bill will introduce a tax, so I do not know what he is talking about.

Dr M.D. Nahan interjected.

The ACTING SPEAKER: Minister!

Ms R. SAFFIOTI: There is no sense of self-reflection or self-analysis. The Treasurer is incapable of it. He is incapable of analysing what he is doing. I have never seen anything like it. He is always criticising but he never analyses his policies. The Treasurer has sent the state's finances into record deficit and record debt, yet he is talking to us about taxing users. Hang on! Does the Treasurer's bill not introduce a new tax on users? That is what it does. He talks about taxing users when his own bill creates a tax on users that will be collected by a private operator, and not even by the government. He will sit there and wait, hopeful that the private operator will build a second port for us. That might work. I remember when the Liberal–National government sold Westrail Freight Pty Ltd and we were waiting for the \$400 million injection into rail lines throughout Western Australia as a result of the sale. Did that \$400 million ever eventuate? The Auditor General could not find it. The sale was predicated on \$400 million of additional spending on our rail freight network throughout the state but it never eventuated because, as I said, it is very hard to regulate economic monopolies. Ultimately, they own the infrastructure and the asset. When that is very important to the economic life of the state and is a key part of trade in any production stream, it is very hard to regulate them.

The other point we discussed and which I want to discuss is the bus rapid transit plan for Ellenbrook and the pathological hatred of a proposed railway line to Ellenbrook. I have never seen anything like it. All the numbers stack up.

Dr M.D. Nahan: What are the numbers?

Ms R. SAFFIOTI: Does the Treasurer know the catchment population?

Dr M.D. Nahan: No; where are the numbers? You said all the numbers stack up. Show me the numbers and the cost and returns of the rail.

Ms R. SAFFIOTI: Tell me the catchment of Forrestfield.

Dr M.D. Nahan: You haven't done it; I know that. No. You made a statement to Parliament. If it's true, I'm asking a question. You said that all the numbers stack up. You have never provided any numbers.

The ACTING SPEAKER: Members!

Ms R. SAFFIOTI: I have the numbers. The Treasurer has just committed \$2 billion to Forrestfield. What is the catchment of Forrestfield?

Dr M.D. Nahan: Aren't you supporting Forrestfield? We've done it.

Ms R. SAFFIOTI: No, no —

The ACTING SPEAKER: I am on my feet. I have said a few times over the last 25 minutes that people should stop interjecting across the chamber. I am trying to listen to the member for West Swan. Member, if you could direct your comments through the Chair, otherwise it makes it very difficult to protect you and all this chatter across the chamber makes it very difficult for Hansard.

Ms R. SAFFIOTI: I do not need protection because I would like the Treasurer to look me in the eye, but he never does. He always looks away and looks down making comments. Why do you not ever look up?

The ACTING SPEAKER: Member, through the Chair please, otherwise you will just draw more commentary.

Ms R. SAFFIOTI: The Treasurer cannot even tell me the catchment population for the Forrestfield rail line. That is the reality. He does not know the detail. As I said, he has no ability to analyse the government's expenditure decisions and no ability to understand its commitments. The Treasurer of the state went out and said that depreciation was not a cost in the budget. Of course it is. We can look at any of the statements. The general government operating statement shows that depreciation amounted to \$1.5 billion in 2016–17. As I said, the Treasurer bullies his way through press conferences and he rings journos directly and tries to give them a kind of

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

old economic lecture, and normally he is incorrect. He goes out and tries to say that depreciation is not a cost in the budget, when we know it is.

I return to the BRT. We tried to find out some more information and some more detail about what type of stations, overpasses and underpasses would be developed but we could get no information. It is meant to be finished by next year, yet I do not think the government has done any of the scoping work or any of the detailed work. I look forward to seeing what is proposed, but we all know that Ellenbrook deserves and has the catchment for a rail line. The wider public knows that. The Liberal Party continues to ignore those needs.

I remember the minister saying that the project was not submitted to Infrastructure Australia. None of the projects that the government funded were submitted to IA before it funded them. This is a classic example of that. The Forrestfield rail link was not submitted to IA before the government committed to it. Again, the Treasurer said during a press conference that the Labor Party cannot commit to something until it is endorsed by IA, yet the Liberal and National Parties are in government—oppositions cannot submit projects to IA—and they do not submit projects before they fund them. Again, they criticise us. They are in government and they are doing things because they have the power to do things. They do not assess what they are doing but they criticise our policies without assessing what they do. I am looking forward to the government's fully funded, fully costed transport plan. I just cannot wait to see it.

Mr R.F. Johnson: Like it was last time.

Ms R. SAFFIOTI: Yes, like it was last time. I am sure the Treasurer has gone through it with a fine toothcomb, checking out all the costings. I assume that the government would not release a transport plan without some costs attributed to every rail line and every proposal. I assume that is what we are going to see. I am looking forward to the fully costed, fully funded transport plan that it will release.

As I said, this is the worst budget in the state's history. We are striving to find out the full cost of some of these projects such as the stadium. The minister refused to tell us the full cost of the stadium to taxpayers because I do not think the government knows and I do not think it cares because this is how the government is run. Government members ask us about our financial management policies, but where are the government's financial management policies? The Liberal and National Parties have been in government for eight years and I have still not seen their strategy. They have made decisions without understanding the full cost, and the stadium is the perfect example.

MR F.M. LOGAN (Cockburn) [1.32 pm]: This afternoon I rise to speak on the Appropriation (Capital 2016–17) Bill 2016, and I would like to talk about some of the issues that I referred to yesterday that were missing from the capital section of the budget paper relating to training. I will confine my comments purely to issues relating to the Department of Training and Workforce Development, TAFE and youth unemployment. After the estimates process, I received an answer to a supplementary question I put to the Minister for Training and Workforce Development relating to the number of companies that were funded to provide private training to students in Western Australia and the number of hours they were funded for. These are referred to as registered training organisations. As you may well know, Mr Speaker, it has been the subject of some fierce criticism at the federal level but we have also heard strong commentary at the state level about the issue of shonky training providers. I take you back, Mr Speaker, to the Auditor General's report 11 of June 2015, "Regulation of Training Organisations". I will quote the "Key Findings" section of the report. The Auditor General found that —

In 2013–14, the Council did 323 checks of RTOs and found 35 per cent were either significantly or critically non-compliant with the national standards. Examples include:

- lack of evidence of student assessment
- unqualified trainers
- no assessment of the practical application of skills ...
- an RTO —

That is, a registered training organisation —

passing students despite their written assessments showing incorrect or incomplete answers.

We could probably not get a more scathing assessment of private training providers than that in the Auditor General's report, although I point out that the Senate inquiry into exactly the same matter found exactly the same problems right across Australia, particularly in Victoria and New South Wales. Since the Senate inquiry into registered training organisations, quite a number of those RTOs in those states have been deregistered. That has not been the case in Western Australia, even though the recommendations that came out of the Auditor General's report last year stated —

The Training Accreditation Council should:

- within 12 months, fully implement its revised approach to regulating RTOs.
- ...
- consider the need for legislative or policy change to allow the Council to check RTO compliance without prior notice ...
- ... consider and document the risk to students and industry of training provided by non-compliant RTOs, and ... find ways to reduce timeframes before sanctioning an RTO ...

They are the recommendations that came out of the Auditor General's report in June 2015. When I talked about RTOs and when questions were asked about registered training organisations during the budget process, one thing became clear; that is, none of those Auditor General's recommendations had been undertaken. There is simply waffle coming out of the department of training, but none of those three critical recommendations made by the Auditor General about, effectively, the scamming of students in Western Australia have been picked up and acted upon. More importantly, in light of the issue that is before the house at the moment, no funding was allocated to address those issues. No reference was made to this issue in the budget papers. There were certainly no line items, and no funding was allocated towards addressing this issue.

In my view, this matter should have been referred to under "Significant Issues Impacting the Agency", which is usually a section in the budget papers. This matter of private RTOs ripping off students in Western Australia should have been referred to. The actions in the Auditor General's report should also have been referred to and a strategy, a plan and a funding arrangement should have been highlighted in there as well. We did not see anything; we saw nothing.

An example of what I am talking about was brought to my attention by the air-conditioning and refrigeration industry by way of email—the member for Maylands would remember this because she referred one of the matters to me—from a significant number of small businesses and tradespeople who are qualified air conditioning and refrigeration tradespeople. They emailed me, the member for Maylands and a number of other MPs, but most of the matters ended up on my desk. The emails highlighted the fact that a company operating out of a factory unit in Malaga had changed its business model from being an air conditioning and refrigeration service company to being a registered training organisation because it saw that there was more money to be made out of providing training than there was from repairing air conditioners and refrigerators. It transformed its business model and changed its name to the College of Climate Change. The College of Climate Change offered two courses. One was for electricians or people who held electrical licences to undertake training, at a cost of \$4 500, to become fully qualified air conditioning and refrigeration tradespeople within seven weeks. The other course was for qualified certificate II air conditioning workers—that is, someone who is not a tradesperson but has the minimum skills necessary to work on and service wall-mounted air conditioning units—to undertake the exact same training for \$4 500 and become fully qualified air conditioning and refrigeration tradespeople within five weeks. Why it would take longer for a fully qualified electrician with an electrical licence to undertake the course than it would for someone who was not a tradesperson is beyond me, but this was the service the so-called College of Climate Change was offering to the industry and the general public.

The industry was apoplectic about this company's behaviour because of the impact it would have on the industry and the safety of the people completing those courses and then working on dangerous pieces of equipment. It is dangerous because with both air conditioning and refrigeration, but particularly with refrigeration, they are working with dangerous gases and, in all cases, they are working with live electrical equipment at 240 volts. Unless someone is a qualified tradesperson holding an electrical licence, one could quite easily be killed and also be in breach of existing state legislation.

That did not seem to worry this company, the College of Climate Change. Not only was it offering sham courses, it was not actually registered. It had borrowed its registration number from a company in New South Wales. Under the system that has been set up federally, that is quite legal; any one of us can go out and set up a training organisation, call ourselves an RTO, make a phone call to another RTO that might be helpful in terms of "lending" us its registration number—probably for a fee—and off we go. We can then go and hang out the shingle and start training people. This is the state of training in Australia today, courtesy of the federal Liberal government. The existence of the College of Climate Change here in Malaga is an example of what happens when we deregulate the system to that level.

As I said, the industry was apoplectic; it was beside itself that people were going out into the general public and calling themselves air conditioning and refrigeration tradespeople when they were not anything like that. The industry begged me and other Labor members of Parliament to do something about this because the government was not listening. On their behalf, I wrote to the Minister for Training and Workforce Development and her

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

response was similar to the response to the issue I raised about what came out of the Auditor General's report: that this company was registered under the federal act, that there was nothing the state government could do, and that the minister and her department were going to flick the problem off to the Australian Skills Quality Authority and let it deal with the issue.

I remind the house about what the Auditor General recommended: that this government should consider legislative or policy change to enable it to check RTO compliance without prior notice. That is a critical part of the problem, of which the College of Climate Change is only one example; there are many, many more we could use here in Western Australia. Nobody was checking on it. Nobody went out there and assessed whether this rogue company could actually deliver training to nationally recognised trade standards. Nobody bothered to check, and nobody even bothered to check whether it was a registered organisation. When the issue was brought to the government's attention the first thing it did was to say, "Oh, it's not our problem", and then it flicked it to the Australian Skills Quality Authority.

I am happy to tell the house, however, about the outcome after I asked the minister what actually happened as a result of this matter being handballed to the Australian Skills Quality Authority. An investigation was undertaken by ASQA, probably because the minister got herself involved and threw her weight behind it, and as a result that company now no longer delivers training for the refrigeration and air conditioning industry. That is a good outcome, but it is not how things should happen. That is not how training should be undertaken here in Western Australia.

Matters are going to get worse for students in Western Australia. I will not go into the details of the problems associated with the Department of Training and Workforce Development and the government's approach to TAFE, because I will deal with that later on today during private members' business, but I will go to an example of why these issues are going to get worse for Western Australian students. Another question was asked during the estimates hearings by the member for Mirrabooka, who asked the minister to provide a list of private training providers and the number of student curriculum hours they were contracted to deliver for the years 2013, 2014, 2015 and 2016. I point out to the house that the answer provided by the minister by way of supplementary information showed that, at the same time as there has been a decline in capital funding for public vocational education and training in Western Australia there has, over the last four years, also been a corresponding increase in funding for private vocational education and training. As the funding to TAFE declines, so the funding to the private sector increases. Overall, funding to training is declining but as there is a decreasing funding arrangement for training in general, the actual share of that declining funding is now going more and more to the private sector than the public sector. That is even though, as I pointed out to the minister, the benchmark for the high standard of quality vocational education and training in Western Australia is of course TAFE, but TAFE's funding is declining and as its funding is declining, the funding to the private sector is increasing.

I draw to members' attention the information that the minister provided to me by way of supplementary information regarding private registered training organisations. In terms of the number of student contact hours funded by the Western Australian government, the 2013 figure was 9 180 125 hours; in 2014 that figure had increased to 10 791 331 hours, but when I turned to 2015, that figure had declined gradually to 9 980 000, but it is still nearly 100 000 hours more than it was in 2013. Even though I have not asked the question, I know that if I go back to 2010, 2011 and 2012 I will see that funding to private RTOs by the government of Western Australia will be much less than it currently is. When people say they cannot get into TAFE courses or they are not available, or it is more expensive or it does not deliver that training anymore—no, it does not. Where has the money gone? The money and the training has gone to the private sector.

I asked the Minister for Training and Workforce Development who these private RTOs in Western Australia are that are sucking up more and more of the public purse to deliver training to students in WA. There are a significant number of them. A couple of hundred vocational education trainers receive a significant amount of public funding. Some of them are not even registered; they are borrowing the registration numbers from companies in the eastern states or elsewhere. Some are not even registered anymore because they have been investigated and deregistered. I have nothing against private trainers. If private trainers want to hang their shingle out, as long as they apply national standards and as long as they are properly accredited and have fully qualified trainers in place, I have no problems with private trainers being out there. Whether they receive public funding is another matter altogether, particularly when the government of Western Australia and the federal government argue that this is a competitive process. It is a competitive process and we have given them hundreds of thousands of dollars to compete with the public sector. I cannot see how that is a competitive process. Nevertheless, if we look at some of the organisations that receive this funding, we are funding TAFEs in other states. For example, we fund New South Wales TAFE, Queensland TAFE and the South Australian TAFE. Public funding from the Treasury of Western Australia, through the Department of Training and Workforce

Dr Mike Nahan; Mr Roger Cook; Mr Mark McGowan; Dr Tony Buti; Acting Speaker; Ms Rita Saffioti; Mr Fran Logan

Development, goes to the governments of Queensland, South Australia and New South Wales to provide training for Western Australians.

I will give members one example of why that is the case. The five small craft industries that I have referred to in this house on many occasions—one of them being vehicle and boat trimming; the others being furniture polishing, wood-turning and carpet floor laying—are now no longer available in Western Australia. That training can only be undertaken in another state. That is one of the reasons money is pouring out of Western Australia and into the coffers of New South Wales, Queensland and South Australia.

I will take members to some other examples of training funded by Western Australia. This is the number of hours that have been publicly funded by the Western Australian government to McDonald's for training—not for hamburgers! In 2013–14, Western Australia provided McDonald's with 41 360 hours of fully funded training; in 2014 it was 253 240 hours of training; and in 2015 we funded McDonald's to deliver publicly funded training of 69 405 hours. I am not exactly too sure what type of training was delivered by McDonald's, but I question why we were using McDonald's as a publicly funded trainer for Western Australian students. It is not just McDonald's; of course, its great competitor Kentucky Fried Chicken also received public funding.

I will refer to a number of other organisations. One is a holistic level of training involving flower essence. I believe it is in Joondalup. Somehow this state is providing public funds to this organisation to undertake holistic training for the betterment of everybody through the understanding of the essence of flowers.

Ms S.F. McGurk interjected.

Mr F.M. LOGAN: Why it is not in Fremantle is beyond me. It is in Joondalup, but apparently it should have been in Fremantle! I am sure there are other holistic training organisations in Fremantle that receive public funding as well. I have nothing against holistic therapies and I have nothing against people learning holistic therapies; the question I raise in this house is: why are Western Australian taxpayers paying for it? Is this an important level of training that will increase the economic benefit of Western Australia and upskill our students? I would question that at length.

Dr K.D. Hames interjected.

Mr F.M. LOGAN: I would not have thought that the former Minister for Health and medical doctor, sitting at the back, would be supporting holistic medicine, but once the minister has finished being a minister he possibly drifts off into that touchy-feely area of life! He may be reinventing himself as a doctor of holistic medicine, but who knows? Whether someone supports holistic medicine or not, the question is why is the government paying, out of WA taxpayers' pockets, for training in this area?

The critical point is that all these organisations are private registered training organisations being funded by the taxpayers of Western Australia. The Auditor General made the point that there should be legislative change to allow the Department of Training and Workforce Development and the authorities in Western Australia to conduct snapshot audits of those organisations to see whether the training they deliver is in keeping with the intentions of not only national standards, but also state standards, and whether the funding received is being spent appropriately. We do not have the power to do that at the moment, and the Auditor General highlighted the fact that we do not have the power to do that.

Bringing it back to the issue of the budget, that matter was not addressed in the budget papers. The minister has not addressed it, neither in this house nor in the budget papers, and no funding was allocated in the budget papers to address that very important issue.

Debate interrupted, pursuant to standing orders.

[Continued on page 3525.]