

Mr Ben Wyatt; Ms Adele Carles; Mr Bill Johnston; Mr David Templeman; Mr Vincent Catania; Acting Speaker;  
Mr Tom Stephens; Mr Peter Watson; Ms Rita Saffioti; Mr John Kobelke; Mr Mick Murray; Mr John Hyde; Mr  
Fran Logan; Mr Andrew Waddell

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## **LOAN BILL 2009**

### *Second Reading*

Resumed from 14 May.

**MR B.S. WYATT (Victoria Park)** [4.17 pm]: After the past hour, perhaps I can lower the temperature of the chamber somewhat by talking about the Loan Bill 2009, and considering some of the less exciting details of the finances of the state. This piece of legislation contains some interesting facts and figures. The first nine months of the term of this government have been characterised by a couple of different themes emerging from the opposition and occasionally through the media. Those themes have also characterised much of the debate in this place. The first piece of legislation was the Treasurer's Advance Authorisation Bill 2009, which sought approval for a record \$1.2 billion of spending beyond the budget process. That bill took a considerable amount of Parliament's time, and was ultimately guillotined three times by the government before it made its way to the upper house.

Then the budget was delivered, less than a month ago. That document has been characterised more by what is not in it than what is in it. There is no question that governments have the right to allocate spending as they see fit, but the budget documents are required, at the very least, to be an accurate reflection of the state's finances. It is my contention, and it has been the contention of the opposition for quite some time now, that that is not the case with this budget. Some \$2 billion of commitments made by the government are not contained in either the 2009-10 budget or the forward estimates. That \$2 billion will have to come in at some point, and I daresay that that point will be the midyear economic review, which will be a very interesting document for what it says about the extra spending commitments. Oakajee has been referred to, as well as the Northbridge Link and the Esperance nickel circuit, at a cost of \$100 million. Next year, funding for Royal Perth Hospital will also have to enter the forward estimates. These are commitments made by the government that will have to enter the budget process, hopefully in the midyear review.

There is also the matter of the assumptions contained in the budget. I raised some of these in my budget reply speech, particularly the assumptions made about the Australian-US dollar exchange rate, which is very important in light of the fact that Western Australia is a trade-exposed economy, and the assumptions about interest rates. Certainly, those assumptions contain respective interest rates that have raised my interest and the interest of the opposition about the Loan Bill. As we know, the Treasurer is seeking by way of the Loan Bill 2009 approval to borrow \$8 316 197 000 from the Western Australian Treasury Corporation or elsewhere for public purposes. The bill also seeks to authorise the cost of that borrowing—that is, interest and other expenses—to be paid out of the consolidated account.

I was lucky enough to get a briefing from Treasury just before Parliament sat today. I was presented with an interesting little document that sets out how the Treasurer arrived at his figure of \$8.3 billion that he will need in borrowings up to 30 June 2013. It is interesting that the budget no longer contains a statement of the consolidated account. This changed with, I believe, the accounting standards in the early 2000s, and there has been no such statement for quite a period. The Treasury officers provided me with a breakdown of the consolidated account, in particular the net movement in cash position, which is what we are seeking to fill in by way of the borrowings authorised by the Loan Bill. This bill is the first Loan Bill since 2004. The then Treasurer, Hon Eric Ripper, now Leader of the Opposition, sought and obtained approval from Parliament to borrow \$250 million. I note the Treasury officers in the Speaker's gallery and I thank them for the briefing they gave me earlier today. At that time in 2004, it was estimated that the government would require some \$450 million in borrowings to see it through a period. I am not quite sure of the period, because on top of that authorised \$250 million, there was also \$197 million outstanding from the Loan Bill prior to 2004. I am not exactly sure of the year of the previous Loan Bill. However, \$197 million was left over, which brought us up to \$447 million that the Treasurer currently has at his disposal. As he stated in his second reading speech, it is estimated that some \$672 million of borrowings will be required before 30 June 2009, which is where we are with the current Loan Bill. The \$8.3 billion plus the \$400 million that has already been authorised brings the total borrowings required for the general government sector to 30 June 2013 to \$8.8 billion.

The consolidated account document that was provided to me earlier today by Treasury noted that the Loan Bill is seeking some \$225 million to be authorised for 2008-09; \$2 957 million for 2009-10; \$2 166 million for 2010-11; \$1 728 million for 2011-12; and \$1 240 million for 2012-13, which reflects the tailing off of the asset investment program that the Treasurer outlined in the budget tabled in this place recently. It is a reasonably useful document. Treasury provided me with a good document that outlines effectively the consolidated account—that is, the operating account of the government—the moneys in and out and how much cash is at

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bank. Certainly, after this financial year, we will be left in a position in which there is effectively no cash at bank in the consolidated account. I appreciate that the consolidated account is effectively a subset of the general government sector. The cash flow statement for the general government sector in the budget shows that there is still a positive cash position over the forward estimates, but that of course includes other items, as I heard in my briefing this morning, than simply the consolidated account—for example, hypothecated revenue that goes to other sources.

Previously I have spent some time on what has been the focus of the opposition—unsustainable debt. No-one is surprised that the opposition has focused on what is in our view the unsustainable level of debt that this government will accumulate between now and 2013. I will quote the now Premier a number of times during my contribution this evening, simply because the Premier, whilst Leader of the Opposition in particular, was very vocal on the issue of state debt. He made his intentions clear and was specific in the comments that he made about the then government when he was Leader of the Opposition. On 15 May 2002, the now Premier and then Leader of the Opposition stated —

One of the first speeches I made in this Parliament, apart from my maiden speech, was on the issue of state debt. State debt had rarely, if ever, been discussed in this Parliament before I talked about it. State debt became a major issue, because under the Lawrence Labor Government state debt was rising by \$1 billion a year.

It seems that the Premier was the first member of Parliament to even address state debt! Now, he is certainly somebody who perhaps is not as keen to address the consequences of state debt as he was back then. I will come back to some of the comments the Premier previously made about state debt levels, and why it is that state governments do not have the same capacity as the federal government to take on the levels of debt that this state government is currently taking on. I have previously made the point that by 2013 the \$19.1 billion net debt position of the total public sector in the state will equate to \$7 850 for every Western Australian. Every man, woman and child in Western Australia will have a debt burden of \$7 850. It is worth comparing that to the federal government. The federal government is getting itself to a net debt position of \$188 billion—a figure that has been bandied around quite considerably. The federal shadow Treasurer, Joe Hockey, made the point that that equates to approximately \$9 000 for every Australian. Therefore, our \$19.1 billion will have nearly the same debt impact on Western Australians as will the federal government's \$188 billion of debt. We are effectively doubling the debt liability position for Western Australians. As I have said in this place before a number of times, the federal government is tapped into the macroeconomic benefits that come from a stimulated economy much better than is the case with the state government. That is, when the federal government spends to stimulate, the revenue flow back to the federal Treasury in corporate tax, income tax and GST offsets to a large degree the debt that it is paying off. Provided the federal government can keep spending at a sustainable level, which the federal Treasurer has said he intends to do and has factored into his budget, those debts can be paid down and the government's finances returned to surplus. At the state level, we are not in such a fortunate position. Taking on this debt in a stimulated economy does not result in commensurate increases in revenue flows to state Treasury. I accept that, in a growing economy experiencing more employment, there will be more payroll tax returns. In a stimulated economy, generally property prices are rising, so there has been an increase in land tax returns. But this is nothing in the order of the returns that we see at federal government level, which is why the opposition is concerned. Indeed, \$19.1 billion is a lot of money; it is \$7 850 of debt for every Western Australian—not every voter, but every Western Australian—by 2013. This is why we bang on and why we are interested in the interest rate assumptions contained in the budget. During my budget reply speech, I simply calculated how much had been set aside for interest payments in the budget, and calculated that as a percentage of outstanding borrowings at that time. For the total non-financial public sector, it was effectively for 2009-10, 4.6 per cent; for 2010-11, 5.1 per cent; for 2011-12, 5.9 per cent; and for 2012-13, 6.3 per cent. We are interested in the interest rate assumptions within the budget, for the reason that we are very sensitive to the impact they will have on our operating revenue and on how much of our revenue will go towards servicing the debt. When I looked at those figures, ranging from 4.6 per cent and rising to 6.3 per cent by 2012-13, my initial thought was that that projection was perhaps somewhat optimistic. However, in answer to a question asked in the other place of Hon Barry House, the then Parliamentary Secretary to the Treasurer, the other place was informed that the assumptions contained in the budget for interest rates on borrowings were 4.1 per cent for 2009-10; 4.54 per cent for 2010-11; 5.31 per cent for 2011-12; and 5.75 per cent for 2012-13. That is considerably lower than the assumptions I had come to from the budget. Perhaps an element of fat has been put aside in the budget for a higher interest rate, but the fact of the matter is that the Treasury assumptions on interest rates are, in my view, overly optimistic. We are currently in an environment of historically low interest rates. In the national accounts and terms of trade we are already seeing the emergence of what is now referred to as “green shoots” in the Australian economy and international economies. In the Chinese economy—of particular interest to Western

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Australia—it looks as though Premier Wen Jiabao’s stimulus package is actually working, and that will have an impact on Western Australia and Australia generally. When the economy begins to grow again, we will find ourselves in a position of rising interest rates going forward. The highest interest rate assumption in the budget is 5.75 per cent, which to me seems particularly optimistic.

This is a matter that was raised by the Reserve Bank governor, Glenn Stevens, as recently as last Friday. I refer to an article by Shane Wright, economics editor for *The West Australian*. He quotes the Reserve Bank governor, in a speech he gave in Townsville, as making a point about governments that are taking on huge quantities of debt, and in Australia we certainly are doing so, at the federal level and particularly at the state level. The governor is quoted as stating —

“It would be counterproductive, though, if further reductions in interest rates induced a large number of marginal borrowers into debts they could service only at unusually low interest rates.”

He went on to say —

“The size of the build-up in government debt in some of the major economies will surely become much more of a constraint on their fiscal room for manoeuvre over the next decade,” . . .

The Reserve Bank governor was particularly careful not to make the point in respect of the federal government, but he makes the point that debt and our interest rate liability over the next four years is likely to be considerably higher than what is being allowed for in the budget. We will find ourselves in a position in which \$1.2 billion, \$1.5 billion or \$2 billion of annual operating revenue will start to be diverted towards servicing the interest on our \$19.1 billion debt. Again, I come back to what I said at the beginning: this is \$19.1 billion of debt—in an environment in which up to \$2 billion in commitments made by the state government has not yet been brought into the forward estimates; and in an environment in which Royal Perth Hospital is yet to be completed, and last year Treasury made the point that that project is likely to cost about \$400 million a year on an operating basis. The \$19.1 billion debt estimation for 30 June 2013 is, indeed, optimistic, because a considerable number of commitments have been made by the state government that have already been supported by the federal government. The state government therefore has to find the money for its share of those projects, and that is likely to add to the debt position.

I come back to the Premier, who again, during the same speech that he made as Leader of the Opposition, said —

Under accrual accounting and swings and roundabouts, the surplus and deficit will bounce all over the place. At the end of the day, what matters in state finance is the level of state debt, because it is on the level of state debt that the Government must pay interest, and presumably it should also seek to ultimately repay the capital.

I am glad the now Premier realises that there is still a capital amount to be repaid. He goes on —

State debt does not loom very large in people’s minds at the moment because interest rates are at a 30-year low. However, if interest rates start to rise again, the level of state debt will impact directly on taxes and charges levied on the people of this State.

This is the very reason there has been an extraordinary rise in household fees and charges by this government—\$334 per household on average. There is an extraordinary projected rise in electricity charges to be placed on Western Australians. The point has been made time and again, and everybody agrees, that electricity charges have to rise. We made the decision to factor in that rise over a longer period to make the blow softer on households in Western Australia. That decision is particularly relevant now when—certainly in my electorate and I dare say in the electorates of every member of this house—households are under severe financial strain. We made that decision to factor in that rise over a longer period. This government has made the decision to increase household fees and charges by an average \$334 a year. We now know today through the state government’s initiative—the Henry tax review—that it will potentially abolish land tax, which is currently paid only by investors, and replace it with an increase in rates, which is the way the government has effectively sold it. That means for this year alone every household in Western Australia will have to come up with another \$700 a year to replace the land tax revenue that currently flows into the state government’s Treasury.

I will now spend some time on the issues of debt and the assumptions contained in the budget. One issue on which I spent considerable time in compiling my budget reply speech, and have since then, was the assumptions in the budget, because they underlie the weakness of any projection of revenue, interest rates and expenditure contained in either the 2009-10 budget or the forward estimates. The value of the Australian dollar is a huge weakness and is an issue of massive sensitivity for the Western Australian government, and alone could drive the

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2009-10 projected budget surplus into deficit. In respect of the Australian-US dollar relationship, the budget contains an assumption of 68.5c to the US dollar. Since that time the Australian dollar has traded considerably higher than the assumption contained in the budget. For every one cent increase in the Australian dollar, as the budget points out, there is a sensitivity bite of \$55 million. As I said a little while ago, in a trade-exposed economy such as ours, with a large percentage of the revenue stream coming from royalties, the Australian dollar rate could have a quite dramatic impact.

During my budget reply speech I referred to a research note that was prepared by Macquarie Research Economics. It does a bit of work on currencies and it makes the point that estimating the Australian dollar, whether it be next week or 12 months from now, is enormously difficult because of its volatility, in particular its volatility in the past 12 months. Even then Macquarie Research predicted that the Australian dollar would be at US72c by the end of the calendar year of 2009 and at US74c by the end of the 2009-10 financial year.

**Mr T.R. Buswell:** I hope that they are right.

**Mr B.S. WYATT:** That is why Macquarie Research has recently updated its currency forecast for the current year. That forecast was released on Tuesday, 9 June, which is today. It is the most up-to-date estimate that it has. Macquarie Research has revised the estimate upwards and has forecast that the Australian dollar will be at US82c by September 2009 and at US80c by year's end, and at an average of US78c in 2010.

**Mr T.R. Buswell:** We will still take that.

**Mr B.S. WYATT:** I have no doubt that the Treasurer would take that, because the Commonwealth Bank was talking about the Australian dollar achieving parity with the US dollar. Parity for any length of time would no doubt cause the Treasurer some sleepless nights because of the impact that would have on our royalties.

**Mr T.R. Buswell:** I am not the one who gets the sleepless nights; it is the other ministers.

**Mr B.S. WYATT:** That is if the Treasurer can keep his ministers to the spending commitments that are contained in the Treasurer's budget forecast. Those commitments are, in themselves, overly optimistic, particularly the overall spending commitments that have been outlined for health, which I will come to in a minute. As I said, Joseph Capurso, the currency strategist for the Commonwealth Bank, is expecting the Australian dollar to reach, at the very least, US90c, and has proposed the possibility of parity between the Australian and the US dollar. I raised this issue with the Treasurer during the estimates hearings. I appreciate that at the end of the day the budget must have a figure. It must have something in it and a particular cut-off date. The six-week average for the Australian dollar until the April cut-off date for the budget was US68.5c. That method was used by the former Labor government and I assume it was used also by Richard Court's government.

**Mr T.R. Buswell:** I think it is also used by the commonwealth.

**Mr B.S. WYATT:** I am sure that it is. There must be a figure. I invite the Treasurer to comment by way of interjection on whether he would be comfortable, in light of the volatility of the Australian dollar over the past 12 months, with putting a bit of fat on that figure and taking a conservative line. Perhaps a couple of cents could be added to the estimate of US68.5c. I would have thought that that would be the conservative option to take, provided the method by which the figure was arrived at was disclosed in the budget. A figure must be arrived at, and the government has arrived at US68.5c by using a method that has been used by governments all over the country.

**Mr T.R. Buswell:** Don't worry. I did ask Treasury if there was a better way to do it. That is okay when the exchange rates are in an upward trend, because any assumed increase is basically reflected in a reduction in revenues. When it is in a downward stream, we could be accused of artificially inflating it.

**Mr B.S. WYATT:** That is right. That has not been an issue, particularly over the past five years, because it has not resulted in either a budget surplus or deficit. We still would have been in a surplus because the Aussie dollar has not had a big impact. It has had a better impact than most, though.

**Mr T.R. Buswell:** If you go back to the PFPS last year, I think it was US95c. Imagine the size of the surplus if it had been at US68c, which is what it went to in about two months. It is quite interesting.

**Mr B.S. WYATT:** It would have been quite dramatic and would have been a wonderful surplus.

That gives me a nice lead-in to the spending constraints that the government has imposed on itself. The Treasurer has placed a spending straitjacket on his ministers in the current environment, let alone if the Australian dollar continues at levels well above US70c or even US80c. For health alone, growth for 2009-10 is three per cent, for

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2010-11 it is minus two per cent, for 2011-12 it is three per cent, and for 2012-13 it is three per cent. For education, for 2009-10 it is a high nine per cent spending, for 2010-11 it is minus two per cent, for 2011-12 it is minus one per cent, and for 2012-13 it is minus one per cent. The forward estimates contain significant spending constraint assumptions. I said in my contribution to the second reading debate on the budget bill that it would not take more than a small blow-out in spending in one or all those areas for the projected surplus—the \$900 million margin for error—to disappear quickly. I also said that if we assume a one per cent blow-out in expenses in each of these areas over four years, it would add \$465 million to the expense equation. I am referring just to general government spending on core service delivery. We then need to look at what is not contained in the budget. Commitments estimated at \$2 billion are not contained in the budget.

**Mr T.R. Buswell:** Can you put them on the record?

**Mr B.S. WYATT:** I went through them when the Treasurer was not in the chamber. I will go through them again before I conclude my remarks.

**Mr T.R. Buswell:** Is that the \$2 million referred to in the newspaper?

**Mr B.S. WYATT:** It is some of them, yes. I look forward to the Treasurer's reply, in which he can provide the figure if that is not correct. Effectively, by 2013, all else being equal, that \$900 million buffer to which I referred earlier would not be a huge buffer. It would take only a \$200 million a year either increase in expenditure or reduction in revenue and that 90 per cent figure—which I know is not part of the government's fiscal strategy, but is focused on keeping net interest costs at five per cent of operating revenue—would disappear. This government is skating on very thin ice with the assumptions it makes and the figure that are not yet in the budget.

The net-financial-liabilities-to-revenue ratio incorporated in the budget is, as the Treasurer indicated, the Standard and Poor's figure, but it is not yet part of the government's fiscal strategy. Treasury provided the opposition with a copy of the net-financial-liabilities-to-revenue ratios for the financial years from 1993-94 to 2012-13. They certainly make interesting reading and I will conclude my speech by referring to them shortly.

I will again quote the now Premier while he was Leader of the Opposition when he referred to the ability of the then government to pay its interest bill. In opposition he spent a lot of his time focusing on the interest payments that unsustainable levels of debt accrue. He said in 2003 —

As every householder understands, what matters is not so much the surplus or deficit year to year but the amount of money owed, the amount of interest to be paid and the total amount that ultimately must be repaid.

In referring at that time to when the coalition was last in government, the now Premier said —

The coalition enjoyed strong economic growth and paid off Labor's debt burden by \$2 200 for every man, woman and child in Western Australia. What has happened under this Labor Government? In its first year, debt went up by \$891 million. Last year it was estimated that debt in its second year — the current financial year — would increase by a further \$585 million. The forecasts show that by the end of this term of government Labor will have added 40 per cent, or approximately \$2 billion, to state debt.

The amount of debt burden of \$2 200 for every man, woman and child in Western Australia is what the now Premier was talking about at that time. He said that that figure was outrageous and disgraceful. We are now looking down the barrel of a debt level of \$7 850 for every Western Australian by 2013. That is \$7 850 for every one of the member for Mandurah's constituents. For people in Victoria Park alone, my electorate, \$355 million will be their liability by the end of 2013.

**Mr V.A. Catania:** What about people in the north west?

**Mr B.S. WYATT:** The figure is \$257 million.

**Mr D.A. Templeman:** How much for Mandurah?

**Mr B.S. WYATT:** I do not have the figures for Mandurah here. I have the figure for Albany—\$283 million. I know the member for Albany will be interested.

In that same speech, the Premier went on to say —

... what really matters is how much is owed, when it will be paid back and the interest bill. That is the amount written on the cheque and the amount this State owes the bank.

**Mr P. Papalia:** How things change dramatically.

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**Mr B.S. WYATT:** Things change dramatically in this job. I worked that out quickly: things change quite dramatically. As I said not long ago, many commitments by this government are not contained in the budget. They are commitments we are all familiar with, such as Oakajee, the Northbridge Link and the nickel circuit in Esperance. These are commitments made by the government that are not in the budget. They are commitments that will have to go in and will have an impact on the ultimate debt figure. I know that the Treasurer is relying on two things; namely, either finding considerable expenditure savings or —

**Mr T.R. Buswell:** Corrective measures.

**Mr B.S. WYATT:** — the corrective measures. It may be that the minus 1.25 per cent contraction for 2009-10 is not quite as bad as the government projects. There are two big wishes and prayers contained in this budget.

**Mr T.R. Buswell:** There are a couple of other things that may impact on the upside—Gorgon —

**Mr B.S. WYATT:** For 2009-10?

**Mr T.R. Buswell:** No; across the budget. In 2009-10 there is a range of factors. The member is right: in 2009-10, in the short term, we have to keep looking at our spending profile.

**Mr B.S. WYATT:** What is the Treasurer's view on the likely impact of the Aussie dollar for 2009-10? Is the Treasurer still confident with that \$450 million surplus in light of what the Aussie dollar is doing?

**Mr T.R. Buswell:** I think that the movements in the Australian dollar, along with a range of other movements, including iron ore prices, offset to a degree by oil prices, potentially offset by —

**Mr B.S. WYATT:** But not that much offset by oil prices.

**Mr T.R. Buswell:** My recollection is that a \$US4 movement in oil is equal to a one per cent movement in iron ore, give or take. There is no doubt we have to respond. I am working on that as we speak. I will get my little black file back out. It is very distressing.

**Mr B.S. WYATT:** As I said, the midyear economic review is going to be an interesting document not only because there will no doubt be a revision of some of those assumptions and estimations in the budget, but also by then, hopefully, there will be the inclusion of some of those spending commitments made by the government that are currently absent from the budget papers.

The Leader of the Government is no longer with us. He was harassing me earlier to keep my eye on five o'clock for the new member for Fremantle to make her first speech in this place.

I come back to the documents that I had in my hand a second ago—the net-financial-liabilities-to-revenue ratio. Standard and Poor's ratios are: 1993-94, 117.8 per cent; 1994-95, 104.4 per cent; 1995-96, 92.5 per cent; 1996-97, 95.2 per cent; 1997-98, 76.8 per cent; 1998-99, 79.5 per cent; 1999-2000, 78 per cent; 2000-01, 72.6 per cent; 2001-02, 72.8 per cent; 2002-03, 70.2 per cent; 2003-04, 63.6 per cent; 2004-05, 58 per cent; 2005-06, 46.6 per cent; 2006-07, 43.3 per cent; 2007-08, 42.9 per cent; for 2008-09, the current financial year, the estimation was 59.7 per cent; growing to the end of the forward estimates for 2012-13 to 85.4 per cent.

The Premier's comments during his time as Leader of the Opposition between 2001 and 2005 were very critical of the then Labor government and the debt levels it was taking on, and very critical of the levels of interest that were starting to eat up the operating revenue of the state government. He was extremely critical of what, to him, was a big-spending Labor government, resulting in what he thought were unsustainable debt levels. It is clear that under the former Labor government, debt levels decreased considerably, but they are now projected to rise to levels that the current Premier, whilst he was Leader of the Opposition, would not have believed sustainable. He made the point back in 2003, using his calculation method, that every man, woman and child in Western Australia would have a debt of \$2 200; we are now looking down the barrel of Western Australia's debt being \$7 850 for every man, woman and child. That is a clearly unsustainable debt burden, and it is a debt burden that will be with us for a considerable period.

At the beginning of my speech I said that the federal government has much more to gain from a stimulated economy than Western Australia does. WA will not receive the same gains that the federal government will in the form of income tax flows and company tax flows. Although we receive goods and services tax flows, in the current environment the returns will reduce quite dramatically. Even in a super-stimulated economy such as that WA experienced over the past five years, payroll tax and land tax will not provide the state with the sort of increase in revenue that will sustain creeping interest of well over \$1 billion a year. I predict that by 2013, interest rates will be higher than the 5.75 per cent that has been assumed in the budget for 2012-13, as it has already reached 4.1 per cent for 2009-10. The interest rates on borrowings contained in the budget are overly optimistic, particularly in a climate in which the budget debt projections are simply not accurate. They are not

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accurate because they do not contain the significant spending commitments made by this government. The federal government has provided hundreds of millions of dollars of funding that requires the state to provide similar—if not more—to ensure that those projects go ahead.

**Mr T.R. Buswell:** She wasn't waving to you in encouragement; she was waving to someone up there!

**Mr B.S. WYATT:** I only hope, Treasurer!

If one considers the net-liabilities-to-revenue ratio over the past 16 years, it is clear that state debt levels will always be lower under a Labor government than is the case under a Liberal government. The figures show that for nearly two decades, the levels of debt that previous Liberal coalition governments have taken on were unsustainable.

**Mr T.R. Buswell:** Have you tried to standardise that analysis by factoring in the general economic climate as a factor that will have an impact?

**Mr W.J. Johnston:** Member for Victoria Park, you are clouding the issue of the facts!

**Mr B.S. WYATT:** Absolutely! I thank the member for Cannington.

The Treasurer, a self-proclaimed economist of considerable renown, knows those figures show the truth; that over the past two decades state debt has always been lower under a Labor government than is the case under a Liberal government. That is the truth, and I dare say that once the Labor Party returns to power, it will have the job of reducing those debt levels. As I said, under the Loan Bill, \$8.8 billion will be borrowed by this government between now and 2013 for the general government sector alone, which is what we are talking about. An amount of some \$400 million is already sitting there, authorised. Over the next three and a half weeks, the Treasurer needs to borrow another couple of hundred million dollars—\$225 million, to be precise. There will then be a debt level for the general government sector of well over \$8 billion. Sixty-five per cent of the general government asset investment program is debt funded—debt funded in an environment of overly optimistic interest rates and in an environment in which the yearly interest bill that will be imposed on Western Australians will become rapidly unsustainable. The Premier knows it. The Premier raised this issue time and time again when he was Leader of the Opposition. As he said, he is the first member of Parliament to even raise debt in this place, and now he no longer wants to talk about it.

The interest bill that this government will shortly be facing, well before the next election, is not sustainable. The interest rate will be considerably higher than what has been assumed into the forward estimates. The only way in which that can be met is by either cutting services—that is, the spending constraints that the government has imposed on itself over the forward estimates; again, as I said, I think they are overly optimistic spending constraints—or increasing household fees and charges. We have seen that already. There will be an increase of \$334 for the average household.

I will conclude with a figure, because I know that the new member for Fremantle is anxious to get to her feet to give her maiden speech to this place. An amount of \$7 850 will be the debt liability for every Western Australian—every man, woman and child—by 2013 under this government. The only way the government can pay that back is to increase household fees and charges, which the Treasurer knows is the backdoor tax—I think that is how he described it. It is clear that the past two decades have shown that debt will always be lower under a Labor government than under a Liberal government. I predict that it will be up to a future Labor government to deal with the debt mess that this government is creating.

**MS A.S. CARLES (Fremantle)** [5.02 pm]: I begin my maiden speech to this place by acknowledging the Nyoongah people as the traditional owners of this land, and I pay tribute to their enduring culture. Tonight I greet all members here for the first time. They are my new colleagues, and I greet them in a spirit of cooperation and hope. I am here to work constructively with them, and I am here to work towards a safe future for our children. I know that we are all joined by a common desire for our children's future, and this knowledge gives me hope that we can work together. Although members may see me as a lonely figure at the back of the chamber here, I am not, because I am here on the wings of the Australian Greens, the Fremantle community and people right across our state who care for our environment.

Now I will turn to the historic Fremantle by-election. It is my absolute honour and privilege to stand here today as the member for Fremantle. In the 16 May by-election, Fremantle people chose to be represented by the Greens for the first time in history. Fremantle people chose a community voice this time—one that will not sell out to big corporations and one that has the very essence of Fremantle at heart. A lot has been written about why they did this. The sheer force of the numbers of people who voted green has stumped many commentators. I can tell

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the house that people voted for change at this by-election. They pushed through apathy and cynicism. They were tired of the same old politics, the same parties and power, and the same hollow promises. They decided to do something about it. We had young people coming into our office offering their time, quietly dispelling the myth of apathy that plagues their generation. But when the seniors began turning up, offering to knock on doors for us, we knew that we were on to something very big. People who had never voted green came through our door offering help. Something was brewing. Momentum was building. We could all feel it. I tried to not get carried away because I knew the disappointment of the near miss firsthand. However, the result on election night spoke for itself. It was a victory for our democratic system because people power won the night. We did not start out with as much money as the other candidates. I am not the likeliest of candidates myself, being a woman with three young children. Our advantage was that we had people behind us, and as our campaign got going, more people came, joining in the chorus for change.

I want to thank the hundreds of volunteers who worked tirelessly to ensure that we Greens finally took our rightful and long-overdue seat in this chamber. Many of them are in the gallery tonight. I thank them for their committed belief that we could actually do it this time. I personally thank my key strategy team—the small band of people who worked full time on this campaign. Thank you to Scott Ryan, Kim Dravneiks, Lynn MacLaren and Andrew Sullivan. Without their individual and unique contributions, this result would not have been possible. I also thank my generous and loving husband, Francois Carles. You provide a rock-solid foundation for us, and I am so grateful for this. I also acknowledge my three daughters, Genevieve, Claudia and Charlotte: you give me the daily inspiration to keep standing up for our environment.

Our Greens' electoral breakthrough in Fremantle comes after many years of increasing support and community campaigning by the Greens going back to the days of our first Greens senator, Jo Vallentine, who campaigned in Fremantle and throughout our state for nuclear disarmament. We now have many Greens members of Parliament across Australia. I pay tribute to the immense contribution of Senator Bob Brown, who has been a personal inspiration and support to me. I acknowledge the hard work of Paul Llewellyn and Giz Watson, who represented us in the last term of government, and I recognise the ongoing commitment of our federal WA senators, Scott Ludlum and Rachel Siewert. I look forward to working with my Council colleagues, who I am delighted to have with me in the chamber tonight—Lynn MacLaren, Alison Xamon, Robin Chapple, and of course our mentor, stateswoman Giz Watson.

I was born in Kalgoorlie in the late 1960s. My mother was working as a nurse at the Kalgoorlie Regional Hospital and was minding a very tiny Wongi baby who had been abandoned there for complex tribal reasons. My parents adopted this baby, my brother Andrew, when he was only five weeks old. A year later they had me. Unfortunately, they divorced and my mother decided to return to her native New Zealand to raise us. Those years were very hard for the three of us. My mother struggled to make ends meet as a sole parent without government support. Andrew struggled with identity and race issues. My mother knew she had to get Andrew back to his country and his people, so we returned to Perth when we finished school. The transition to Western Australia was a culture shock, particularly for my brother Andrew. He did reunite with his people but he had to face the cold reality of what it meant to be Aboriginal in this state. It meant being under suspicion and being subjected to overt racism. It is a testament to his strength of character that he has gone on to work as a health worker helping Indigenous people in remote desert communities. I am delighted that he caught a plane from Alice Springs to be here today. He is sitting at the back of the chamber with our mother, a woman who I also pay tribute to, a woman who courageously raised two children alone and never gave up on her Aboriginal son receiving an education.

Therefore, it is with great personal significance that tonight, on behalf of the Greens, I acknowledge that the first Australians never ceded or sold their land to the white occupiers who came. Their land was stolen and their people were forcibly dispossessed, removed from their families and in some cases massacred. We know that this dispossession and cruelty cannot be removed with words. However, until we all fully acknowledge the reality of our history, we cannot move forward as a reconciled society. On behalf of the Greens, I apologise to the Aboriginal people of this state for their loss of country and for the injustices imposed on them and acknowledge their sovereignty to the land known as the state of Western Australia.

It is with some irony that from this acknowledgement of Aboriginal sovereignty I move on to what happened last week when a young Nyoongah man came to see me in my office. He had been homeless for two months. Two weeks ago in a moment of desperation he attempted suicide. He has the shocking scars to prove it. If he can get on the priority list for a Homeswest house, he could get a house in 18 months' time. He has run out of favours with friends, and he is estranged from his family. He has nowhere to go. When he spoke to me he was articulate and lucid; he took pride in his appearance. He just wanted somewhere to stay. He needed help to get



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back on his feet. It was a cold, damp afternoon and to my dismay, after making many phone calls, I found that there was no crisis bed available for him that night. The image of him still haunts me. In my time here I will endeavour to work with this government to secure funding for additional crisis accommodation. It is inhumane that in a wealthy state like ours hundreds of people sleep rough on the streets every night in the city. We can do better than this.

I am lucky to own a home in Fremantle, because Fremantle is a very special place, as anyone who is fortunate enough to live there will tell you. I live at the south end in an old renovated cottage amongst neighbours who are like family. We all know each other in this part of town. People walk and cycle; children roam in and out of our homes. People rarely sell their houses here. They are not interested in bigger houses, the latest appliances or new cars. There are no lock-down garages or security gates to keep people out. We have our doors open so that people can come in. It is almost old-fashioned, and I would not trade that for the world. It is this sense of connection and desire to preserve what is special that sees Fremantle people being active citizens and politically engaged.

Fremantle is our vibrant port city, with its historic buildings, iconic markets and eclectic mix of people; it draws tourists from all over the world. I am privileged to personally know heritage campaigners who saved many of our historic buildings in the 1970s. Many of these campaigners are still contributing their time to protecting the heritage of Fremantle. Tonight I pay tribute to Councillors Les Lauder and John Dowson, and to current Fremantle Society president and former member of Parliament, Dr Ian Alexander, who is in the gallery tonight. Many longstanding Fremantle residents volunteer countless hours in committees and community meetings expressing a desire to see Fremantle develop in the best way possible. These active citizens should be valued and respected by our politicians. They are people to be worked with, and they often possess invaluable local and historic knowledge. Too often they are ignored by government.

I know what it is to be ignored by government. I learnt the hard way at South Beach. I chose to stand up for South Beach because it is my country. I use the word “country” in the way that Aboriginal people have taught me. It is my place of belonging. It holds spiritual significance for me. I know many other people who feel like this about their beach. In the process of standing up for South Beach I learnt a lot about government failure. Greens Senator Christine Milne said in 2005 —

I came to realise that you need to know and love a special place in order to empathise with other people’s special places and that to stand up for one special place is to begin the process of standing up for them all. It is the beginning of becoming a global citizen.

Global citizens are often labelled activists to marginalise them, to create a sense of them being outsiders. Whatever the label, these citizens will act when the government fails to. That is the beauty of our free society. Despite this voluntary work being exhausting, relentless and thankless, people keep doing it because they are not prepared to give up. They are taking responsibility for our environment in the face of government indifference.

On behalf of the Greens, I thank all the people around our state who are standing up for their special place or an environmental ideal against the odds. I thank campaigners standing up for peace, nuclear disarmament, our beaches and the Burrup; I thank the Sea Shepherd Conservation Society for looking out for our whales; I thank climate change activists, contamination and toxics campaigners and forest campaigners.

I recently visited Chester Forest in Margaret River, staying overnight with the people who put their lives on hold to stand vigil over our state forest. These people stand firm in the face of violence, arrest and legal costs orders. Our native forests act as crucial carbon sinks storing carbon instead of releasing it into the atmosphere. However, in this state we continue to log our native forests because we place value only on the timber produced; we fail to place any financial value on the carbon benefit. I know why forest campaigners chain themselves to trees. I just do not know why we make them wrong for doing this. People in Fremantle are no strangers to community campaigns. In fact, many of us unwittingly became campaigners as we saw our special places being threatened by inappropriate developments. We must move on from the days of imposing unwanted plans on people in Fremantle. During the boom years we had a lot foisted on us, from houses on the ocean at Port Coogee, to high-rise apartments in the dunes at South Beach, to lead contamination at South Beach, to the proposal to build apartments on top of the toxic tip site at South Fremantle, to the ING proposal on Victoria Quay, to the three harbours proposal—the list goes on. The final insult, to top it all off, was last year’s approval to export lead carbonate through the port of Fremantle. No wonder the North Port Quay consortium is under the illusion that anything goes in Fremantle.

I urge this government to enter a new era of cooperation and consultation with the residents of Fremantle. These residents are not antidevelopment; they want appropriate high-quality developments. The government should

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choose to work with them. Let us create a vision for Fremantle that can be owned by the community, business and government. I know this is possible and I am committed to all stakeholders being included in future planning. Fremantle could be a vibrant regional centre, properly funded to support the important services it provides our state. We have lived through an era of unprecedented growth and Fremantle people have suffered the consequences. Our streets are congested and polluted with too many trucks and cars. We got the boom years without the infrastructure benefits.

Strategic regional planning needs to occur so that we can keep a vibrant working port without compromising the amenity of Fremantle. People told me during the by-election that they want the port retained; they do not want it to become a museum or a theme park for the wealthy. However, limits need to be placed on what enters the port. The container numbers should be capped at manageable levels; the inhumane live sheep trade should be banned—no-one wants it; and lead and other harmful substances should not be allowed through our port. We need to remember that this is a residential port, so health and safety must come first. We should invest in a comprehensive rail system that incorporates both freight and light rail. With the oil crisis looming, now is the time to invest in rail, not roads.

All of this is possible and, in fact, necessary if Fremantle is to survive the unprecedented threat of the triple crunch. By this I mean the current economic crisis, accelerating climate change and depleting oil reserves. For Fremantle to flourish in the face of these threats, we need to be smart about our long-term planning and we need to start the process now. Climate change is on our doorstep. There is no serious doubt about this now. We have melted the north polar ice cap and face the prospect of no summer sea ice within a year or two. Climate scientists are warning us that global warming is accelerating and that we need to take urgent action to protect the Greenland and west Antarctic ice sheets. If we lose these one day, the consequences will be catastrophic. There will be sea level rises, species extinction and the dislocation of millions of people around the world. The time for cynicism has gone, the time for making excuses has gone, and the time for indifference has gone. As elected representatives, it is up to us to take responsibility for this in Western Australia. If we do not, who will? There are people in my neighbourhood who care enough to have invested in expensive solar panels on their roofs, but this will not solve the problem. Governments, through policy and legislation, can solve it. I urge this government to get serious about climate change and to start thinking big about this.

[Member's time extended.]

**Ms A.S. CARLES:** The government should make a promise to the next generation to have no more coal-fired power stations, and to reinstate the gross feed-in tariff because the government promised it and it is the right thing to do.

We have enviable supplies of land, sun and wind in Western Australia, which makes our failure to act even harder to comprehend. Why has this Parliament not agreed to take genuine action? Is it because it is too hard, or do we prefer to simply disagree in this place? Whatever the excuse, imagine trying to justify it to a child, a child who is now learning about global warming as part of the school curriculum. European countries have already taken action. Look at the examples set by Germany and Spain; countries that have flourishing renewable energy industries. Cloudy Germany now leads the way in solar technology. German members of Parliament possess something that we in this chamber collectively lack right now—intention. Members who want a clear example of intention need look no further than to President Obama. He made big promises in the face of cynicism and ridicule by many. He is now working on the multibillion-dollar Green New Deal for America, which includes investing tens of millions of dollars in retraining the workforce to transform its old polluting infrastructure into clean renewable energy infrastructure for the future. He acknowledges that this transition will take about a decade, but he has started now.

Now is the time for us to start. We must rise to the challenge of transforming our polluting energy industry into a clean industry. This is an opportunity for innovation and new job markets. Now is the time in this state to upgrade our outdated and unreliable electricity grid infrastructure. We need to invest in high-quality intelligent grid design which will produce energy savings and efficiencies in the long run and which can be powered by renewable energy. That is the type of investment that our children will thank us for. Such a grid will prevent blackouts and save consumers money. Ironically, renewable energy is free once we have the infrastructure in place because no corporation can own the sun or the wind. This is the smart way forward and it is the ethical way forward. We Greens like to ask: In 50 years' time, will our children be looking back at us smiling? Are they thanking us for taking action right now to secure a safe future for them? I am committed with my fellow Greens to this vision; we will not give up on it.

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I dedicate this speech to my dear friend Loreta McMaster, who passed away three years ago at the age of 39, leaving her husband, Shane, and their three children, Jack, Casey and Ruby. A Fremantle person to the very core, Loreta loved these words spoken by Nelson Mandela —

Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our darkness, that most frightens us. We ask ourselves, who am I to be brilliant, gorgeous, talented, and fabulous? Actually, who are you not to be? You are a child of God. Your playing small doesn't serve the world. There's nothing enlightened about shrinking so that other people won't feel insecure around you. We are all meant to shine, as children do.

On that note, I conclude my remarks and I remind members that it is about the children. I again thank the Fremantle community for insisting that, this time, we got this seat.

[Applause.]

**MR W.J. JOHNSTON (Cannington)** [5.25 pm]: I congratulate the member for Fremantle for her inaugural speech, which was a fine contribution. I am sure she will make a great contribution when representing the people of Fremantle in that very important electorate. We welcome her to this house and look forward to working with her in the future as she strives to achieve the agenda that she has laid out to this Parliament.

With those gentle remarks about the excellent speech from the member for Fremantle, I now turn to the more mundane issue of the Loan Bill. It is certainly awkward to follow on from that presentation, because the member for Fremantle was of course referring to the greater ideals that we all come into this house to represent. They are the ideals that certainly led me here only a very short time ago. Unfortunately, I also have to deal with matters such as the Loan Bill that is in front of us today. There is no doubt that this is very important legislation that will provide for very substantial borrowings, in addition to the borrowings in the other Loan Bills that have been considered by this house. I understand that the previous Loan Bill was for \$250 million in 2004. It is interesting to note that that was a mere trifle compared with the \$8 billion that is being sought to be authorised by this Loan Bill. I also understand that there are previously undrawn amounts of \$197 million, so that with this bill's passing the state will be authorised to borrow \$8.8 billion more than it currently has, which is an extraordinary amount of money.

The current Treasurer when in opposition used to like to throw comments and insults at the then Treasurer, now the Leader of the Opposition, about his economic performance, but never would the former Treasurer have thought to come to the house to ask for \$8 billion of additional borrowings, because it was never needed under the management of the previous government. The reason it was not needed is that the previous government was running very large surpluses. The surplus was constantly described by the Treasurer as "the beast". The Treasurer used to denigrate the now Leader of the Opposition for his reluctance, as the now Treasurer says, for meaningful tax reform, yet the former Treasurer cut billions of dollars out of taxes from the budget during the period of the Labor government. The reason for that is that he was careful to manage the finances of the state. We have to have a clear understanding: if the former Treasurer had not run such large surpluses and if he had followed the advice of the current Treasurer, the current Treasurer would be coming to us with a much larger Loan Bill. He would also probably need to raise taxes. The new Treasurer has effectively not done anything to reduce taxes in this state, apart from abandoning what he used to say was the proper measure of taxation. He used to say that the measure of tax should be total tax revenue divided by the number of people in the state and that should be the figure on which to review taxation levels. He has abandoned that, and is now saying that tax revenue should be considered as a percentage of the gross state product, which is of course the right way to do it. However, that means that the Treasurer is not intending to cut taxes; in fact, the only taxation measure in this budget, which is on page 50 of budget paper No 3, sets out the estimated tax revenue for the current financial year and the three following financial years, which I add up to be \$25 891 million. With that \$25.9 billion, the Treasurer is proposing to cut taxes by \$100 million, which is a mere trifle; that is, less than half a per cent of the tax revenue that will be generated by this Treasurer will go back to taxpayers.

The government has abandoned the balance of its election commitment of a \$250 million tax reduction. The budget papers show that the government has reversed that out and is no longer committed to any additional tax cuts. The reason the government has done that is that the out year deficits would have been increased by that amount. The government is not only hiding expenditure, such as that for Oakajee and the Northbridge Link—it has not one cent in the budget to spend on those projects, so it will have to borrow in addition to the other borrowings outlined in the budget—but also another \$150 million will have to be borrowed if the government is to adhere to that election commitment to cut taxes by \$250 million. It is very important to understand that if the government is still committed to the \$250 million tax cuts, it will have to borrow \$150 million. The government

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is borrowing money to cut taxes, but my children will pay the taxes to pay back that \$150 million tax cut. That assumes that the government is still committed to its election promise. Of course, it may have walked away from that election commitment as well, in which case it is just another broken promise, but \$250 million is only 0.96 per cent of the revenues that are expected be collected by the Treasurer.

Having raged in this house, hurling personal insults and abuse, and name-calling—all the things that the Treasurer is famous for that have nothing to do with debate or public policy—the Treasurer’s bluster is becoming empty rhetoric now that he is in government. In an interjection on the member for Victoria Park, the Treasurer mentioned the question of the risks to the budget due to the rising value of the Australian dollar and other matters. They are all listed on page 40 of the 2009-10 *Economic and Fiscal Outlook*, because the Department of Treasury and Finance has done a good job. For example, every one-cent rise in the value of the Australian dollar will cost the state \$55 million. When the member for Victoria Park discussed the risk of the higher Australian dollar he mentioned that that \$55 million will be added to the deficit, to be borrowed by this generation and paid for by future generations. A one per cent increase or decrease in the level of the benchmark iron ore price creates a \$21 million variability in the budget. In the area of petroleum royalties, at the moment the price of oil is going up, so royalties increase by \$6 million for every one dollar increase in the price of oil. For each one per cent change in taxable wages, there is a \$22 million risk to the budget, and each one per cent change in average property prices has a \$15 million effect on the budget. It can be seen that not only are we in a very difficult financial position already, the risks that the Department of Treasury and Finance has outlined for the Treasurer—I am sure that he would be well aware of those risks—are all added on top of the aggregates that are presented to us.

We had this constant discussion about “the beast” of the large surplus that was able to be created by the careful management of the Carpenter and Gallop governments, but we have to compare that with the expected aggregates in this budget. The aggregates are listed in very simple terms on page 2 of the 2009-10 *Economic and Fiscal Outlook*. The net operating balance for the 2009-10 financial year is expected to be \$409 million, reducing to \$23 million in 2010-11. The government is planning for a \$513 million deficit in 2011-12. This is from a government that said that it would not plan for a budget deficit. Even though that is what the Premier said, this is what he is actually doing. The Treasurer talked in opposition about major tax reform, but delivers nothing when in government. The Premier has said that he will not plan for a budget deficit, but in fact he is planning for a \$530 million deficit in 2011-12, and \$458 million in 2012-13.

**Mr B.S. Wyatt:** The problem is that there is already \$2 billion coming out, so that leads to an allegation of cooking the books.

**Mr W.J. JOHNSTON:** That is absolutely correct, and I will get onto a discussion about that area. However, I will make the point here, for the benefit of opposition backbench members of Parliament, that this means that those projects they have been promised by the government in their electorates will not be delivered. We need only look around and see the member for South Perth, a loyal member of the Liberal Party, who makes a contribution to his party. What is his thanks? His thanks from this government is the cancellation of his train station. Members opposite have to understand that when the Treasurer stands in question time and roars and they all cheer and he yells out “corrective measures”, it means the cancellation of the projects in their electorates. I hope the member for Swan Hills understands that. The next time the Treasurer roars at us in this place and says, “corrective measures”, he is saying that there are no projects for Swan Hills. There has already been a failure to deliver on the promise of Bullsbrook District High School; there has been a 50 per cent reduction in the allocation of resources for that high school by the government.

**Mr F.A. Alban:** Rubbish!

**Mr W.J. JOHNSTON:** That is exactly what happened. The Liberal Party promised one thing and it is delivering 50 per cent now that it is in government. That will continue and it will get worse. There are corrective measures every day. Members opposite should read the back of budget paper No 3, where it says that the audit review committee will continue to examine corrective measures. That means that the government is examining which projects it will cancel, which schools will not be built, which hospital upgrades will not occur and which teachers will be sacked. We already know that 450 teacher assistants will be taken out of the education system by the new government. That is what is happening. The cause of all those things was that the government was not able to control its expenditure in the first few months of government. We need look only at the quarterly financial results for the end of March to see the huge boom in expenditure by this new government; this was not in the period that we were in office, but in the period that the new government has been in office. Every month there have been higher expenditures than occurred when we were in office. Those are the facts of the budgetary situation in Western Australia. That leaves us with a massive \$8.8 billion bill that we are being asked to approve.

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Of course, we are not going to stand in the way of the financial management of this state government. We will not oppose this bill. However, when those net aggregates on page 2 are compared with the most recent report of the Department of Treasury and Finance that dealt with our term of office, the *2007-08 Annual Report on State Finances*, it can be seen that we had a balance of \$2.569 billion in 2007-08. What the Treasurer calls “the beast” is the basis on which we were able to keep debt levels low. If the government does not have a large surplus, it has to borrow money if it is going to build things. The only way not to do that is not to build the infrastructure that this growing state needs.

We also need to think about the net interest costs as a share of revenue, which is the new way that the government says it will meet its AAA requirements. That is listed on page 14 of budget paper No 3. What could be said about this is what would be described in *Yes Minister* as heroic assumptions. The government is not prepared to explain what it expects to happen with interest rates over the future years. The shadow Treasurer, the member for Victoria Park, has been attempting to get a clear understanding of the interest effect on our borrowings, but that has not been forthcoming from the government, and we can see why. The government has a paper-thin margin on the ratio that it is imposing, so that when it borrows big, it is not prepared to plan properly for the future and is hiding \$2 billion of expenditure for projects that the Premier says are essential to Western Australia’s future, we can see that those interest costs are not going to be met.

The Treasurer may come back into the chamber and in his reply tell us not to worry because he has corrective measures that he will use to bring expenditure back down to keep within the government’s self-imposed five per cent upper limit for interest cover. Now that may well be true, but members opposite should understand what that means. It means fewer schoolteachers in classrooms, fewer police officers patrolling our streets, fewer people providing approvals for mining tenements and fewer government services. Consequently, no member on the other side of the chamber should think to come in here and say how the government will make things better or will make improvements to the way things are done, because that will not happen. It will not happen when that committee is running around out there ready to cut and cut again.

A couple of other points are worth making about the Loan Bill. Firstly, we should understand that, although the government has a reasonable asset investment program over the forward years, it is not a very strong asset investment program. If we take out the additional commonwealth government stimulus package spending, we find that the underlying expenditure of the state government is going to collapse and will certainly nowhere near match the levels invested by the previous state government. The government is determined to borrow all this money in the way that it proposes, and the risks, to which I have already referred, are set out in the budget papers.

[Member’s time extended.]

**Mr W.J. JOHNSTON:** A debt of \$7 850 for every person in the state is an incredible amount of money. It represents hundreds of millions of dollars of debt for each electorate. If we take just electors into account—we are talking about more than \$200 million for the Cannington electorate alone; I think the member for Victoria Park quoted a figure of \$330 million for his electorate—we can see that these are enormous borrowings. I have a comparison for those members opposite who came out of local government: imagine if a local council borrowed not \$1 million or \$2 million, but hundreds of millions of dollars, because that is what is proposed by the new government.

**Mr A. Krsticevic** interjected.

**Mr W.J. JOHNSTON:** Yes; that is true. It is a very good interjection, and it demonstrates the reason that the backbench of the Liberal Party is not asked to participate in these debates; that is, it does not understand the very small income base of the state government. We do not have the same growth revenues as the federal government. We do not have the automatic stabilisers. We do not provide unemployment benefits, for example.

**Mr A. Krsticevic** interjected.

**Mr W.J. JOHNSTON:** I am sorry. The member for Carine can demonstrate his ignorance in any way he likes, but until he understands the fundamental difference between the fiscal outlook of the state and of the commonwealth, every contribution that he makes will only remind this side of the chamber and his electorate that he is not up to the task being set. Members opposite need to ask themselves why the Treasurer does not ask them to participate in this debate. They need to ask themselves that question each day, because the simple answer is that members opposite simply do not know what they are talking about. With all due respect to members opposite, I am happy to take sensible and genuine interjections from the other side of the chamber, but I find it a bit unusual to take interjections from members who do not have a clue.

Several members interjected.

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**The ACTING SPEAKER:** Order, members!

**Mr W.J. JOHNSTON:** I invite any member opposite to explain why it is a good decision for the government to borrow \$7 850 for every man, woman and child in their electorates, at the same time as it is cutting services and service delivery, getting rid of the plan for a train station in the member for South Perth's electorate, delaying the train to Brighton, cancelling the train for Swan Hills, cancelling the transmission line to support economic development in the mid-west and cancelling the plan for a transmission line to support the economic development of Albany. These are decisions that the government has made, and it will be very interesting to hear members opposite explain why that is good.

Several members interjected.

**Mr W.J. JOHNSTON:** I invite all those members opposite who are trying to interject to give me a half-hour explanation about the underlying fundamentals of this government, explain if this is a low-taxing government or a high-taxing government and explain why it is that every year this government is in office it plans to increase taxes. I then invite members opposite to tell me about their own philosophy. I invite them to tell me what the philosophy is behind making a 0.97 per cent cut in taxes, when the Liberal Party has spent eight years saying that taxes are too high, but that it will increase taxes at the same time. That would be an interesting speech from any member opposite who is brave enough to contribute to the debate rather than sitting there and providing the odd inane interjection.

There are some serious issues concerning the administration of this bill that we need to look at. Clause 3 of the bill states —

The Treasurer may borrow sums of money, not exceeding in the aggregate the sum of \$8 316 197 000, from the Western Australian Treasury Corporation or elsewhere, for public purposes.

The real question here is the “elsewhere”.

**Mr P.T. Miles** interjected.

**Mr W.J. JOHNSTON:** If the member does not want to be here, he is welcome to leave; I am very happy for him to do so.

**Mr P.T. Miles:** Then stop asking us questions!

**Mr W.J. JOHNSTON:** Members opposite should stop interjecting inanely. The member's interjections are inane; I am sorry, but it is not my fault. He should think up something clever to say instead of the ridiculous nonsense he carries on with.

The real question is about “elsewhere”. This may well be an ordinary provision of the bill. I do not know what happened in the case of the act that was passed five years ago, which was the last time that this Parliament authorised additional borrowings. I note that none of those additional borrowings was used. There may well have been a provision in the previous bill similar to clause 3 of this bill; I do not know. The real issue is that things have changed since then; the federal government has made a guarantee against all of Western Australia's future borrowings. If the government's intention is to borrow money using that federal government guarantee, but raise the money through a merchant bank, there will be a serious question mark hanging over the process. I do not know whether the government intends to do that, but I make it clear that if it does, it would be a scandal beyond understanding. It would create an opportunity for graft and corruption such as Western Australia has never before seen. If that is the Treasurer's intention—it may not be; I do not know—he should let the house know now, because it raises serious questions about the propriety of the processes of government and we should not tolerate that approach when there is a federal government guarantee involved.

Members should also think about how the money is going to be used. The Treasurer has recently spoken about public-private partnerships. There are many examples of successful public-private partnerships in Australia, particularly in Western Australia. There is the District Court complex, which was successfully managed by the former member for Fremantle, Hon Jim McGinty—who? Some Docker fan! Go the mighty Pies!

However, there are also examples of some clearly bad PPP projects in Australia. Quite frankly, although it may have resulted in a good asset, the process that delivered the Perth Convention Centre is a clear example of how to badly manage a PPP. The most frightening thing is that the Treasurer has indicated through the media that he hopes to borrow money using the commonwealth government guarantee and then give it to the private sector for it to manage PPPs. That is simply unacceptable to everybody. If there is any benefit in a PPP approach to public financing, it is that the private sector takes a risk. If the private sector is not even going to undertake the basic capital risk of a project, what risks will it undertake? If the government is simply guaranteeing every aspect of the private sector's operations, the private sector will not be taking any risks; it will simply be ripping off the taxpayer.

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The Treasurer has said in media reports that one of the reasons he might consider borrowing money using the commonwealth government guarantee and giving it to the private sector is so that the private sector can manage construction risks. With respect, that is a bit dopey. The private sector is legendary for failing to manage construction risks. We have only to look at BHP Billiton's hot briquetted iron plant in Port Hedland. It was a \$2.6 billion investment and it is now worth nothing, because the project did not work. That is an example of private sector management of capital investment.

In March 2006 capital expenditure for the Grange Resources project in Albany, which still has not got off the ground, was estimated at \$1.7 billion. In December 2008 its capital expenditure was expected to be \$2.6 billion, a more than 50 per cent increase. I understand the CITIC Pacific project is currently running at least \$350 million over its expected expenditure. The Oxiana Prominent Hill project was 30 per cent over its expenditure on capital investment, and BHP Billiton's Ravensthorpe nickel mine was 100 per cent over its original estimates.

In a different context, going to the question of the finance industry, Suncorp Metway Insurance allowed \$120 million for a six-month period for claims on its insurance policies, but in the second half of 2008-09 the actual claims were \$190 million. There is therefore no example anywhere to suggest that the private sector is better at managing these types of risks.

In my last 60 seconds I must refer to the government's submission to the Henry tax inquiry. It is interesting reading on pages 19 to 21. I suggest that each member opposite get it out and read it, because the proposal of this new government is to transfer costs from the corporate sector to families. That is not right and it is something that I in this chamber will resist. It is not right to say that families but not businesses should pay taxes.

**MR D.A. TEMPLEMAN (Mandurah)** [5.51 pm]: I am very pleased to rise this evening to speak on the Loan Bill 2009. I tend to have a habit of rising just before the dinner break, which is always concerning because I gain momentum and then am cut short, so that everyone else can go off into the dining room and digest their dinner.

Several members interjected.

**Mr D.A. TEMPLEMAN:** However, I would like to make a contribution this evening, and I am sure members will be very pleased that I am going to make a contribution. My contributions are well known as being positive and effective, and I am well across this very important bill, the Loan Bill 2009. It is a bill that we are currently debating this evening and of course we will be debating after the dinner break, when everyone has finished masticating their food and the digestion process has commenced.

Several members interjected.

**Mr D.A. TEMPLEMAN:** I listened closely to the shadow Treasurer, the member for Victoria Park—a fine contributor to this place. He articulated a very strong argument from the opposition's perspective about what this bill means for Western Australians into the future, particularly in terms of the burden it will continue to place on those who come after us and our children. It was very sobering to hear the figures articulated by the members for Victoria Park and Cannington about what this bill and the ultimate costs will mean. When we consider those figures, it will be very sobering for all of us when we will be called upon ultimately not only to support the bill, but also to support the budget that was brought down by the Treasurer a couple of weeks ago. What an interesting budget it was, as we all know. It was a budget that was like the proverbial flaccid balloon! It was a budget that was meant to promise so much and to show vision and to show leadership, but in fact it was very much a flaccid balloon that really had no puff in it at all. That is the sad thing, because at a time of economic crises throughout the world and at a time when the people of Western Australia and Australia are looking for leadership, for guidance and for vision, that budget of course in this state was very lacking.

We also know that the budget has been almost propped up by the magnificent things that are being done by the federal Labor Rudd government. We need only look at the investment in education in this state that is being delivered via the Rudd Labor government. We are seeing in all schools throughout the state a massive capital investment in our state government and independent schools. Yesterday I visited the very good, new independent Mandurah Baptist College in my electorate and met with the principal of that very successful school. The school has been operating for only four years and has grown from 84 year 8 students in its foundation year to just over 1 000 primary and secondary students. I have highlighted in this place to my very good friend the Minister for Education the growth in that area where the independent Mandurah Baptist College is located. The catchment area north of Gordon Road in northern Mandurah is not serviced by any other state school—either state primary or state high school. Gordon Road is already a busy road but will become even busier when the Perth-Bunbury highway is completed and opened in the next couple of months. I highlight my ongoing concerns about the provision of education, particularly to the northern part of the burgeoning and growing City of Mandurah. Thankfully, I am pleased that the federal Labor Rudd government has, in its stimulus packages, delivered an

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extensive and welcome injection of funding for schools throughout Australia. I am pleased that the federal government money will be used to build new libraries, music areas and classrooms at a number of state and independent schools in my electorate, the electorate of Dawesville and the neighbouring electorate of the member for Murray-Wellington. I am very pleased that we are getting that federal money.

When we look through the smokescreen of the state budget, we see the implications of the Loan Bill 2009, and we have some concerns. The member for Victoria Park highlighted a number of interesting points, but I will not go through them all. They were all valid and very interesting —

**Mr T.R. Buswell:** You cannot remember them.

**Mr D.A. TEMPLEMAN:** Oh, yes; I can remember them.

**Mr T.R. Buswell:** What was the fourth point?

**Mr D.A. TEMPLEMAN:** The fourth point on my list—I was making copious notes—was the total net debt position for the total public sector reaching \$19.1 billion.

**Mr B.S. Wyatt:** I think that was the fourth point; well done.

**Mr D.A. TEMPLEMAN:** It was the fourth point. By the end of the term of this government, which will be a very short term, net debt will have increased by 430 per cent.

**Mr P. Papalia:** How much, again?

**Mr D.A. TEMPLEMAN:** By 430 per cent. The net burden will amount to nearly \$8 000 for every man, woman and child in Western Australia. The Treasurer has presented very sobering figures through this bill and through his economic blueprint for the state over the next four years. After dinner, and certainly during the debate on the report of the estimates committee to the house, I will speak more about the presentation of the budget and the ability of members to get from ministers real answers to very important and significant questions. However, I will save that for the debate on the estimates committees, about which I have some scathing comments to make. I hope that both sides of the chamber are full when I make those scathing remarks because they are pertinent to the way budgets should be presented to this place in the future.

*Sitting suspended from 6.00 to 7.00 pm*

**Mr D.A. TEMPLEMAN:** I am very pleased to continue my remarks. I hope members are appropriately sated and refreshed.

Before the dinner break I was referring to my concerns about not only the Loan Bill, but also the budget, which was brought down by the Treasurer some weeks ago, and the impact that it will have on future budgets. I was also referring to the debt burden that will be placed on each Western Australian in the future.

I will highlight to the house once again some very important areas of concern in my electorate that relate directly to the budget. I use this opportunity to plead with the Treasurer and appropriate ministers for important infrastructure capital works and recurrent funding for projects that are essential for the growing population of the Peel region, which comprises some wonderful communities, including the City of Mandurah, the Shire of Murray et cetera.

I am pleased that my good friend the Minister for Water is in the chamber tonight.

**Dr G.G. Jacobs:** Have I got one friend on that side?

**Mr D.A. TEMPLEMAN:** Of course, and the minister knows that. I need to highlight to the minister the impact that the savage cuts to the infill sewerage program will have on the City of Mandurah and on the area covered by the adjoining electorate of Murray-Wellington. I am sure that the member for Murray-Wellington is very concerned about this issue. He sits next to the minister and I am sure that he nudges the minister appropriately.

**Dr G.G. Jacobs:** He chews my ear off every day.

**Mr D.A. TEMPLEMAN:** He does, and the member for Murray-Wellington is a veritable Rottweiler. He is known for his canine tenacity.

I will highlight the importance of the infill sewerage program, which, from my understanding, has been almost terminated in parts of the City of Mandurah and in the areas covered by the seat of Murray-Wellington and the seat of Dawesville, which is currently held by the Deputy Premier. It is very important that members understand the growth in population in the whole Peel region, particularly those areas in the City of Mandurah, down to Lake Clifton, across the Peel Inlet and Harvey Estuary, and the areas in and around the Serpentine River, Murray River and, further south, the Harvey River. The Shire of Murray is experiencing huge population growth. Given



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the growth in population, I am very concerned about the impact that the slashing of the infill sewerage program will have on not only the City of Mandurah, but also the environment, which is so fragile and is the jewel in the crown of the Peel region. I know the cuts have been particularly savage in the member for Dawesville's electorate. I have not got the details yet.

I thank the minister for his letter, which I received only yesterday, inviting me to a meeting in the Liberal Party room. I was going to go to that meeting only to see what the Liberal Party room is like. I have not been inside there. I would be intrigued to see what it is like. Unfortunately, I cannot go because I have committee duties. However, I was a little concerned about the late notice of that letter. I thank the minister for offering us contact with officers from the Water Corporation. I actually did that yesterday afternoon and hopefully will be setting up a meeting. I cannot place enough emphasis on the issue of infill sewerage for areas that ring the Peel-Harvey estuary system.

**Mr M.J. Cowper:** It is not only from an environmental perspective, member, but also the number of jobs it creates.

**Mr D.A. TEMPLEMAN:** Absolutely.

**Dr G.G. Jacobs:** Does the member for Mandurah see my point: I do not need the opposition when I have got him sitting next to me!

**Mr D.A. TEMPLEMAN:** I know. Watch out, because he may be coveting the minister's position! Slicing the infill sewerage program is going to have a huge impact. It will impact on the potential development of areas that I have mentioned—Falcon, Wannanup and Dawesville to Bouvard, further south, and to the east of my electorate. To be honest, over the past eight years, my electorate has benefited from the infill sewerage program under, of course, the former Labor government. I will not take credit for the program, even though I should as member for Mandurah, but it has had a massive impact on the inner part of what I call old Mandurah. We are now seeing some high-density developments in the older part of Mandurah. The railway station delivers to the centre of town. As growth has continued eastwards, the railway station is now seen as a central part of Mandurah. That is important to create a liveable city. There is still a long way to go. I am very concerned about the slashing of the infill sewerage program and the social and economic impact that will have on the region, particularly its potential environmental impacts.

I am also very concerned about the lack of foresight in this budget to provide for the ongoing maintenance of our local environment in the Peel-Harvey system. It is of particular concern to me that there was no announcement in the budget—there is nothing projected in the forward estimates—for the establishment of the Peel regional park. I have been critical of former and current governments for not recognising the importance of the Peel regional park to the entire Peel region. The Peel regional park essentially will establish key terrestrial and marine environs in and around the Peel-Harvey system, including catchments areas, and certainly a lot of the areas that interface with the estuary itself. By establishing the Peel regional park with a budget that underpins the ongoing maintenance, governance and prioritising of works, we will see genuine protection of the Peel-Harvey system. It is absolutely critical that people in this place understand the downside of not making that investment. Governments, both current and future, need to recognise the importance of protecting the Peel-Harvey system through the establishment of the Peel regional park and the appropriate remuneration to fund maintenance of that park.

[Member's time extended.]

**Mr D.A. TEMPLEMAN:** If governments do not do that, there will be a massive cost to government, to the local communities and to the local economies if that system fails or crashes. I am pleading with the Minister for Water, who has some influence on this issue, the Minister for Environment and also the Minister for Regional Development to invest in the park.

Peel has a burgeoning population that contributes significantly to the coffers of this state, particularly through the generation of mining royalties. In a recent ministerial statement, the Minister for Regional Development recognised that Peel continues to be the third highest ranking region in terms of mining activity in the state. If I asked people to name the main mining areas of Western Australia, most would of course mention the Pilbara and possibly the mid-west, but, unfortunately, not as many would recognise the massive value to the state of the Peel region.

I have mentioned before in this place that underpinning the economic and social infrastructure of the region is the future health and wellbeing of the Peel-Harvey catchment system. I want the government to recognise that situation in future budgets by addressing the issue of the establishment and funding of the Peel regional park, because that underpins how we manage that entire system into the future. Until that is established, it is very, very

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vulnerable. Already we have a proposed development on the eastern side of the estuary—the Point Grey development. It has been given a provisional tick by the WA Planning Commission, which has lifted the deferred urban zoning. There are huge implications for the estuarine system if the Point Grey development goes ahead. Until I am convinced that the environmental considerations and concerns that have been raised have been planned for, such as the impact of future or possible dredging and the impact on wetland areas adjacent to and nearby Point Grey, as well as the concerns about the ongoing issue of acid sulphate soils, and appropriate connections to the Perth-Bunbury highway for the future population of Point Grey, I will not support that development, quite frankly. I will not support it until I am convinced that the environmental concerns are satisfied. That is a huge task for the Environmental Protection Authority because it will have to assess that. But I have a concern that the current government is —

**Mr M.J. Cowper:** Pro-development.

**Mr D.A. TEMPLEMAN:** — pro-development, and I am concerned that by shortcutting the environmental approval process, we will be adding another impost on an already at-risk system.

To the north is the proposed Keralup development; I will not support the Keralup development until someone can tell me with 100 per cent certainty that the environmental concerns will be addressed appropriately. I cannot see the sense in placing potentially 60 000 more people to the north in an already inundated and vulnerable wetland area that sits right on top of the catchment that feeds into the Serpentine River. We already know that that river is absolutely under pressure and is a sick river. Until I can be convinced that an urban node can be designed that will address issues that impact on that system, I will not support that either. Of course, some will say that we have to put people somewhere, but we should not put people in a place with huge environmental constraints.

**Mr M.J. Cowper:** And mozzies!

**Mr D.A. TEMPLEMAN:** Absolutely! We should not put people in a place that feeds into a system that already has one of the highest rates of the mosquito-borne diseases Ross River virus and Barmah Forest virus, as it is. That is why there must be an interagency approach by government, with agencies working together with a funded and prioritised program that addresses the Peel region and the Peel regional park, and has a very clear plan for the protection of those unique elements that have resulted in thousands and thousands of people now calling that place home.

When I went to live in Mandurah 20 years ago, having, like many people, visited there as a child with my parents for many years before, Mandurah in 1989 had a population of about 22 000 people. The population has tripled that now. That is in only 20 years. In the past 10 years, population growth rates have been even greater. We have continued to promote and encourage that development, but there are some elements, particularly with overall protection, for which we must have a clear plan. The Peel regional park is one of those.

I have written to the Minister for Environment. The Canoe Trail Friends of Mandurah and Pinjarra is a great local recreation group. Barry Small and others are associated with that group. They have come to me with a proposal about the need for sanctuary zones in the Peel-Harvey estuary; that is, sanctuary zones that we make no-go areas for powerboats or other craft. The reason is that the Peel-Harvey system—again, it is not well known or well understood by many people, particularly in this place, but certainly in the wider community—is a haven, not only for an increasing number of indigenous birds and other fauna, but also for literally thousands and thousands of migratory birds that make their way from various parts of the Northern Hemisphere, through the Asiatic area and down to the Peel-Harvey system. The scientists are telling us that many of these migratory birds are staying longer in the Peel and are traversing through the Peel as parts of the wetlands change or are dry, if one likes, as the season changes.

I have also noticed in the locality in which I live that we are seeing more and more local indigenous birdlife making the Peel their home. It is the first time in four years that I have noticed red-tailed black cockatoos in my locality, but it is not the only place in which they appear. However, they are appearing in greater numbers. Why? For a variety of reasons, their habitat is being impacted on further away, and they are going into these areas. Many of them are urban areas, but there is still remnant vegetation that is able to provide a habitat for nesting et cetera. It underpins this important element. I will always use opportunities to highlight to this place why I am so passionate about the protection of the Peel-Harvey system and its catchment, and why it is so important. If we do not do something, the cost, not just financially, but also socially and environmentally, will be huge. In the early 1980s we had all the issues about the Dawesville Cut. That was an engineering mechanism to deal with the algal blooms. It has also had an impact on a range of other things in the Peel. However, if the system collapses, there will be a huge cost to government of any persuasion as a result of the total collapse of the economy that

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feeds or relies on the health and wellbeing of that system. Therefore, I am pleading with any minister, Treasurer or Premier who will listen to me about the importance of this issue.

I will highlight a couple of other important issues. One is the Allambee Counselling service. This is a great service that provides counselling to children and adults affected by sexual assault. It provides services to children who have been sexually abused. It also provides a counselling service that is funded currently through the local general practitioners network. That funding finishes at the end of the month. However, that funding for that program delivered by Allambee Counselling relates to a domestic violence counselling service specifically for children. Unfortunately, in the Peel, a huge number of people, and children in particular, are impacted by domestic violence. That number is one of the highest in the state. It is a tragedy; it is an absolute stain. It is absolutely critical that programs such as this one are available on a continuing basis. Therefore, I am pleading for funding for the Allambee Counselling services.

I will finish on a couple of important matters to which I want to draw the attention of the house. The first is that I congratulate Mr Joseph William Mason. He received an Australian honour on Monday in the Queen's Birthday honours list for his service to the community through Lions International. He is a 90-year-old gentleman, and he is a gentleman. He is a magnificent man. He was involved in helping to establish Lions in Western Australia. He lives in Mandurah with his wife. He is older now, but he is a magnificent character. He epitomises that tremendous generation of Australians who are in their 80s and 90s. They are a very special breed of Australians. They are the sorts of characters that we will not see again. I do not think we will see the calibre of that type of person again in the history of this nation. They are tremendous people. The thing that I love about Mandurah is that I have a lot of them in my electorate. I have a lot of septuagenarians, people aged 70 plus, a lot of octogenarians, a lot of nonagenarians and a number of centurions. I sat on a trike bike with Mrs May. She has passed on now. She was 103. One of her dreams was to go on the back of a trike.

**Mr M.J. Cowper:** That fixed her up, didn't it?

**Mr D.A. TEMPLEMAN:** She lasted a few months after that. She was a lovely lady. She was an Eagles supporter and I am a Dockers supporter. She had her Eagles scarf and I had my Dockers scarf. We had a wonderful trip around town on the back of the trike.

I also acknowledge the passing of a very dear friend of mine, a person who served on the Mandurah City Council, Blanche Kyneur. Her funeral was held last week. Blanche was 58—very young. She was a battler from Coodanup who got onto the council in the late 1990s and served until the early 2000s. She passed away leaving four young children. She made a tremendous contribution to Mandurah. She was the driving force behind the establishment of the Billy Dower Youth Centre. Vale Blanche Kyneur. She was a wonderful, strong, resilient woman with a tremendous passion for young people, and particularly a passion for battlers. She did herself proud as a representative of the City of Mandurah in the seven or so years that she served on that council.

I am pleased to make a contribution to the Loan Bill 2009. I may have deviated, like the Peel deviation. However, it is important to raise issues when we have an opportunity, as we do with these sorts of bills, about where we live. I love where I live. It is a beautiful part of the world.

**MR V.A. CATANIA (North West) [7.22 pm]:** What a disgrace the Loan Bill 2009 is. It is a bit of a slap in the face for the people of the north west. It is also a kick up the proverbial backside. It is great to see some government members in the chamber. I would like to congratulate the new member for Fremantle on being sworn in today. She will get to see exactly what this government is made of, particularly when it comes to the north west and how it missed out in this budget.

This Loan Bill seeks to borrow \$8.8 billion. What does this mean to the electorate of North West? I have stood in this very spot many times highlighting how the budget has affected the North West electorate. I will start off with Carnarvon. It is great to see the police minister in the chamber. I have spoken to him on many occasions. He is a very receptive minister when it comes to talking about policing matters in my electorate.

**Mr R.F. Johnson:** I'm coming up to Carnarvon and I'm prepared to meet with you and the shire president to go through those issues.

**Mr V.A. CATANIA:** That is great but I will tell him what will happen when he arrives in Carnarvon and when the Minister for Regional Development arrives. The people of Carnarvon and the Gascoyne are very upset with the government, especially now when it is seeking approval to borrow \$8.8 billion. The Gascoyne has lost over \$100 million worth of projects that were committed to by the previous government and that the community fought so hard for. One of those that I have spoken of many times in this place is the Carnarvon Police Station

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and courthouse. That piece of infrastructure is extremely important. The police station in Carnarvon is very run down; we need a new one. The police officers are working in very archaic conditions.

The new Carnarvon Police Station that was proposed by the former government would have had state-of-the-art facilities. I understand that the Attorney General has carriage of this project. Perhaps the Minister for Police can clarify that for me. I am disappointed that the project has been taken out of the minister's hands—if that is the case—because the minister and I have had some good dialogue on how we can go forward and ensure this project comes to fruition. This is an important project for Carnarvon because the police station-courthouse would be moved from a very important piece of real estate that could then be used for private development and perhaps more accommodation. The Labor government had allocated \$40 million toward that project. That \$40 million has been taken out of the new government's budget. What is of concern to the people of Carnarvon—the police minister will hear this when he visits Carnarvon—is that when Hon Norman Moore, the Minister for Mines and Petroleum; Hon Wendy Duncan; and Hon Ken Baston, who are all members for the Mining and Pastoral Region, were asked whether they supported the police station, firstly, being moved to the rail yard site, and, secondly, being included in the state budget, these members assured the people of Carnarvon that this would occur: “No worries! She'll be right, mate!” They assured the people of Carnarvon that the police station-courthouse would be relocated to the site that the community and I, as a then upper house member for the Mining and Pastoral Region, had fought so hard to convince the former state government to do.

**Mr D.A. Templeman:** You were the driving force.

**Mr V.A. CATANIA:** I was a driving force, and perhaps I lost a few friends in the process. However, now I have been proved right.

**Mr D.A. Templeman** interjected.

**The ACTING SPEAKER (Mr P.B. Watson):** Order! Member for Mandurah, we listened to you speak for half an hour. Now you can be quiet while the member for North West talks.

**Mr V.A. CATANIA:** I thank the Acting Speaker for his protection.

The Minister for Police can talk about other projects in the Gascoyne and Carnarvon, but this project was the centrepiece of what would get Carnarvon moving forward. I am sure that members on both sides of this house would like to see, instead of government having to invest in communities, some private investment occurring. That can occur by shifting this infrastructure off a very important piece of real estate that can be developed by private investors.

**Mr R.F. Johnson:** Can I just say that I am aware that during private members' time tomorrow we will debate a motion on Carnarvon, Ballajura and, of course, Secret Harbour police stations, and I will be happy to provide updated information at that time.

**Mr V.A. CATANIA:** That is good to hear.

**Mr R.F. Johnson:** I am here to help.

**Mr V.A. CATANIA:** Absolutely. Given the commitment that was made by the minister when he was in opposition to reopen these six country police stations, perhaps he can respond with some positive news about Gascoyne Junction Police Station. I hope that tomorrow the minister will be able to say that he will live up to his election commitment and reopen Gascoyne Junction Police Station, which, unfortunately, was closed for operational reasons.

**Mr R.F. Johnson:** Under which government was that?

**Mr V.A. CATANIA:** It was closed because of an operational issue. However, I am glad that the Minister for Police is in government now, because when he was in opposition he said he would resolve this critical issue. Here is a perfect opportunity for the minister to deliver on that commitment. I know that the minister and I have a good dialogue, and I am sure we can work something out.

I move on to another important piece of infrastructure that has simply vanished off the books. That is the second stage of Carnarvon Regional Hospital. Members may think this is just a few extra rooms, but this second stage would have included a public dentist. I do not know whether any member here has tried to see a dentist when they were in regional WA, but it is very difficult. It is difficult to get an appointment to see a dentist, even for the simplest procedures. The community fought hard to get a commitment from the government of the day to progress this second stage as it would provide a public dentist. That second stage has gone! The money has been redirected, perhaps to Busselton District Hospital! It seems that the government has redirected funds for the second stage of Carnarvon hospital to other hospitals. One of those hospitals happens to be in the Treasurer's

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electorate, and others in the electorates of other government members. The people of Carnarvon have been penalised for voting Labor at the last election.

I keep harping on about Carnarvon because Carnarvon and the Gascoyne in general are the biggest losers when it comes to the state budget. Prior to the state budget the Minister for Regional Development and the Premier said that they would do good things and that, “We are slowly roasting you because we’ll deliver to the seat of North West”. However, when the budget was handed down there was no budget breakfast or lunch in the Gascoyne. Why? There was nothing to announce other than that the people of the Gascoyne had missed out. As I said, more than \$100 million has been taken out of the Gascoyne funding and redirected to other parts of the state, predominantly the wheatbelt or government members’ seats.

I will talk now about other pieces of infrastructure. I have spoken in this place about Carnarvon being a coastal town that does not have a boat ramp to cater to the general public and tourists. More than 200 boats will descend on Carnarvon to participate in a fishing competition—the Carnarfin—but the boat ramp is substandard. I would have thought that, in the scheme of things, a boat ramp does not cost a lot of money. I cannot wait to present a petition in this house next week containing several thousand signatures seeking funds for a boat ramp in Carnarvon. We deserve a boat ramp in Carnarvon. I hope the Minister for Regional Development and the Minister for Transport will listen to what the people in Carnarvon want.

**Mr T.G. Stephens:** The parliamentary secretary is listening.

**Mr V.A. CATANIA:** It is good to see that the parliamentary secretary is in the public gallery listening. I hope that means we can move forward and ensure that Carnarvon at least gets a boat ramp. What people want in the Gascoyne are boat ramps. They want to make sure that everyone has access to a boat ramp where they can launch their boats in a safe manner.

People also want an aged care facility. The Howard government took away the only aged care facility between Geraldton and Port Hedland and left Carnarvon and the Gascoyne without a facility to support the elderly—those in need. A fuel card has been given out by the Minister for Regional Development. On the surface it is a great initiative to give a fuel card to those in the community who need assistance, because they have delivered in their life to society and they should get something in return. But when the second stage of the Carnarvon Regional Hospital has not been built, there is no public dentist for the elderly to go to rather than travel down to Geraldton or Perth for such a simple procedure, and the only aged care facility between Geraldton and Port Hedland has been taken away, we must wonder at what cost are seniors getting a \$500 fuel card. This government is delivering smoke and mirrors to the aged in our community—seniors—who deserve to get every assistance they can possibly get. Funds for other important infrastructure such as hospital upgrades, dentists and aged care facilities have disappeared. What is the government actually saying to them: “We will give you \$1 but we’ll take away \$10”? That is what is happening.

It was interesting to see that \$500 000 had been allocated in the budget for a sobering-up shelter in Carnarvon. It had been on the books for a while, and the budget papers indicated that the shelter had been completed. The other day I was driving around Carnarvon trying to find out where the sobering-up shelter is. I raised this matter with the Minister for Health in estimates and he was going to get back to me because no sobering-up shelter has been built, yet that \$500 000 seems to have been taken away, disappeared or moved on to something else. Therefore, Carnarvon has also missed out on a sobering-up shelter, which is very important.

**Mr P. Papalia:** It has gone into the Secret Harbour police station.

**Mr V.A. CATANIA:** It has gone to the Secret Harbour police station, which is where the Carnarvon police station has gone, where the second stage of the hospital has gone —

**Mr P. Papalia:** It is still out there.

**Mr V.A. CATANIA:** It is out there, but I hear, “Don’t worry, mate; she’ll be right. We’ll get it to you.” But when? I think people in the community in the north west are sceptical about people saying, “Don’t worry; we’ll get it. We’ll at least make an election commitment.” This government’s time is limited. I think this is a classic example of a one-term government—the *Titanic* as I call it. It is great to see the Premier, who is the captain of the *Titanic*, in the chamber listening to this because the people of the Gascoyne are very, very upset. They will do whatever it takes to ensure that they get these pieces of infrastructure which they fought so hard with the previous government to ensure would be in the budget and in the forward estimates and which now seem to have been taken away.

However, I will move on to the Pilbara. There has been a lot of fanfare about the Pilbara and the government’s revitalisation plan. The Minister for Regional Development says, “We are delivering; we are dusting off every

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report that was done by the previous government because we are going to deliver a revitalisation plan for the Pilbara.” However, this big figure that has been floated around—\$300 million—for the Pilbara is over the four years. When we break that figure down, I think if every town got a share of that \$300 million, we are looking at only about \$4 million a town. Out of that \$300 million, Karratha has received \$21 million for a leisure and learning precinct, which is great. That is exactly what Karratha needs and it is part of the “Karratha 2020 Vision and Community Plan”, which was started under the previous government. I participated in that process to ensure that we had the right blueprint for Karratha to go forward. It was great to see \$21 million was allocated—but that was it! Out of the budget, Karratha got \$21 million. But wait, I should probably mention the \$10 million that was allocated to Nickol Bay Hospital. Members might think \$10 million—whoa—will go into a new ward or an upgrade of facilities at Nickol Bay Hospital. However, during the estimates committee hearing, I asked the Minister for Health whether he could provide a breakdown of that \$10 million because the budget has \$3.6 million for 2009-10, \$3 million for 2010-11 and \$3 million for 2011-12, and I wanted to find out exactly where that money was being spent. The minister could not tell me exactly where that money was being spent because a large component of that \$10 million is actually for housing. This money was originally promised by the Liberal Party during the election campaign, but the money, the \$10 million, has come out of the royalties for regions program, which I find astonishing. I believe that this is core government business that the government should deliver in key areas such as health, education and police. Of that \$10 million, \$7 million was for housing, \$2 million was meant to be for obstetrics and \$1 million for future planning. Even with his advisers, the minister could not tell me exactly how much of that \$3.6 million would be for housing or going towards the actual hospital upgrade. The previous government replaced the roof at \$2.4 million, so I know that \$1 million does not get a lot of bricks and mortar, but it perhaps can give a lick of paint, which is what we are seeing. We are seeing some slow drip-feeds to the hospital.

[Member’s time extended.]

**Mr V.A. CATANIA:** But when we break it down, Nickol Bay Hospital is not actually getting a cent. It is not getting a cent—no money to upgrade Nickol Bay Hospital. Yes, Premier, that is no money. The money is for housing, and I believe that there will be some sort of relationship with King Edward Memorial Hospital in Perth. That is not the understanding that everyone had. Will that \$2 million over four years go towards setting up obstetricians for Nickol Bay Hospital? It would merely pay for the airfares over the next couple of years. The Premier cannot say that Nickol Bay Hospital is getting \$10 million, because it is not. That \$10 million is basically going towards housing. The Minister for Health could not provide that basic information.

We also see that \$2.5 million of royalties for regions funding in the budget—perhaps the member for Pilbara may correct me—is going towards supplying mattresses and disinfectant. Who knows—it might be for supplying swabs and other basics. I cannot believe that royalties for regions money is suddenly being spent on basic health services that every hospital should have. That \$2.5 million for the whole of the Pilbara is to be spent on buying mattresses and disinfectant. I do not think that that is where royalties for regions money should be spent. We are seeing smoke and mirrors and pea and thimble tricks to cover up the lack of promised money. The government has given this illusion to people in metropolitan Perth. However, the people in the Pilbara know exactly what is being spent, and that no money is being spent to fix up the issues at Nickol Bay Hospital. They know that \$2.5 million of royalties for regions money should not be spent on mattresses and disinfectant. I know that the people of the Pilbara understand this. I hope that members who represent metropolitan areas can now see the con with royalties for regions, because the people of the north west have missed out in this budget. As I have said, it is smoke and mirrors. My electorate covers Dampier, Wickham, Roebourne and Point Samson —

**Mr T.G. Stephens:** And Whim Creek.

**Mr V.A. CATANIA:** Yes. What else has the government given to the Pilbara? It has given nothing at all—not one cent. The Loan Bill for \$8.8 billion has nothing for these towns. The Pilbara region as a whole generates close to \$2 billion in royalties, give or take a few hundred million either side. What is it getting in return? Karratha got \$21 million for a leisure and learning precinct, but that is it. The royalties that have been generated by the Pilbara are not even used to create a north west interconnected power grid to ensure that the Pilbara area can grow. The government talks about how the Pilbara has had a land shortage, but a power shortage in the Pilbara will mean that towns such as Karratha will be unable to grow. Karratha will not be able to become a city. The north west needs a city, and perhaps Karratha is the way to go. The area cannot grow into a family-friendly environment where people can go to live and work, because the power needs in the future will be unable to be fulfilled. We have missed out on a great opportunity to get some federal funding to ensure that the power grid goes ahead. It would create more royalties because it would allow minor players to come on stream and the government would reap the reward. I am glad that the Premier is in the chamber. People’s desire for a grid in the north west and the Pilbara is gaining momentum because they know the benefits that it will provide. The Premier

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seems to think that people do not want it. I know that is the view of the Minister for Regional Development. He does not want to see the north west grid go ahead, because he believes that the people do not want it. However, the Pilbara shires and the chambers of commerce have all voted for it, so I do not know where the Minister for Regional Development is getting his intelligence from.

I get tired of talking about royalties for regions in this budget. Everyone believes in the principle of royalties for regions, but when we look at what is being delivered, the smoke and mirrors, the cost shifting between departments and the fact that everything is to go onto the shoulders of the Minister for Regional Development to fund these core government services, such as health, education, police and areas where it is hard to attract funding, whether it be in the private sector or local government, we see that they are not what royalties for regions funding is meant for. It is meant to supply services in those areas where it is difficult to obtain funding. However, we have seen core government business being funded by royalties for regions. On the one hand we see very small amounts of money being dotted around regional Western Australia, although not in the north west, which has simply missed out in this budget. However, this is being confounded by the three per cent efficiency dividend, with cuts to services where they are needed in regional Western Australia. Regional Western Australia needs services such as health, education and police. Cuts to child protection or whatever other area bite deep in regional Western Australia. There should be a cap, under which any area outside of metropolitan Perth does not have a three per cent efficiency dividend. Those services need to be extended in regional Western Australia. It is great to see that at least two National Party members are in the chamber listening to this, because it is important that we quarantine regional Western Australia.

**Mr T.K. Waldron:** You made three separate statements last week, and they are all incorrect.

**Mr V.A. CATANIA:** So regional Western Australia does not have a three per cent efficiency cut?

**Mr T.K. Waldron:** You are talking about the allocation of resources to regions, and you said a minute ago that the Pilbara has not had one cent. Is that correct?

**Mr V.A. CATANIA:** No, that is not what I said. I am glad that the member is here so that I can correct him. I said that the Pilbara earns close to \$2 billion for the state in royalties, and it is basically getting peanuts in return. Karratha got \$21 million. That is all it got out of this \$300 million revitalisation plan. Only \$21 million has gone to the Pilbara for a leisure and learning precinct. The government said that \$10 million had gone to the Nickol Bay Hospital, but that \$10 million is not going to the hospital at all.

**Mr P. Papalia:** But there is \$166 million for a road to nowhere through the Beeliar wetlands. That is an important road, isn't it?

**Mr V.A. CATANIA:** I am glad the member brought up something close to \$200 million.

**Mr T.K. Waldron:** For eight years I sat here and saw nothing.

**Mr V.A. CATANIA:** I am glad the minister brought that up, because that is exactly what the former member for Ningaloo said. He said in this place that he had seen more investment in regional Western Australia, particularly in the Gascoyne, in the four years of the Gallop Labor government than he had seen in eight years of the Court Liberal-National coalition government. It is interesting that people say that. The Labor Party can be proud of its investment in the north west, the Gascoyne and the Pilbara. There is always more to be done, but when a government makes these promises and raises the benchmark so high, and is then unable to deliver on those promises, it is treating people in regional Western Australia like fools. They are not fools; they see right through the government.

**Mr T.K. Waldron:** They are not fools; they showed that in the last election.

**Mr V.A. CATANIA:** They voted Labor in my seat, and that is why I am standing here. The north west and the Pilbara voted Labor because we delivered, as a government. The government claims to be delivering for regional Western Australia, yet it is taxing the pastoral industry—an industry that needs assistance from the government. In some parts of the Kimberley the industry is being taxed 500 per cent more, and in the Gascoyne and Murchison it is being taxed over 100 per cent more. How fair is that? How can the government claim it is returning royalties to regions, when it is taxing people who work the land—over 100 per cent in the Gascoyne and Murchison? How dare the government say that it is delivering to regional Western Australia when it is taxing people and making it harder for them to earn a living from the land? It is even worse when it comes to four-wheel-drive vehicles. Everyone living in regional Western Australia knows that they need a four-wheel drive.

**Mr T.K. Waldron:** Didn't you hear the Treasurer today? You didn't listen today. Careful!

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**Mr P. Papalia:** Okay; so he produces one statement one day and another one the next day.

**Mr V.A. CATANIA:** Is the government saying that it will not increase taxes on four-wheel drives?

**Mr C.J. Barnett:** Have you read the report?

**Mr V.A. CATANIA:** Is that the case?

**Mr C.J. Barnett:** Have you read the report?

**Mr V.A. CATANIA:** Is the government saying that it will never increase taxes on four-wheel drives for people in regional Western Australia? Answer the question, Premier.

**Mr T.K. Waldron:** You got sucked in.

**Mr C.J. Barnett:** If you had bothered to read the report, you would have found that there is nothing about taxing four-wheel drives. It is not even in there. Don't believe what you read in *The West Australian*.

**Mr V.A. CATANIA:** It is good to hear that the Premier has confirmed that there will be no increase in taxes on four-wheel drives. I will make sure that that does not happen.

This party has also said that it will provide free rent to teachers, nurses and police. We have not seen that included in the \$8.8 billion requested by the government in the Loan Bill. There is no free rent for teachers, nurses and police, which was promised at the last election. Can the National Party ministers and members say that they will live up to the election commitment to provide free rent to teachers, nurses and police?

**Mr D.T. Redman:** I would start doorknocking if I were you, member.

**Mr V.A. CATANIA:** Look at these guys; they are smug. They are the classic *Titanic*. I am disappointed that the Minister for Regional Development is not in the chamber—Leonardo, who stands at the bow of the ship and says, "I'm the king of the world." We all know what happened to that person and to that ship. That is exactly what will happen to this government. It is a one-term government. The ministers have smiles; they are as smug as anything. They are happy not to have a second-stage hospital in Carnarvon, an aged-care facility, a police station and a courthouse, yet all they can say is "Start doorknocking." What the hell are they delivering? I think we all know the smoke and mirrors that is occurring here.

**Mr P. Papalia:** They don't want it, but he's delivering it.

**Mr V.A. CATANIA:** Yes, just like the district allowance that he promised. We are seeing that people in the north west and regional Western Australia are missing out. It is smoke and mirrors. Government members should be ashamed of themselves. I will raise this matter on another occasion, but the Minister for Agriculture and Food has said in this place how he wants to create this food bowl in Carnarvon, yet there was not one cent in the budget for the food bowl in Carnarvon.

**MR T.G. STEPHENS (Pilbara)** [7.51 pm]: One can fool some of the people some of the time, but one cannot fool all of the people all of the time. When a bill such as the Loan Bill 2009 is before the house, it gives us an opportunity to speak about the attempt of this government to try to fool as many of the people for as much of the time as it possibly can.

**Mr T.K. Waldron:** You just fooled me.

**Mr T.G. STEPHENS:** I used to think that the National Party was filled with decent blokes, but I have since discovered —

Several members interjected.

**Mr T.G. STEPHENS:** I gave them the benefit of the doubt. I once used to think that National Party members of Parliament were in fact men of their word. But I have discovered that the people of regional Western Australia are facing a sleight of hand through the delivery of a set of budget documents that reveals funding gaps over the next four years. It is a pea and thimble trick. It is the smoke and mirrors that was talked about by the previous speaker.

**Dr G.G. Jacobs:** What have you done for regional Western Australia?

**Mr T.G. STEPHENS:** Now, right on cue, we hear from the Minister for Water. This minister has just stolen \$7.2 million from the people of Port Hedland; he pinched it from them. He told me last December, in an answer delivered to the house, that he was about to go out to tender for the infill sewerage program that had been put in the budget. An amount of \$7.2 million has been whipped away from the people of Port Hedland and then rebadged and put into a \$2.5 million program to buy beds, mattresses, disinfectant, trolleys and lamps for the



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hospital system across regional Western Australia. What a disgraceful government it is that can take royalties for regions funds —

**Mr P. Papalia** interjected.

**Mr T.G. STEPHENS:** That is right. The member for Warnbro does not believe me when I tell him that that \$2.5 million for disinfectant, trolleys, lamps, mattresses and beds comes out of the royalties for regions program. To get a bed with a mattress in regional Western Australia, the government has to pinch the funding from the royalties for regions fund. It cannot just get it from the core funding of government. It is true that a press release put out by this government committed \$2.5 million to be spent in 2008-09 on regional health programs to get mattresses, beds, lamps, disinfectant and trolleys into hospitals; however, simultaneously, the minister has pinched from the town of Port Hedland \$7.5 million that is desperately needed as a prerequisite for increasing residential density in that town—the hotel and residential units that are needed for a rapidly expanding town and community.

**Dr G.G. Jacobs:** Tell us about South Hedland!

**Mr T.G. STEPHENS:** I will tell the member a wonderful story about South Hedland that is a legacy of the previous government. A \$22 million commitment is finally being delivered. The funding was committed to by the previous government, but it has now been rebadged using green and gold balloons and a television advertising campaign that would make anyone sick! Anyone would get sick if they had to put up with the TV advertisements for the royalties for regions program that are being run in regional Western Australia. This is a scandalous misuse of taxpayers' funds. I once thought National Party members were decent chaps. However, the more they open their mouths, the more disgraceful I find their presence in regional Western Australia. They are delivering a fraud.

**Mr T.K. Waldron:** Do you really believe that?

**Mr T.G. STEPHENS:** I really do. Today I was delivered answers to a series of questions I asked this government about the core areas of government responsibility across regional Western Australia. The answers I received relate to unfilled positions in the core programs of government in the area of health—the hospital system.

**Mr T.R. Buswell:** Have you got any answers about Balgo there?

**Mr T.G. STEPHENS:** That was one of the answers given.

**Mr T.R. Buswell:** What was that one like?

**Mr T.G. STEPHENS:** The Treasurer should let me make my speech; I will get to him in a minute!

A series of critical positions remain unfilled and unadvertised in core areas of government services across regional Western Australia. Towns such as Port Hedland, Newman and Paraburdoo desperately need speech pathologists and occupational therapists, and positions in the area of allied health remain unfilled and unadvertised. The Liberal-National government came to power on the promise that it would deliver, but all it has delivered is sleight of hand. I want to tell members what I did as the member for Pilbara about issues such as infill sewerage programs during the term of the previous government. I stood up to my colleagues and demanded and secured funding by making criticism where criticism was deserved. Members who were in the house at that time will hopefully remember what I said to the then Minister for Water Resources. I gave him a blast, and I sure as hell am not going to be softer on the present Minister for Water than I was on him. I kicked and screamed until I got that \$7.25 million in the budget. I tell the Minister for Water that I will not idly stand by and watch him take away from the people of Port Hedland what I secured for them so that he can rebadge it, dress it up and pretend that it is available under a new guise for some less important programs across regional Western Australia. The core services of government should be delivered to the people of the regions.

I would be happier about the Loan Bill and give it more enthusiastic support if it were hand in glove with a program to deliver a comprehensive response by this government to desperately needed investment in the ports of the Pilbara. The government has in the Pilbara port authorities that, in collaboration with the previous government, have been developing responses to the challenges that those ports represent and the opportunities that they have to deliver a much greater return to the people of the Pilbara and the industry of the Pilbara, and, in turn, to the people of the state and the nation. However, it does require a courageous and adventurous response from Treasury and from government to support the ambitions of those ports. It is ludicrous that this government now—instead of focusing the government's spend required in that area—steps into the breach that was not even

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in existence in the mid-west, starts to spend taxpayers' funds when the private sector was ready to spend, and walks away from the challenges and opportunities in the Pilbara.

Last week's announcement of the proposal for a joint venture in the Pilbara between Rio Tinto and BHP Billiton presented a once-in-a-lifetime opportunity for the people of Western Australia, for the Parliament and for the government to take the leadership on the way the Pilbara can look in the future. It requires determined leadership to put in place an open-access regime around those ports and rail. It requires and necessitates an end to the exemptions in the state agreements that operate in the Pilbara, which exemptions rob from local government the opportunity to rate those mining companies, and strips away from local government and local communities the opportunities for them to put in place the normal infrastructure that should be on offer in those communities. It is ludicrous that the ratepayers paying the highest rates in each of those towns in the Pilbara are not the giant iron ore operators in that region, but rather the owners of large shopping centres, and the heaviest burden is worn by the ordinary mums and dads and families of the Pilbara as they pay their way, while currently state agreements exempt the bigger iron ore giants from paying rates. It is pivotal that this scrutiny and review of the proposal for a joint venture in the Pilbara take place simultaneously with leadership being exercised by government that resolves some of these longstanding issues—certainly tackling the issue of an equitable arrangement in reference to the royalty regime that should govern the fines—and simultaneously puts in place a requirement on the iron ore giants to invest significantly in family residential accommodation. Such accommodation should be available for the entire workforce in the Pilbara so that families not only can have breadwinners working there but also can take their place in the Pilbara living and working in a region with sound prospects long into the future.

With known iron ore resources that can be mined for in excess of 70 years, we can anticipate iron ore flowing out through the port of Port Hedland. It is utterly ludicrous that we have still not got in place regimes that would enable local authorities to get a return on the rates that should be payable to them from those iron ore giants and partnerships with those iron ore operations that can deliver real returns. All of this will come to absolutely nought in terms of extracting the iron ore wealth from that region if the government does not simultaneously take this opportunity—the window over the next 12 months for the regulatory hurdles and the review of this joint venture proposal to be well and truly before the community—to embed into the agreements under which these companies operate obligations to participate in improving the education, training and employment of the permanent population of that region. The region will be basically laid waste if the population continues to grow and is disconnected from the economic development opportunities associated with the resource sector. Back in the early 1980s I watched and listened to the pledges of companies such as Woodside when they were on our doorstep banging away on the door, seeking our support and obtaining it in return for their pledges and commitments that they were going to do great and grand things to advance the training, education and employment of large sections of the Pilbara and Indigenous population. Instead of that, 25 years down the track, having done absolutely nothing for the education, training and employment of Aboriginal people, Woodside has again come to us with new commitments about what it will do in return for giving it new greenfield sites along the Kimberley coastline. That company has been discredited by its poor performance over the past 25 years. Its pledges to me about all the good intentions it had and about what it would do on behalf of the people of the Pilbara, and in particular the Indigenous people of Roebourne and Karratha, were honoured in the breach. A tiny number of Aboriginal people secured the educational support and training and employment that should have been theirs if those commitments that were made to their parliamentary representatives and the governments of the day were met. If those commitments had been delivered upon, companies like that could come to governments and Parliaments and hold their head high and say, "Look at what we have done. We deserve support and the opportunity to expand into another region and to be taken on our word". The lifespan of parliamentarians in this Parliament tends to be very short, and I think industry takes great advantage of that. It is rare to have a member of Parliament who is around long enough to watch the full cycle of a company like Woodside. I sat with Woodside and listened to the pledges that it made 27 years ago when it was bolting down its agreements with the state government when I first arrived in this place. I am watching it now and it has basically delivered nothing to match its rhetoric. Woodside now expects Parliaments and governments to jump to its tune and to believe its rhetoric. Frankly, I do not.

**Mr M.P. Whitely:** It will be a good idea if you are here for another 30 years.

**Mr T.G. STEPHENS:** There is an argument for people to listen to experience and to build upon it and not allow history to be repeated. The first duty of companies such as Woodside is to look after their shareholders. It is the responsibility of government and of Parliaments to extract from those companies a return for the people of Western Australia, and in particular the regions from which these companies draw their vast wealth.

It is extraordinary to find that the people of Port Hedland are making dental appointments in Bali. They fly to Bali from Port Hedland to get access to a dentist. They cannot get a dental appointment in Port Hedland because

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that service, by and large, is fully booked. Fortunately, there is a flight to Bali on Saturdays and people are finding it is easier to get access to a dentist in Bali than to a dentist in Port Hedland. That is ludicrous. In the face of that, what has the National Party done? It has pranced around with a scheme that delivers under the banner of royalties for regions political benefit for itself. In the meantime, the basic core services of government are disappearing out from under the ordinary citizens of the wealth-producing part of this state. The state government should be ashamed of itself. I have looked through the answers to questions on notice that have been tabled in the house today and I have seen the list of vacant positions in the health system that have not even been advertised by government. It is a disgrace that the coalition partners in this government pretend to be interested in the wellbeing of the citizens of Western Australia. Prior to the election, National Party members were in daily contact with the people of Tom Price and Paraburdoo about what they would do to meet the challenges of the health system.

[Member's time extended.]

**Mr T.G. STEPHENS:** Since the election, the Tom Price Hospital Action Group has not heard boo from the members of the National Party. The Tom Price Hospital Action Group carefully studied the budget papers in an endeavour to find, delivered by the National Party, the funds for the upgrade of that hospital. The budget papers did not give them any hope that anything will be done to respond to that community's needs within the next four years. That community is desperate for speech pathologists to pick up the backlog, yet there is nothing on offer from this government.

I discovered in the estimates committee that the Minister for Health was about to visit Tom Price and I had to badger him to meet with the Tom Price Hospital Action Group so that he would get a good earful from that group before he left that town. I am pleased that during a division earlier today he told me that he finally met with that group following the pressure that I put on him. I hope that meeting was fruitful.

This government's record in this area is woeful; it is sleight of hand. A government needs to do more than simply invest in, with taxpayers' funds, a colour scheme for its Country Age Pension Fuel Card, advertising program and LandCorp agencies. This government has to do more than simply rely on the razzamatazz of the advertising regime that it is engaged in.

**Mr T.K. Waldron:** Don't you think that the fuel card will assist them?

**Mr T.G. STEPHENS:** The colour scheme will not assist one iota.

**Mr T.K. Waldron:** I am referring to the fuel card.

**Mr T.G. STEPHENS:** The Minister for Sport and Recreation would do better if the funds that have been stolen from the Western Australian taxpayers for the advertising regime that is being deployed under the banner of royalties for regions had not been diverted to promote his party in such a scandalous way.

Several members interjected.

**Mr T.G. STEPHENS:** I would not have been able to say that, I would not have thought, Madam Acting Speaker.

The media might eventually catch up with National Party members by focusing on what they are doing. Eventually they will be pilloried for what they are doing. They are scandalously misusing taxpayers' funds to shamelessly advance their political party's interests.

Several members interjected.

**Mr T.G. STEPHENS:** In my time in this Parliament I have never seen a party that has used funds in such a blatantly political way as the National Party has done with its television advertising campaign that depicts the National Party colours, balloons, T-shirts and hats. They are a disgrace. Those taxpayers' funds should be diverted to respond to people in need. People living in Port Hedland should not have to make dental appointments in Bali. The appointment of a dentist to Port Hedland would prevent the need for the residents of that town to have to fly to Bali for dental treatment.

**Mr T.K. Waldron:** I am concerned about the dentist.

**Mr T.G. STEPHENS:** I am putting my point to the Minister for Sport and Recreation.

*Point of Order*

**Mr P.B. WATSON:** Madam Acting Speaker, I cannot hear what the member is saying because of the interjections from the other side.

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**The ACTING SPEAKER (Mrs L.M. Harvey):** If the member for Pilbara insists on asking members questions, I suggest that he give them time to answer those questions.

*Debate Resumed*

**Mr T.G. STEPHENS:** Fair enough, Madam Acting Speaker. I will not ask members opposite any more questions; I will lecture and heckle them instead.

I stress upon National Party members that it is theft of taxpayers' funds to be using them in that way while, simultaneously, they are part of the government that leaves vacant positions in the health system all over regional Western Australia. They are not properly redeploying the funds. Instead, those funds are being shamelessly used by members of the National Party to advance their narrow political party interests by way of self-aggrandisement and self-promotion. The honeymoon in which this party is involved will not last long. The people of regional Western Australia will, if they are to believe the budget papers, not take kindly to the fact that over the life of this government hospitals in places like Tom Price and Paraburdoo will not receive a single new dollar. Instead, funds are being spent on a television advertising campaign. We have belted into our TVs every night advertisements that promote the National Party over the royalties for regions scheme. It is a disgrace. I suspect that people in regional areas such as Durack and Kalgoorlie will soon find out what it is up to. It is shamelessly misusing taxpayers' funds. I can picture now the National Party campaign that is coming in areas such as the Minister for Water's area. The minister will have funds taken away from him and grabbed by the National Party. Just imagine what they are going to do in Esperance. Do not come to the Labor Party looking for —

**Dr G.G. Jacobs** interjected.

**Mr T.G. STEPHENS:** You come to the Labor Party! He will be skewered if the National Party continues to get away with its shameless misuse of taxpayers' funds. Funds are not being spent on substantive programs; funds are being spent on advertising itself. When the Leader of the National Party came into the house today with a big, over-sized promotion fuel card for the National Party, with green and gold colours, there should have been universal condemnation for the political abuse that has gone on with this card. If the Labor Party had pranced around promoting the Eureka flag, the colour scheme of the Labor Party or any other emblem on its government initiatives for regional Western Australia, it would have been crucified for it. Instead of that, they are sleepwalking into an absolute disaster as the partners of this government in office. I would not care too much if regional Western Australians were benefiting from it but they are not. Instead, what is happening is a sleight of hand, smoke and mirrors —

**The ACTING SPEAKER:** Order, Members!

**Mr T.G. STEPHENS:** There are positions left vacant in the health system. People have to go off to dental appointments in Bali because it will not put in a dentist to respond to the challenges. It is misusing taxpayers' funds.

**Mr T.K. Waldron:** I want to make one comment.

**Mr T.G. STEPHENS:** Madam Acting Speaker, I will take a comment from him when he cancels the TV advertising program that is operating across regional Western Australia; that expensive misuse of taxpayers' funds. Then the Minister for Sport and Recreation can rise again and take his place as an honourable man in this house. Until he does that, he should stay silent, embarrassed and red in the face and say nothing in this chamber because his party and his colleagues are involved in a rort. It is involved in the theft of taxpayers' funds to misuse them in that way. It is important that —

**Mr D.T. Redman:** Clearly the member does not support royalties for regions.

**Mr T.G. STEPHENS:** I would double the return. I would have a real return to the people of regional Western Australia —

**Mr T.K. Waldron:** Why did he not do it?

**Mr T.G. STEPHENS:** — not this sham return.

Several members interjected.

**The ACTING SPEAKER:** Order, members!

**Mr T.G. STEPHENS:** The National Party takes with two hands and gives back with one. It does not give back as much to the people of regional Western Australia. It dresses it up in green and gold to try to make people think all will be well. All is not well. There is work to be done in the bush! The government cannot rely entirely on the federal Labor government to deliver all the programs across regional Western Australia that it has so far

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delivered—schools that are only repaired when funds come from the federal Labor government, hospitals that are only built when there are funds from the federal Labor government. Meanwhile, what does the National Party do? It grabs the money and puts a self-promotion program over commercial television across regional Western Australia. It puts its colour scheme on anything that opens and shuts. I will be watching those mattresses and hospital beds as they arrive in the hospitals under the banner of royalties for regions. I will check out the colour to see whether they are green and gold! I can tell members that people will not take kindly to the fact that the core services of government are disappearing.

**Mr T.K. Waldron:** Do you reckon they'll have them in Dumbleyung?

**Mr T.G. STEPHENS:** People will not take kindly to the fact that the core services of government are disappearing whilst this sham and this rort is going on.

The people of Western Australia have an extraordinary opportunity open to them right now if this government would focus in on the main game—that is, to utilise the necessary debt on building ports and infrastructure in the Pilbara region that would really benefit the whole region. The government could invest in the provision of accommodation to meet the needs of the whole community across that region, which would, in turn, deliver great wealth to all of us by fulfilling commitments made in the pre-election environment by the National Party.

It stated that it would deliver free rents to key government workers based across regional Western Australia. That commitment has been breached and walked away from by the National Party, it preferring, instead, to spend its money upon promotional television advertising. It made a commitment to support government workers—the teachers, the doctors, the nurses—by promising them rent-free accommodation across regional Western Australia. The National Party is prepared to grab the money and run and use it to promote itself on regional television stations. It is shamelessly misusing its time in office, effectively corrupting the political process.

The Loan Bill 2009 could and would be enthusiastically supported if its real focus was around generating wealth and utilising debt to generate more wealth so that more and more people could prosper and benefit from the generation of that wealth. Instead, I fear some of the pet projects of this government are being pursued unnecessarily, like the use of taxpayer funds in the construction of Oakajee port, rather than relying upon the private sector's offer to proceed with that project without a mass injection of state government funding. This government has not displayed a show of its understanding of the opportunities that will come from investing in the Pilbara ports and ensuring that those ports and the rail infrastructure in the Pilbara region are able to be accessed by companies that want to develop the iron ore resources of the north. That, simultaneously with an investment in community infrastructure so that there are houses and towns that are attractive places for people to live and work, would secure a great future for everyone in this state.

**MR P.B. WATSON (Albany)** [8.22 pm]: It gives me great pleasure to talk on the Loan Bill 2009 tonight—at \$8.8 billion, it is a mere trifle! I have been interested to see how the money has been shifted around. I will probably not be as aggressive as the member for Pilbara in my contribution to the debate as I am a great believer in the royalties for the regions scheme, but I have some real concerns about how it is being applied.

Today, National Party members stated in the house that the Labor Party neglected the regions. It spent \$67 million on the waterfront redevelopment and the entertainment centre in Albany; a ring-road was constructed, as well as a new justice complex that cost over \$300 million; and we transformed Geraldton from a country town that really had nothing when we went up there for our first Country Labor (WA) meeting in 2001. The member for Geraldton is in the house tonight, and I am sure he is happy with all the work done by the Labor Party.

The Labor Party did not go around and do what the National Party is doing; we did it as a government. I agree with some of the issues that the previous member raised, and I am a bit disappointed that the National Party is politicising the Country Age Pension Fuel Card with its colours. It is a great gimmick, but people in the regions will soon see through it.

Before the result of the election was known, there were two parties—the National Party and the Liberal Party. The Liberal Party made an election commitment of funding of \$135 million for Albany Regional Hospital; the National Party also promised a new hospital, but no funding was mentioned. Now, all of a sudden, the promised \$135 million for Albany Regional Hospital includes funding of \$60 million from the royalties for regions scheme. That \$60 million is not part of royalties for regions; it has been given to the National Party by the Liberal Party, and it has given it back again. My electorate has received no gain from the royalties for regions scheme.

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I applaud the fuel card initiative and the other things that have been done. Maybe the National Party got caught out on royalties for regions—it came up with a good idea, and it is having some trouble with it. That amount of \$60 million was promised by the Liberal Party. I just cannot understand how it can come from the royalties for regions scheme. People in my electorate are pretty savvy. It is a marginal seat, and we have been through three marginal elections down there. The people are very aware of what is going on. They are coming to me—they are National Party, Liberal Party and Labor Party people—asking, “What is royalties for regions? Is it a separate thing or not?” I have to honestly say that it is not separate. All the government is doing is putting in money from royalties for regions that should have been funded under Liberal Party core promises. I have dealt with royalties for regions. I will go back to the hospital.

Several members interjected.

**Mr P.B. WATSON:** I thought I would get it out of the way early because I do not want any interjections.

I will deal with the grain rail network. I am very disappointed that there are some issues with it. Anyone who drives from Perth to Albany knows how busy the roads are. I know that there are fewer woodchip trucks at the moment, but once the grain is harvested, the roads near Albany are very dangerous. I was very disappointed that there is no money in the budget directed towards helping that.

The member for Wagin and I are working on the surf club, but I was very disappointed that nothing specific was put in the budget. I know that there are some issues with the surf club. The Liberal Party candidate for Albany made a promise during the election campaign. I know that he probably did not check with head office before he did it, but he made a commitment. He said that he did not. However, the person to whom he made the commitment or who overheard it was Jo Lucas. She is the person who rescued the shark attack victim in Albany. Therefore, he is putting her integrity at risk, and I am very concerned about that.

**Mr T.K. Waldron:** I want to do it as soon as we can. We are working on it.

**Mr P.B. WATSON:** I agree. I recognise the work that is being done. I am not having a go at the minister.

**Mr T.K. Waldron:** No, I know.

**Mr P.B. WATSON:** That is a Liberal Party issue, member for Wagin.

**Mr T.K. Waldron:** I just want to do it. Whatever has happened, I want to do it.

**Mr P.B. WATSON:** I will take this *Hansard* back to Albany tomorrow.

**Mr D.A. Templeman:** No, you probably can't because I haven't given you a pair!

**Mr P.B. WATSON:** Can I get protection from the member for Mandurah once again!

We can build a new hospital in Albany, but there are other issues at the hospital. There are problems with the visiting doctors. I know that one of the biggest groups of doctors who go to the hospital are going to withdraw their services at the end of the financial year because of the hours they are working. I believe that this is a call to have full-time doctors at the hospital. We cannot get enough doctors in Albany. Albany has a very ageing population, and doctors are essential. We need more doctors in Albany. I know that some of their services will be taken away from 30 June. There are plans at the hospital to try to get more doctors. However, staff morale at the hospital is very low, too. People are working long hours and taking on extra jobs, and they are not getting the rewards that they deserve. Therefore, there is a lot of dissent at the hospital. People think that if a new hospital is built, all these things will change. But I am really concerned about the heart of the hospital—the nurses, the doctors, the orderlies and the cleaners. All those people are not very happy at the hospital at the moment, and I think that could escalate over the next few months.

There was \$135 million allocated for the hospital. I think one of our members will talk about this a bit later. In January-February, the Treasurer said that yes, \$135 million is the proper amount for the hospital. Under a freedom of information application, we obtained a document that states that the Treasurer knew in December that it could cost between \$180 million and \$200 million. It was a bit disappointing that the Treasurer misled the people of Albany by saying that he did not know that the hospital would cost over \$200 million. During budget estimates the Minister for Health seemed to think that the government would build the hospital for \$135 million by contracting out dialysis, for example, to private enterprise. The worry about these sorts of things being contracted out to private enterprise is that it will be in there to make a dollar and will not look after the concerns of my constituents. Instead of going to the local hospital, as people do now, and getting treated —

**Mr T.R. Buswell:** What do you think happens at the Joondalup Health Campus?

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**Mr P.B. WATSON:** The Treasurer will have a chance to speak; I am speaking now. It is a little different for the people in Joondalup, who can go down the road to another hospital.

**Mr T.R. Buswell:** What about Bunbury?

**Mr P.B. WATSON:** Bunbury is 300 kilometres away. If the Treasurer thinks it is fair for people to go all the way to Bunbury if they cannot get into Albany, I am sure they would love to hear it. The Treasurer does not care about Albany. That will be shown over the next four years.

I would also like to talk about the Yakamia Primary School. I have been talking to the members of the P&C. They asked me to ask some questions in the budget estimates. They wanted to know what the structural damage was at the Yakamia Primary School. The minister could not answer. They wanted to know why the music room, the computer room and the canteen are all going to be smaller. The P&C is getting something it does not want because the Liberal Party, in trying to win the seat of Albany at the election, came up with a proposition. It did not talk to the P&C.

**Mr D.T. Redman:** What they got from you was a \$2 000 cheque towards the sporting equipment. That's about the extent of it.

**Mr P.B. WATSON:** I will come to the minister soon. I saw a very interesting report from Japan today about genetically modified crops.

**Mr D.T. Redman:** Ask me a question.

**Mr P.B. WATSON:** We only ask questions of the important ministers. We do not ask the minor —

**Mr D.T. Redman:** You obviously don't rank the issue an important one.

**Mr P.B. WATSON:** I was very good today; I have done the second thing on the William Bay pool. The local member is never there so the people come to me to present their petitions.

**Mr D.T. Redman:** Did you sell them a shovel?

**Mr P.B. WATSON:** No. The people come all the way from Denmark to see me because the member for Blackwood-Stirling is too busy being a minister. No money was put aside for the ring road in the budget. That is another issue, with all the trucks on the road. The Labor government put the first stage of the ring road through and also the planning and land acquisition for the second stage. The Liberal and National Parties have not put any money towards that road.

Another issue that I am very concerned about in my electorate is Aboriginal youth suicide. We have had three suicides in the past nine or 10 weeks. I call on the coroner, who is doing a report on youth suicide in Narrogin, to look at youth suicide in Albany. I have received advice from some of my constituents about why these young girls commit suicide. I do not think it is my place to mention those reasons in the chamber but it is something that the police, the coroner and people involved in mental health should look at. These young people are killing themselves for reasons that are not their own. If the information I have about that is correct, it is something that we have to look into.

I would like to mention two of my special friends who passed away within two days in the past couple of weeks. Alan Bodger was best man at my wedding. He always wanted to be a runner. He did not have the physique to be a runner; he was a very chubby guy. He came along when I ran. If I used to run 30 200-metre runs or 30 300 metre runs, he would run every three then get in front of me and say, "You can't catch the fat boy." This used to make me run really hard. We used to go to Lancelin and run over the sand hills there. One day he said, "Let's see how far we can push ourselves." We kept running and running and all of a sudden I stopped breathing. We did not know much about sports science, so he just whacked me on the back and I started breathing again. The next day I had a big bruise over my heart. I do not think that was a very good thing! Alan and I shared lots of memories. Alan was like the nutty professor. He had wild hair and an IQ of I do not know what! He was a brilliant man. He did a lot for the environment. He was a branch president of the Liberal Party, and we used to have great discussions. To Judy, Jamie and Timmy, the world has lost a very special man. His memorial service is on Thursday, and I will be there. I am sure a lot of other people in the community whom he touched throughout his lifetime will also be there.

Joan Slann was a little old lady who came into the post office when I was there. I used to say, "Here comes my girlfriend!" She was a little, chubby English lady. I knew her for over 17 years. When Geoff Gallop came to town and we would walk down the street, she would say, "This is my boyfriend!" Geoff was pretty straight-laced and he probably thought I was having an affair with a 60-year-old English lady! When our Joan came into the

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room, the whole room lit up. Joan was another very special person who is lost from my life. It is a bit of a shock to lose two friends within a couple of days, and I want to make a special mention of them today.

I went to Rottnest Island on the weekend. A friend of mine invited me to a function for the Society of Children's Book Writers and Illustrators.

**Mr J.J.M. Bowler:** You have a friend!

**Mr P.B. WATSON:** It was not you, "Bowls"—sorry, member for Kalgoorlie.

I met some very talented people. These people write and illustrate children's books. I saw some of the emerging young talent from Western Australia. I think we forget about them. We have children and grandchildren for whom we buy books, and we do not realise the amount of work these people put in. I was privileged to be invited, and I learnt a lot. When I write my book on Parliament, it will probably be classified as a children's book! I am looking forward to that.

**Mr D.A. Templeman:** It will be well-read volume.

**Mr P.B. WATSON:** It will be.

**Mr T.R. Buswell** interjected.

**Mr P.B. WATSON:** I am sure that the member for Vasse will not get a mention in any children's book that I write!

First Click is one of the programs that the state government has knocked on the head. I know a lot of seniors in my electorate, especially residents of the seniors' villages who benefited from First Click program, will be disappointed to lose that. A lot of people in my electorate are probably computer illiterate, and this program was an opportunity for them to learn how to use a computer. This program enabled residents at the RAAF Association village to use a computer, and they spent hours and hours there. Unfortunately, new residents of the village will not have the same opportunity.

I am very disappointed with the federal government's changes to its Youth Allowance and its impact on young kids in country areas. I will be supporting the National Party in the Senate on this issue. The Youth Allowance is all right for people in the city; it is great for them as they come home every night. We have young people in Albany who have been working their backsides off this year to earn the money to go to Perth and live. People in the city do not realise that. When these young people come to Perth, they have to find accommodation, and they have to work. Their parents are still living in Albany so these kids have to go out and work to pay for their accommodation.

[Member's time extended.]

**Mr P.B. WATSON:** If these kids want to play sport, they cannot because they are out working; straightaway they are disadvantaged. The federal government is saying that they have to work for 30 hours a week for 18 months. Most country kids take 12 months off for their gap year and they work. Kids in the city probably go off travelling! But kids in regional areas work their arses off; they work really, really hard and then at the end of the 12 months they go on Youth Allowance. Now the federal government is saying that once young adults in the country have finished school, they have to work for 30 hours a week for 18 months. Unless the federal government wants them to work the 30 hours a week during their tertiary entrance examination year, they have to work for the first 12 months and then the next six months while at university. That means that they have to spend their gap year working 30 hours a week and then come to Perth and, for the first six months of the university course, continue to work for 30 hours a week. Where is the sense in that? Otherwise they have to put off their studies for two years, and there is no university course in Western Australia that can be put off for two years. I call on Minister Gillard —

**Mr I.C. Blayney:** Julia.

**Mr P.B. WATSON:** Julia Gillard. She will be getting lots of letters from regional Western Australia. I cannot see the sense in that youth allowance policy. The National Party in the Senate is going to move some amendments to the legislation. If members opposite know any federal members from the country, they should offer support for the National Party in the Senate. The National Party is suggesting that, at least for this year, those who are earning the money should do so this year. But we must think about the 18 months. We cannot expect our young people who want to go to university to work 30 hours a week for 18 months. No doubt the federal government will say that country students will get a \$4 000 relocation allowance, but that is not the point. These kids want to be independent; they want to do the hard work for 12 months so that they can be like everyone else. Students in Perth can do it because they live at their parents' place and drive to work in their own



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cars. Kids in the bush are up against it. I therefore call on Kevin Rudd and the federal government to listen. My old friend Wilson Tuckey is running a campaign. I never thought, in all my life, that I would support him, but I fully support his campaign in our region. We have to look after our country kids. Most of the sportspeople and the bright young kids come from regional areas.

**Mr M.P. Whitely:** Steady on.

**Mr P.B. WATSON:** Do members know why? They have to work harder. They have to do twice as much as the kids in the city. They are up against it from the start. When they play sport they play against adults. When they come to Perth to study it is harder because most of the people in the city are used to the city environment. They come up here raw and have to survive.

**Mr D.T. Redman:** Talk it up member, you're doing well.

**Mr P.B. WATSON:** It frightens me that the member for Stirling-Blackwood is agreeing with me, as is the member for Kalgoorlie, the National Party representative.

**Mr J.J.M. Bowler:** What did you say? I am Independent and proud of it.

**Mr P.B. WATSON:** I am very concerned that I could not see any funding in the budget for the gas pipeline.

**Mr D.T. Redman** interjected.

**Mr P.B. WATSON:** Is it correct that the gas pipeline was provided for under royalties for regions?

**Mr D.T. Redman:** I believe so.

**Mr P.B. WATSON:** There we go again—royalties for regions. Before the election the Liberal Party promised that it would find the money.

**Mr D.T. Redman:** It was promised by the National Party. I have been espousing that in this house for the past four years.

**Mr P.B. WATSON:** Can I have some protection please, Madam Acting Speaker? The member for Stirling-Blackwood, or whatever his seat is, can speak later if he wants to say something. This is my time.

The money for the gas pipeline that was promised by the Liberal Party is now being allocated under royalties for regions.

**Mr D.T. Redman:** It was promised by the National Party as well.

**Mr P.B. WATSON:** No-one took any notice of that.

**Mr D.T. Redman:** I have been espousing this —

**Mr P.B. WATSON:** The Liberal Party promised the money but the Liberal Party is not putting any money into it. It is a rort by the National Party. The Liberal Party is giving the \$30 million to royalties for regions and the National Party is giving it back straightaway for the pipeline. Once again we will be working very hard, especially in the member for Stirling-Blackwood's electorate —

**Mr D.T. Redman:** It is the Blackwood-Stirling electorate. That's another one you've got wrong.

**Mr P.B. WATSON:** Whatever it is, we will target it at the next election.

**Mr M.P. Murray:** Too right we will.

**Mr P.B. WATSON:** There will be no preferences for the National Party, as will be discussed at our next state conference. The member for Blackwood-Stirling should make the most of his little seat over there because he will not be there after the next election. We will be going out into the member's electorate and we will be working very, very hard to ensure that he will not be in this place next time, and we have already started. A Liberal Party member also wants to run against him, so all the ducks are lining up.

I am very disappointed with this budget. We have heard about the Premier's and Treasurer's credentials and about what they have done and what they were going to do. I have never seen so much bad publicity about a budget go on for so long. Generally, it happens in the first week and maybe the second week after the budget. We are seeing headlines in all the regional papers and all the commentators in the Perth papers are still talking about the budget. I am in my ninth year in this place and this is the worst budget I have seen. There is no vision, we are going into tremendous debt and there is cost shifting—all very disappointing. I had great hopes for the

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Treasurer because for eight years, when sitting on the other side of the chamber from his current position, he always told me how good he was. When he had the opportunity to do something, nothing happened.

**Dr G.G. Jacobs:** He hasn't been here for eight years!

**Mr P.B. WATSON:** I congratulate my colleagues in the budget estimates. In the eight years I have been in this place, I have never seen such inept answers from ministers. I simply cannot understand it. When we have question time in this place, we simply cannot get any answers. I remember when people on the other side who are now ministers used to be very critical of our ministers by saying, "Oh, you don't answer this and you don't answer that." I see these people on the other side of the house now and they sit there saying, "Don't ask me a question", because they do not know their portfolios. It is very, very disappointing.

**Mr T.R. Buswell:** Who does that?

**Mr P.B. WATSON:** The Treasurer has the opportunity to have his say later. He can get up and have his say. Sit over there and chirp. The Treasurer made lots of noise when he sat on this side of the chamber. He is over there now and he is not doing anything. The member for Stirling-Blackwood or whatever it is —

**Mr D.T. Redman:** Member for Blackwood-Stirling.

**Mr P.B. WATSON:** The member for Blackwood-Stirling, yes. He is back-to-front from the former member for Stirling-Blackwood. He was a tremendous man and he was a very good member of Parliament.

**Mr D.T. Redman:** That is three times now!

**Mr P.B. WATSON:** I think people in that electorate will see from the actions of the current member what a good member he was.

I finally want to say that I am very disappointed with the budget; we were promised so much but so little was delivered.

**MS R. SAFFIOTI (West Swan)** [8.47 pm]: Madam Acting Speaker —  
Several members interjected.

**Ms R. SAFFIOTI:** I will not be lectured by the Treasurer on ethics and morality.

**The ACTING SPEAKER:** Order, members!

**Ms R. SAFFIOTI:** I will speak on the Loan Bill 2009, particularly two aspects—the impact of the Loan Bill on the state's finances and the impact of the Loan Bill on my electorate of West Swan.

**Mr T.R. Buswell:** One hundred and seventy-five thousand dollars would be a chip off the top.

**Mr P.B. Watson:** Maybe the Treasurer could use it in his budget!

**Ms R. SAFFIOTI:** This bill is necessary due to the massive blow-out in debt incurred by this Treasurer. I do not think that this Parliament has seen a bill come into this place that has asked for approval for a greater level of borrowing. The Loan Bill asks for \$8.3 billion and, together with the \$446 million in the bank, the total borrowing requirement this government is asking for is \$8.7 billion. That is \$8.7 billion! This reflects what is required for the consolidated account and it does not reflect the total public sector —

**Mr T.R. Buswell** interjected.

*Point of Order*

**Mr D.A. TEMPLEMAN:** The Treasurer is consistently interjecting. The member has been on her feet for only one minute and the Treasurer's persistent interjections are inappropriate, and I ask the Acting Speaker to call him to order.

**The ACTING SPEAKER (Mrs L.M. Harvey):** Treasurer, the member for West Swan has the call.

*Debate Resumed*

**Ms R. SAFFIOTI:** Again, this reflects the huge borrowing being undertaken by this Treasurer—\$8.7 billion is to be authorised through this bill. That is \$8.3 billion in new borrowing requirements, plus \$446 million in existing borrowings that have been approved. I think 2004 was the last time a Loan Bill was brought into this place and at that time about \$200 million was requested. The previous government never used that funding. The Treasurer has come into this Parliament with a borrowing requirement of \$8.7 billion. That should strike fear in all Western Australians, because all Western Australians will have to pay this off over the next five to 10 years.

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**Mr T.R. Buswell:** What should we not be spending money on?

**Ms R. SAFFIOTI:** Roe Highway stage 8.

**Mr T.R. Buswell:** How much is that out of \$8.5 billion?

**Ms R. SAFFIOTI:** It is a fair bit. The previous government was there for eight years. Net debt was at record lows. There were always operating surpluses.

**Mr T.R. Buswell:** The surplus is \$160 million.

**Ms R. SAFFIOTI:** The government has been in power for eight months and has already driven the budget into deficit and record debt. It is not a really great record.

Several members interjected.

**The ACTING SPEAKER:** Members!

**Ms R. SAFFIOTI:** The Treasurer is preaching on ethics and morality—really! The general government net debt is turning around from a position where the government was owed \$3.4 billion to one where the government owes \$6.2 billion, which is a turnaround of \$9.6 billion in general government sector debt. What is really important is that this debt is not being incurred on trading enterprises, for example, that will be able to charge for goods and services. This debt is being levied on schools, hospitals and roads.

**Mr T.R. Buswell:** Which ones would you not build?

**Ms R. SAFFIOTI:** The Treasurer has produced the worst budget in a decade—really! The budget is incurring debt on schools, hospitals and roads. There is no financial plan. The Treasurer talks about Kevin Rudd and the federal government. At least they have a financial plan. At least they have some estimates of when the federal government will get back into surplus. We asked the Treasurer during the estimates, “What is your financial strategy? What is your financial plan? When do you plan to return to surplus? How do you plan to pay back the debt?”

**Mr T.R. Buswell:** When did you ask that question?

**Ms R. SAFFIOTI:** During estimates.

**Mr T.R. Buswell:** That full question?

**Ms R. SAFFIOTI:** Not those exact words. He has got me! The Treasurer was asked what was his financial plan and what was his financial strategy. He has got neither. The Premier said that the government would deliver surpluses, and that is it. That is the government’s financial strategy. An increase in debt means that schools, hospitals and roads will all be —

**Mr T.R. Buswell:** Built.

**Ms R. SAFFIOTI:** Built through debt; there is no strategy to pay for them. When is this government going to return the budget to surplus over the next five to 10 years?

**Mr T.R. Buswell:** It is in surplus.

**Ms R. SAFFIOTI:** When is it planned that the budget will be in surplus? There is no plan. In respect of this Loan Bill, the question is: is it enough? We have seen over recent weeks that project after project is not funded in this budget and they are not earmarked in the budget. Although the Treasurer requests \$8.3 billion, the question is whether it will be enough. I think *The West Australian* reported a \$2 billion budget black hole.

**Mr T.R. Buswell:** Do you believe those figures?

**Ms R. SAFFIOTI:** I am not going to comment on *The West Australian*.

I will go through some of the projects that we know are not funded in the forward estimates. Oakajee port is not funded, even though it is the Premier’s top priority. The Northbridge Link is not funded, even though we know there will have to be a commitment. The Esperance nickel loading facility is not funded. Midland hospital and Royal Perth Hospital have insufficient funds.

**Mr T.R. Buswell:** What is the situation with Midland?

**Ms R. SAFFIOTI:** What is the estimated total cost in the budget for Midland?

**Mr T.R. Buswell:** It is \$180 million.

**Ms R. SAFFIOTI:** Is that the estimated total cost?

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**Mr T.R. Buswell:** That is right.

**Ms R. SAFFIOTI:** The estimated cost is \$180 million even though the Minister for Health said it was not.

**Mr T.R. Buswell:** The estimated total cost in the budget is \$180 million.

**Ms R. SAFFIOTI:** The allocation is \$180 million but the estimated total cost is not \$180 million. The Treasurer is saying that the federal government is funding the whole thing.

**Mr T.R. Buswell:** Get the budget papers.

**Ms R. SAFFIOTI:** I know what the budget papers say. They say that the estimated total cost of Midland hospital is \$180 million. The Minister for Health has said that that is not the case. The budget paper says that the estimated total cost is \$180 million, but that is not the case.

**Mr T.R. Buswell:** How much is the total cost?

**Ms R. SAFFIOTI:** It is not \$180 million?

**Mr T.R. Buswell:** What does it say?

**Ms R. SAFFIOTI:** It says \$180 million.

**Mr T.R. Buswell:** Okay, fine—how much have we got to fund it with?

Several members interjected.

**The ACTING SPEAKER:** Order! Treasurer and the member for Forrestfield, I have given the call to the member for West Swan.

**Ms R. SAFFIOTI:** The Treasurer should understand that in the budget papers the estimated total cost is the estimated total cost of the project. The source of funding is in another section. The estimated total cost should reflect the total cost. Now let us go to Albany Regional Hospital. What is the estimated total cost in the budget?

**Mr P.B. Watson:** \$135 million.

**Ms R. SAFFIOTI:** What is the expected cost?

**Mr P.B. Watson:** About \$180 million to \$220 million.

**Mr T.R. Buswell:** We will see.

**Ms R. SAFFIOTI:** We will see?

**Mr T.R. Buswell:** What is the estimated total cost of the new police complex?

**Ms R. SAFFIOTI:** I do not know. Can the Treasurer tell me?

**Mr T.R. Buswell:** That is another one of the things that your government let the costs blow out on, and we have brought it right back.

**Ms R. SAFFIOTI:** Is that why the government has produced a budget with wrong estimates for two key hospitals? Let us go to some other projects that I think will be progressed over the next four years. As I understand, the Premier was reported as saying that the riverfront development will commence within the next four years, but it is not mentioned in the budget papers. Then there is the issue of the stadium. The plan to build a new multipurpose stadium was scrapped, and instead there are plans, or suggestions as I understand it, to build a rectangular stadium or to upgrade Members Equity Stadium, and also possibly to improve Subiaco Oval.

**Mr T.R. Buswell:** The Kazakhstan space agency wants to build spaceport in Western Australia. Do we fund that?

**Ms R. SAFFIOTI:** Ask royalties for regions. As we said, there is confusion about the estimates for key projects.

Several members interjected.

**The ACTING SPEAKER:** Order! Conversations across the chamber are not acceptable. I have given the call to the member for West Swan.

**Ms R. SAFFIOTI:** There is confusion about the estimated total cost of the Oakajee project, and also the federal government's commitment to it. As I understand from the estimates committees, the Treasurer believes that the federal government commitment is a 50-50 allocation of whatever the cost is. Is that right?

**Mr T.R. Buswell:** I did not say that. I said that the federal government had committed \$339 million, and I understand that we have committed \$339 million.

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**Ms R. SAFFIOTI:** So the Treasurer did not say that it would be a 50-50 split?

**Mr T.R. Buswell:** It is 50-50 on that component.

**Ms R. SAFFIOTI:** If the cost is different, does the Treasurer believe that the federal government will commit extra funds?

**Mr T.R. Buswell:** I have not been involved in those discussions. You might ask the Premier by interjection. He has a very good relationship with Prime Minister Rudd, who also supports government funding of the project.

**Ms R. SAFFIOTI:** In the estimates committees I think we had differing accounts. We had the Treasurer saying that the federal government commitment was 50-50, and, as I understand it, we had from the Premier the statement that there would be a commitment of that exact funding. It was not to be 50-50, and if there were extra costs, the state would have to bear the risk. I now go to the Northbridge Link, which is one of those areas of budget exposure, to put it frankly. It is also one of those areas that would impact on the Loan Bill, because if the budget were to blow out there will probably be a need to come back to the Parliament for extra funding. I think the Premier guaranteed that the estimated total cost of the Northbridge project, without the busport, would be \$268 million. The Treasurer was unable to provide those figures last week but hopefully we will obtain them through supplementary information.

**Mr T.R. Buswell:** I signed off on that information this morning.

**Ms R. SAFFIOTI:** I am looking forward to seeing the breakdown of those costs.

**Mr T.R. Buswell:** The rail is around \$260 million, and the underground busport is \$204 million.

**Ms R. SAFFIOTI:** That is the estimated total cost, not the net cost.

**Mr T.R. Buswell:** I do not believe that includes the potential to realise land above the bus station in particular.

**Ms R. SAFFIOTI:** So it is the total cost?

**Mr T.R. Buswell:** I would have to take that on advice; I do not have that information. It is our view that there will be some land above the bus station that can be realised, depending on the way the bus station is sunk, as there will be at Shenton Park with the relocation of the rehabilitation hospital, which the commonwealth also funded, to the Fiona Stanley Hospital site.

**Ms R. SAFFIOTI:** The Treasurer is confirming today that the estimated total cost is two hundred and sixty-something million dollars.

**Mr T.R. Buswell:** All I can say is that the advice is \$263 million and \$204 million.

**Ms R. SAFFIOTI:** I think we have previously gone through the hospitals, but there is a clear issue about where the estimated total costs in the budget are wrong. An amount of \$135 million has been presented in the budget papers for the Albany hospital, and we heard from the Minister for Health that that figure is wrong. The Treasurer also said in March this year when asked about the Albany hospital that the latest data he had on the hospital was \$135 million. The Treasurer told us in March that the total cost was \$135 million. I understand that month after month the member for Albany has been raising the issue of the total cost, as he believes that \$135 million is insufficient to fund the commitment made at the last election. The Treasurer said in March that the latest information he had was that the estimated total cost was \$135 million, but it is clear in email communication between his office and Treasury as of December that information was provided to the Treasurer's office that the estimated total cost of the Albany hospital was between \$196 million and \$230 million. The business case put forward by the Department of Health was that the Albany hospital was going to cost around \$200 million.

**Mr T.R. Buswell:** You're assuming that any indication to be changed in the budget was part of a business case. I can tell you in relation to the Albany hospital that that business case is still being finalised, and, as part of that finalisation process, the member for Albany is right; we instructed the health department to look at options to utilise private sector participation on that site. I have not seen the responses that have come back in relation to that.

**Ms R. SAFFIOTI:** Would that involve, for example, having the private sector build half that hospital and then lease it back?

**Mr T.R. Buswell:** I am not aware of the detail of those discussions, but I know that those were the instructions given to the health department. We are simply not going to let the health department come in and constantly ratchet up the value of projects without looking at alternatives.

**Extract from Hansard**  
[ASSEMBLY - Tuesday, 9 June 2009]  
p4685d-4742a

Mr Ben Wyatt; Ms Adele Carles; Mr Bill Johnston; Mr David Templeman; Mr Vincent Catania; Acting Speaker;  
Mr Tom Stephens; Mr Peter Watson; Ms Rita Saffioti; Mr John Kobelke; Mr Mick Murray; Mr John Hyde; Mr  
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**Ms R. SAFFIOTI:** But in March when the Treasurer referred to it in commentary, he said that the latest information he had was that the Albany hospital was going to cost \$135 million.

**Mr T.R. Buswell:** Yes, and that is still the information I have. Until that process is finished, we are not going to formally adjust the costings of the Albany hospital, because it may well be that it can be delivered, and, in fact, could be delivered with an increased capacity, at a cost to the state of \$135 million.

**Ms R. SAFFIOTI:** That is the allocation—\$135 million—and the Treasurer is sticking to it, but it is clear that the Treasurer was advised that the total cost of the hospital will be greater.

**Mr T.R. Buswell:** No, not to government. We have a slightly different view on building capital.

**Ms R. SAFFIOTI:** Yes; the government is going to privatise it all because it cannot afford to build it.

**Mr C.J. Barnett:** Wait until the tenders come in and then you'll know.

**Mr T.R. Buswell:** The process is still underway.

**Ms R. SAFFIOTI:** Okay. I think that what has been demonstrated is that this is a massive request for borrowings. It is \$8.3 billion on top of the \$447 million in existing borrowing capacity. This is the largest Loan Bill to come before Parliament. I think the last time a Loan Bill was brought to this place was in 2004, and that borrowing requirement was not used. The other key aspect is: will that amount be enough? Time and again issues have been pointed out in Parliament and in the media about projects and services that have not been funded in the budget. The clear issue is whether the amount in the Loan Bill will be enough.

I will now quickly refer to my seat of West Swan and the impact of the Loan Bill on the seat of West Swan.

[Member's time extended.]

**Ms R. SAFFIOTI:** The people of West Swan will incur greater debt and will see little or nothing new for it—in fact, they will be seeing less. Fees and charges are being applied to families living in the West Swan area and in addition they will now have to pay off debt over the next 10 to 15 years. At the same time as residents will have to pay off debts over the next 10 to 15 years and fees and charges are increasing, services are actually being reduced. Last night I held a community forum in Ballajura, which is in the electorate of West Swan. I invited the local police hierarchy to come and explain to residents the future of the Ballajura Police Station. The aim of the community forum was to encourage community participation in the debate, and to provide a platform through which residents could ask questions of the police hierarchy, including the assistant commissioner, about the future of the Ballajura Police Station. Unfortunately, the news was that the Ballajura Police Station was to be closed. The people of Ballajura are therefore losing their police station at a time of increased debt, fees and charges for local residents. Their services are actually being reduced through the closure of the local police station. The lack of communication and consultation by the government with local residents preceding that announcement is absolutely disgraceful. It is absolutely disgraceful that people were not consulted and that the government did not listen to the people on the issue of the Ballajura Police Station. The Loan Bill will therefore result in more debt for the people of Ballajura and no police station. As I understand it, the police station is scheduled to close in September. This is a government that campaigned and was elected on a platform of law and order. The first thing it has done in my electorate is close a police station, with no consultation and no communication with the local residents.

I turn to other services that are not being delivered or are being reduced in the West Swan electorate. West Swan is a growing area, and parts of it are in need of new schools, such as the area of Bennett Springs. These are areas that are growing and are in need of schools, and again they are being overlooked in this budget.

The Alexander Drive-Reid Highway overpass is another hotly debated topic. The previous state government provided \$62 million for the project; the federal government provided \$10 million. We have not thoroughly investigated this yet, but from reading the budget papers, it appears that there has been at least a six-month delay in the construction of the overpass. It is the number one accident black spot in the metropolitan area, and there is a delay in its construction. The people of West Swan have lost their police station, they are not getting the new schools that they need, and now there is a delay in the construction of a vitally needed overpass that everyone recognises has to be constructed quickly.

The industrial area of Malaga —

**Mr R.F. Johnson:** Are you the member for Ellenbrook as well?

**Ms R. SAFFIOTI:** I am about to get onto the Ellenbrook rail line.

**Mr R.F. Johnson:** Is that in your electorate?

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Mr Tom Stephens; Mr Peter Watson; Ms Rita Saffioti; Mr John Kobelke; Mr Mick Murray; Mr John Hyde; Mr  
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**Ms R. SAFFIOTI:** No, it is in the Swan Hills electorate.

**Mr R.F. Johnson:** I wasn't quite sure where the boundary was.

**Ms R. SAFFIOTI:** It is Gngangara Road.

Another key issue to emerge from this budget is the delay and indefinite deferral of the Ellenbrook rail line. I cannot remember the exact figure, but approximately \$63 million was allocated in the midyear review to begin construction of the Ellenbrook rail line in 2010-11. The Liberal Party made a key commitment during the last election campaign to match the Labor Party's commitment to begin construction of the Ellenbrook rail line in 2012 and to complete it in 2015. More than \$50 million in funding in the forward estimates has been ripped out of this budget, and has been replaced with \$10 million for planning of the Ellenbrook rail line in 2012-13. In the interim I have not seen, nor can I be confident of seeing, the provision of any increased or improved bus services for the people of Ellenbrook and West Swan. The people of Caversham, Henley Brook, Landsdale and Ballajura also need improved public transport services. In this budget there is no commitment to improving public transport services in the area. In fact there is a deferral of the commitment to key infrastructure given by the previous government.

In the bill before us this evening the Treasurer is seeking \$8.3 billion; as I said, it is a record amount. More significantly the borrowing is on general government assets. It is on our schools, our hospitals and on the normal operations of government; it is not on public trading enterprises. This bill relates to the consolidated fund, which is a subset of the general government sector. This bill does not relate to our trading enterprises. There is no plan on how to repay this debt. There is a plan only to spend it or to increase debt. There is no fiscal strategy whatsoever on how to contain the deficits in the forward estimates. As I said, the Treasurer previously made comment about the federal government. At least the federal government came in with a plan on when it would return to surplus and how it would contain debt in the forward years. This budget contains none of that. This budget has a lot of holes in it and, frankly, I am not sure how it could have been released and become out of date within three or four weeks. Project after project is not costed properly and project after project is not funded. This is a budget such that I have never seen before. It is a budget that basically contains massive holes and does nothing to ensure the financial and economic security of the state. It will basically result in the Treasurer coming back to Parliament time and again with revisions of budget estimates and probably with requests for approval for massive amounts from the Treasurer's advance account, as many projects are not in the budget that should be commencing this year. The budget will possibly also result in the Treasurer coming back to Parliament to seek an increase in the Loan Bill. For the people of the electorate of West Swan there is nothing, except an increase in debt, fees and charges and fewer services. The people of my electorate therefore will be severely disappointed with this bill.

**Mr C.J. Barnett** interjected.

**The ACTING SPEAKER:** I give the call to the member for Balcatta.

**MR J.C. KOBELKE (Balcatta)** [9.12 pm]: Mr Acting Speaker —

Several members interjected.

**The ACTING SPEAKER:** Members, I have just given the call to the member for Balcatta! I am sure members want to hear what he has to say.

Several members interjected.

**Mr C.J. Barnett** interjected.

**The ACTING SPEAKER:** Members! I call the Premier to order for the first time.

**Mr J.C. KOBELKE:** Mr Acting Speaker, I can understand why some people —

**Dr M.D. Nahan** interjected.

**The ACTING SPEAKER:** I call the member for Riverton to order for the first time.

**Mr J.C. KOBELKE:** I will try again, Mr Acting Speaker.

I can understand why people might get a bit tetchy about this bill, because it seeks to authorise the borrowing of a stupendous amount of money—in excess of \$8.3 billion. In other words, upon the passage of this bill the government will be authorised to borrow \$8.316 billion. That is a stupendous amount of money, particularly when it is seen in the context of what has been done with previous Loan Bills and how this government has lost control of the budget in Western Australia. It is not, as the previous speaker said, because the government has

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any plan; it does not. It is a disorganised rabble that simply does not have the discipline to put together a proper budget. That has therefore resulted in this bill. We are now being asked to authorise more than \$8 billion in additional borrowings for the state of Western Australia.

Many members of this place understand the budget structure, but some new members may not. Anyone who is suffering from insomnia at some future date may pick up a copy of *Hansard*, but it is worth putting some simple facts on the record. The Western Australian budget is structured to deal with recurrent expenditure quite separately from capital expenditure. That is not the case with the commonwealth budget, which simply deals with cash flows. Different states therefore have different arrangements. I do not intend to argue the benefits or disadvantages of the current form of budget structure in Western Australia but there is continuity in that we have used that method for quite some years. Therefore, over the past eight years the former government exercised great fiscal restraint to make sure that it brought the recurrent budget into surplus. In a number of years, that surplus was more than \$2 billion and was used to fund capital expenditure. When the recurrent account is not in surplus, all the government's capital expenditure is based on borrowing. That is what this government is doing. It looks like the government will borrow to meet its recurrent needs, such is its lack of fiscal constraint and budgetary planning and lack of any idea about how to budget to meet the needs of the state. The government has totally lost control over the budget. That is why this bill to authorise the borrowing of \$8.3 billion is before us. The former government sought to control the recurrent expenditure to make sure that we lived within our means. It used the surpluses for the benefit of the people of Western Australia by building the southern railway, which was totally paid for, and by putting away well over \$1 billion for Fiona Stanley Hospital. By those and other means, the former government exercised the discipline required to create a surplus. The budget that we inherited from the former coalition government in 2000-01 was a very difficult one. The Court government, of which the Premier was the Deputy Leader of the Liberal Party, did not exercise budgetary discipline and therefore we inherited a budget that was not sustainable.

I turn now to what this government has done. I put it to the house and to the people of Western Australia that this government must accept responsibility for the outcomes in the 2008-09 and the 2009-10 budgets. The 2009-10 budget, which is before this house, is all the work of the current government. Given that the election was held in September last year, just over two months into the 2008-09 financial year, the government had ample time to restructure that budget and to change its priorities if it wished to rein in spending. Of course, it did not do that; it blew out spending by a large amount. It is quite justifiable to say that the 2008-09 and 2009-10 budgets are the work of this government. Therefore, I will look at the figures across those two years. The general government operating statement shows that revenue in 2007-08 was approximately \$19.3 billion. In the current year, the estimated actual is \$19.7 billion, and for the budget for the year starting on 1 July, it is estimated to be \$20.7 billion. Government revenue over the current year and the next year is anticipated to grow by seven per cent. What we have seen in some of the budget papers—blaming all the problems on the global financial crisis—is not evident in the increased revenue we are seeing across these estimates. That is not to deny that there are very threatening storm clouds ahead. We have already felt the impact of the global financial crisis and we will feel its impact even more severely over the next couple of years. During the two years that this government will have had control over the budget, we will see a revenue increase of seven per cent. That is not tough times compared with what we inherited when we formed government in 2001.

The expenses show the heart of the problem. The actual expenditure in 2007-08 was \$16.8 billion, the estimated actual for 2008-09 is just over \$19 billion, and in the year starting 1 July, expenditure is estimated to be almost \$20.3 billion. Since this government has been in office, it has increased its recurrent expenditure on general government services by 20.5 per cent. I repeat: the government has had hold of the reins when expenditure in the recurrent account has increased by more than one-fifth. That is why this Loan Bill to borrow more than \$8 billion is before the house. We can see what that has done to debt. Again, looking at the general government sector, in 2007-08 the net debt was actually not a debt at all, but a surplus of more than \$3.4 billion. That surplus was whittled down in the 2008-09 estimate to under \$2.5 million. The budget predicts that in 2010-11 the general government sector will go into debt by approximately \$750 million.

For the general government sector across Western Australia—that is, the trading enterprises, which are those agencies that are not considered to be in the general government sector and go beyond our hospitals, schools, police, environment and protection—the total debt has gone from a net debt in 2007-08 of \$3.6 billion to \$6.9 billion in the current financial year and is estimated to be \$12.36 billion next financial year. Therefore, between the last year in which the Carpenter Labor government had full control over the budget to this government's budget, the public sector net debt has increased three and a half times. I repeat, in just under two years this government has increased the total public sector net debt by three and a half times more than what it



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was in the last full year of a Labor government. That is the reason that the government has to borrow this money; it is not the global financial crisis. It is the result of this government losing total control over expenditure.

This government has brought down a budget that is neither honest nor sustainable. It has not brought to book a range of things that will cause cost pressures or that they have committed to. It has failed to bring down a budget that makes sense and already we have seen the huge impact that will have on debt and the need to borrow money. Unfortunately, the problem is even far worse than that, and I will come to that in a moment.

The other area that I touched on is capital spending. The budget papers do not clearly set out capital spending. In a range of areas the budget shows the money that has been re-allocated and put down as savings, because the money has been taken from one project and allocated somewhere else. We do not have a clear set of accounts that show the overall picture with those component parts moved around.

I do not begrudge the government of the day its right to change its priorities and shift money around in the budget to deliver on what it sees as its priorities. However, it is all about smoke and mirrors. The budget is not an open presentation of accounts that indicate from where the money has been taken for capital spending and, further, where that money will be used because of changed priorities.

We can, in some cases, see what has occurred. On page 130 of budget paper No 3 it can be seen that the Water Corporation was supposed to have produced a saving of \$560 million. The Minister for Water is confused by this because in the estimate committee he repeatedly spoke about how a saving of \$560 million had been achieved. He was astounded when I pointed out that the Water Corporation budget had grown by three per cent, up to about \$1.1 billion. It is not a situation in which the Water Corporation budget has been cut; it has been re-allocated. However, the budget papers indicate that there is a saving. The government has taken \$560 million out of projects and put that money into other projects. The budget does not clearly show where all the cuts were made and where all the new expenditure is.

Even in the estimates committee, the minister was not willing to provide answers to members to give them a better understanding of where the money had been taken from and where it will go because of the changed priorities of this government, which, I reiterate, it has every right to change. I suspect that government members are sheepish about presenting the figures in a clear way because they have something to hide. The Minister for Water was very confused and did not understand the situation when the issue was raised in the estimates committee.

On that same page of budget paper No 3 we see that Western Power has given up \$520 million. We all know what that is about. That is removing from the forward estimates the money to provide a subsidy to families and households in Western Australia and to whack them so that the government can take more money. This government is removing a clear subsidy that was provided to try to support families in Western Australia, because this government does not support families; it just hits them for six with increased charges and fees.

Also on that same page, we notice again a key policy decision of this government. I accept that. It has taken money out of sport and recreation that was to have been for the multipurpose stadium. What it has taken out is over \$617 million. The stadium is a different priority—I accept that, but I am obviously very disappointed by it. The Carpenter government was committed to the stadium and in the budget papers had allocated \$617 million for that stadium. That money would have gone well towards the cost of building the stadium. The Barnett government has simply removed that money and used it as a saving.

I will now make some comments on the dishonesty of this budget. A number of members have gone through examples of where the government has simply not brought to account a range of cost pressures and commitments that it made. Whether it was the commitment to Oakajee, the Northbridge Link or other major projects that the government said it was going to build, the money is not there. The Treasurer is half too cute when he suggests, “We’re still going through the business plan. We’re still looking at the scope of the project.” With major projects, we do need to look at the scope of the project and reassess it, but that is not the real reason that these figures are not in the budget. The reason that the figures are not in the budget is the government has not shown discipline. It has not done the hard work. The Treasurer was away on holiday when all the hard work needed to be done to bring this budget together and make the difficult decisions to prioritise the various cost centres and decide what the government would and would not spend money on. That was not for this government.

The Barnett government has gone out and quietly spoken to people, promised them, and said, “We’ll do that.” The member for South Perth is not going to get his South Perth railway. It is not in the budget. If it is not in the budget, in future years members will have to fight with other members who have other demands to get their projects up. That makes it far, far more difficult to put money into the budget when we have a budget like this that is going into deficit and we have to borrow billions of dollars to keep it afloat. The Loan Bill is about

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borrowing money for the consolidated fund. It is for general government purposes. It is not borrowing money for our ports and railways, Water Corporation or Western Power, or for trading enterprises that can actually service the debt and have income; the money we are borrowing through this Loan Bill is for general revenue through the consolidated fund. It is borrowing \$8.3 billion to meet the deficits that this government is looking to rack up through its total lack of control over the budget.

It is not only the capital programs that the government is leaving behind and saying, “We’ll fix that later”; there are a range of issues in the normal recurrent budget. In figures that came out of the estimates hearings in the other place, we saw that the police are not going to meet their three per cent efficiency dividend. What does the government do? It writes it into the budget. There has been no real commitment by or undertaking from the police that they can meet that. I can understand why, but it is written into the budget. That means that the police are either not going to come in on budget or they will have to cut front-line services. That is the difficult choice they are left with.

We see this in a range of areas. One specific area that has been raised is the fact that the Minister for Police can give no explanation for the \$8 million a year that is supposed to be found through some fee or tax relating to the antihoon legislation. It is a total fabrication. If the minister had half an idea about how he is going to do that, why can he not explain it? He has failed totally to give any explanation of where \$8 million each year is going to be found through some form of extra fee or tax or charge relating to the antihoon legislation. The Minister for Police does not have a plan. When numbers are built into the budget, with no idea of how they will be achieved, then it is a dishonest budget. Realistic expectations of expenditure and revenue have not been factored into the budget. Just guessing that \$8 million every year will be dragged up by introducing some form of new tax or charge, without having the legislation, is simply a dishonest way of trying to present a budget.

[Member’s time extended.]

**Mr J.C. KOBELKE:** I will continue with some other examples. Let us look at what has happened to the road safety budget—a subject very dear to my heart. To try to cook the books—I use that term; “cook the books”—the government has taken from the Office of Road Safety, over this year and the next three years, \$17.4 million worth of funding. It does not state that in the budget because the government is not being up-front and honest, but if we go to last year’s budget, there was then \$15 million or \$16 million available to the Office of Road Safety in each of those out years. When we read this year’s budget, after the \$16 million allowed for in 2009-10, it goes down to \$6 million for each of the following two years, and in the year after that it decreases to \$5 million. The minister has taken \$17.4 million of funding from the Office of Road Safety because it is cooking the books to try to make that deficit appear less than it is across the forward estimates.

**Mr R.F. Johnson:** You tell the truth! You know the truth of that; you are a past minister.

**The ACTING SPEAKER (Mr P.B. Watson):** Order, minister!

**Mr J.C. KOBELKE:** The minister perhaps does not understand budgeting. He does not take a really close interest in things that go on in his portfolio—we know that, because he cannot answer questions. But I will quote what the minister said during estimates week when I put to him that he had taken that \$17 million to \$18 million out of the Office of Road Safety—crucial funding to try to improve safety on our roads, thereby reducing deaths and trauma. I quote from the minister’s response on Tuesday, 26 May to my question about moneys taken from the Office of Road Safety —

The member knows that that is the base funding for the Office of Road Safety; ...

The minister further stated —

When the Road Safety Council comes to me, through the Office of Road Safety, for a specific project, which it will do in the forward years, those projects will go on top of those \$6 million projects. They will be funded appropriately, as they were under the previous government.

**Mr R.F. Johnson:** Exactly! Exactly!

**Mr J.C. KOBELKE:** I think the minister for the interjection—he said “Exactly”, so he has dropped himself right in it! This is exactly what I am talking about; it is a dishonest budget! He promises it, but it is not in the budget. He was promising that extra \$17 million for road safety, but it is not in the budget. That means that next year and the year after, it will be incredibly difficult to get that money with the competition from all the other agencies that are also putting forward good projects and have demand for that money. He says that it is not a cut; it was just taken out of the budget—because the government is trying to doctor the budget by lying. That is what the minister is saying. He is saying that the government is doctoring the bottom line because he wants to spend

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the money, he said during estimates week that he is going to spend the money if projects are put forward—but it is not in the budget! Because if it were in the budget, the government would be further into deficit; it does not want to show a budget in deficit.

Members can remember the little twosome we had with the Treasurer pointing out the realities of the budget and the problems of going into deficit, and then the Premier, on the same day, saying that there will not be a deficit whilst he is Premier. It really shows the good working relationship between the Premier and the Treasurer when they cannot agree on such a fundamental thing as what is a key target for the budget with respect to keeping it in surplus! They have different opinions. It is because we have people like the Minister for Police, and other ministers, going around saying, “Yes, the money is there; we are going to spend it”, but it is not in the budget. If it is not in the budget, ministers are being dishonest if they go telling people that they will find that money. They can use all their best endeavours, but if it is not in the budget, then they will have to fight next year and the year after to get it. Given the huge demands placed on a budget that has no discipline and does not present the figures as they really are, the chances of getting that extra money are very, very slim; either that, or other key services and programs will be cut to fund the expenditure that a particular minister lobbies for.

The minister wanted to interject on me; where is the money for the safer roads program? It has disappeared from the budget.

**Mr R.F. Johnson:** It is pointless me responding to you, because you know what you are saying is not truthful. You know that.

**Mr J.C. KOBELKE:** So you cannot answer?

**Mr R.F. Johnson:** No, because you are a former Minister for Police and Minister for Road Safety —

**Mr J.C. KOBELKE:** We see the minister’s line—he used it in estimates and I have quoted it back to him. He can go and look at it. There is no misquote. He did it in the estimates committee hearing. He is just fluff. There is no substance. He cannot answer the question. What I have pointed out to him is that in last year’s budget—it was not his budget for police and it was not his budget for road safety—a key element of road safety was the millions of dollars for the safer roads program. That was a key component put in place by the last Labor government. It was in last year’s budget, but it has gone. It has been taken out—disappeared. However, the Minister for Road Safety is not concerned. It is too much detail for the Minister for Road Safety. All he wants to do is look at big signs on the side of the police building, and get his face on the television and show what a wonderful television performer he is. That is all he is interested in. He is not interested in getting down to the details and making sure that the various other arms of government that are involved in road safety, such as Main Roads, have their budgets to try to make our roads safer and to stop death and injury on our roads. The minister is committed to it; he just does not want to do anything about it—nothing at all. He cannot even answer my question about where the safer roads program money has gone; he just accuses me of misleading the house. If I were misleading the house, he would give me chapter and verse of the budget papers and say, “There it is.” He would show it to me. It might be there. As I said, they are not an honest set of books. It might be hidden away somewhere that I could not find it. However, the Minister for Road Safety cannot find it either, so well hidden it is. Therefore, it leads to the suspicion that it has simply been removed.

**Mr R.F. Johnson:** Do you want to know where the \$8 million of savings will come from?

**Mr J.C. KOBELKE:** No, I am asking the minister about the safer roads program money.

**Mr R.F. Johnson:** You don’t want to know the truth about something else. You’ve gone past that.

**Mr J.C. KOBELKE:** The minister could not answer the question about the money for the Office of Road Safety in the estimates committee. I have quoted that back to him. He has simply shown by his answer that he, like other ministers, are about setting up a false set of books. He is telling people out there that he is going to spend the money, but he has taken it out of the budget. The Minister for Road Safety is condemned for that. He is condemned for taking all that money out of the Office of Road Safety. I then went on to say, “Well, can you explain where the safer roads program money has gone?” It is not within the minister’s portfolio, but it is directly linked to road safety. But, no, the minister cannot explain it to me. Perhaps he can get someone to advise him, and he can come back and provide some answers to me on that one.

I will go to some other dishonesties in the budget. With the Water Corporation, again we have seen a big shift of capital, because the Water Corporation funding is not part of the consolidated fund. It is in the budget papers, which is something that has come in only in recent years. The borrowings there are important to the state’s total debt. The total budget of the Water Corporation goes up by about three per cent—it is not cut. However, a lot of programs were cut. The excuse used in the budget papers is that the global financial crisis has led to the

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withdrawal of the money from the infill sewerage program. That is really just laughable. If the government has increased the overall budget, how can it blame one component on the global financial crisis? It is absolute nonsense. The global financial crisis is bearing down on us, and some constraints are required. But if the government has increased its budget, it cannot blame the global financial crisis for taking out of the budget one component that for the current year was worth about \$30 million out of a budget of \$1.1 billion. It is a nonsense, which shows how dishonest the budget papers are. In fact, the government has the right to change its priorities. If it decides that infill sewerage is a low priority, that is its decision. I think it is a bad decision, but that is its decision. However, to use the excuse of the global financial crisis is absolute nonsense.

I will go back to some of the details of the Loan Bill that is before us. As I indicated, this bill will authorise the borrowing of \$8.316 billion—in fact, just a little more than that. The Treasurer’s speech makes it clear that that borrowing is a requirement until 30 June 2013—that is, a four-year period. To put that into some sort of context, the last Loan Bill, brought down by the now Leader of the Opposition when he was Treasurer, was not for \$8 billion; it was not for \$1 billion; it was not even for half a billion dollars. It was for \$250 million for five years. In fact, most of the money is still there. Nearly \$200 million of the \$250 million has not been spent. That is prudent financial management. In 2004, five years ago, the Loan Bill was \$250 million. We are now being asked to borrow \$8.316 billion for the next four years. If anything, that clearly shows up the government’s total lack of discipline and its inability to bring down an honest and accountable budget. Tomorrow we will debate the estimates committees. During the estimates committees, many ministers filibustered, refused to answer questions, asked that questions be put on notice and filled in time because they were not across their portfolios or, if they did understand them, they were too embarrassed to give honest answers because they would show up the dishonesty of the budget. The general government area will go from having a substantial surplus to a huge debt—an increase of nearly three and a half times the debt situation, being a surplus, just over a year ago.

The government has simply fudged the figures on issue after issue throughout the budget. The difficulty with doing that with the budget papers is that the government loses control of the budget within its agencies. When an agency is pressured to meet needs and it knows the minister is not honest and has not done the books properly, does it have to meet its budget targets? We could go back to the start of 2001 when the Premier was the Deputy Leader of the Liberal Party and a whole lot of undertakings were given that were not in the books and the budget was not in control. Department after department went over their budgets, not being able to keep them within the constraints. That is not easy. There are always cost pressures and new things that emerge that various agencies and departments have to meet the cost of. If there is no budget discipline from the top down, departments will not conform to those budgets and there will be a huge cut in services or, with its very first full budget, this government will go into deficit. The government has been totally without discipline. It has not put together a budget that it believes in. For that reason, we are being asked to support a Loan Bill for the ridiculous amount of \$8.3 billion.

**MR M.P. MURRAY (Collie-Preston)** [9.43 pm]: I must speak on the Loan Bill 2009 because it promises the world and delivers nothing. It is a bill of broken promises. We are heading into chaos. The figures do not add up. Major infrastructure programs have not been funded, including railway lines, the grain network and Harvey hospital, which was promised and has been in the forward estimates for many years. The people down that way are very disappointed. I will talk about that later.

First, I want to put some good news on the record concerning the memorandum of understanding on a contract worth \$3.55 billion in the Collie area that was announced last Friday by Perdaman Chemicals and Fertilisers. I am really pleased to have played a part in helping those people with that agreement. Here comes the sting in the tail. The project could produce 1 500 jobs. It could produce \$850 million per annum in export earnings for Western Australia. They are the things that it could do, yet the only help we see in the budget for this company is a miserly \$1.2 million. Then we look north and talk about ports. A company wanted to pay for a port but our Premier, in his wisdom, said, “No, I want the money to come out of state coffers.” This is a major factory on the brink of going forward with very little assistance being provided by the state government. This factory will help the whole of the south west, and everyone knows my parochial views about the Collie area.

**Mr C.J. Barnett:** What is the biggest problem that project faces?

**Mr M.P. MURRAY:** For a start the planning and infrastructure. The Premier expects someone else to provide the whole lot down there, when it is the state government’s job to put in the basic infrastructure. I am talking about roads, powerlines and water lines. I do not expect the government to pay for the lot. I have never ever had that expectation, but the \$1.2 million that the government allocated in its budget would not even cover the planning. This company is an offshoot of a company with a proven track record. It will be using a renewable

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resource—steam generation—to produce its power. This is a down-streaming process and something that is really positive for the Collie region, yet it is not getting the support of the state government.

I am very pleased to tell the Premier that his photograph and a list of his election promises have made the front page of the *Collie Mail* six times since the election. The caption is “Broken Promises”! The Premier came to town and made promises that he has not delivered on. The Premier has not returned to tell people why he dropped the Coalfields highway from the budget. Now the Premier is strangling Collie, a town that is trying to go forward and get this project up and running. The results for the state would be huge. There would be 1 500 construction jobs in the south west over four years. That would be a tremendous boost in a time of worldwide financial down cycle, yet the project is not getting the help it needs.

**Mr C.J. Barnett:** The problem the project faces is the carbon pollution reduction scheme. That is the obstacle to that project going ahead. It is.

**Mr M.P. MURRAY:** The Premier has not shown any interest in the project. I have not read anything about the Premier saying to this company, “Good on you!” If the Premier is going to help Western Australia, he has to get off his backside and make some positive moves and give some positive vibes!

**Mr C.J. Barnett:** I am trying to!

**Mr M.P. MURRAY:** The people in Collie think the Premier does not like the place! It is not that at all. The Premier is lazy. He is sitting there and getting other people to do the dirty work. The Premier is running a budget that will go skyrocketing into the red. I have no doubt that Western Australians will pay for it somewhere along the line. Will it be by levy? The government might have to put a levy on licences—as was done once before—to pay for his indiscretions in this budget. The figures do not line up. The Premier has allowed the National Party to have a slush fund of \$240 million. It is unallocated money! How can the Premier include that in any legitimate budget? That is criminal in today’s terms. That is not accountability. It is having money in one’s back pocket and saying, “I am a great fellow” and with royalties for regions saying, “You can have this and you can have that!” How can the Premier sit there and allow that to happen, when in the south west \$600 000 that was in the forward estimates was dragged out of the Harvey District Hospital? The member for Murray-Wellington will pay for that. The Premier has burnt his own party members to satisfy the National Party, including the water groups in those areas.

The \$20 million that was included in the budget has now been affected by a slow-down process: we will have another study of the river costing \$250 000. When we dig down we find it is not about the river or environmental issues, it is a study into a private company; the Coyne group has a proposal for the bottom end of the Collie River. Money is going to a private company to ensure it operates with due diligence and to prove up its proposal. If it is a good proposal, I will support it, but that money should not be used for that purpose when other areas are waiting. That is what was said in the estimates hearing. It is not about environmental issues. If that project is proven then the rest of the Collie River will be left to rot and the catchment area will be left to rot. That \$20 million and the \$17 million federal money should be directed at fixing the problem, not at the end but at the start so that when the Collie River is tidied up and the salt is run off, we will have an environmental win in that area as well as a freshening of the water that will be great water for industry.

Collie is not frightened of a heavy industry area. We expect it to come within Environmental Protection Authority guidelines. We like to work! If any member wants to stand along the side of Coalfields Road around three o’clock to five o’clock he will see that nearly 2 000 cars travel out of town at that time of the day, yet the Premier is taking money away from the Coalfields highway project. That is just criminal. Someone will be seriously hurt and the Premier will be one of those who is directly responsible for it. The funding for that highway was in the forward estimates and the Premier took it out. Who is depicted on the front page of the *Collie Mail* saying, “We will give \$20 million to the Coalfields highway”? It was the member for Cottesloe over there. It beggars belief.

**Mr C.J. Barnett:** You need to take a more positive attitude in your community. I don’t expect you to pay any compliments. You are saying that we are sitting here doing nothing. The issue for the Perdaman project is to get special status under the carbon pollution reduction scheme. A great deal of effort from my office and the Department of State Development has been put in place to achieve that. You can criticise me as much as you like, but you should acknowledge that that is the issue that Vikas and others are talking to us about.

**Mr M.P. MURRAY:** I will not deny that, but what about the basic infrastructure that is not being developed? It should be being developed now. How far will \$1.2 million go in a \$3 billion project? It is no more than salt and pepper on a lamb shank. The Premier has to push to make this project come forward and help this state. It is not

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about only the south west; it is also about the entire state. The Premier talks about export earnings, and here is a great chance for that to happen. I do not see any urgency whatsoever being shown by the state government. The Premier should have a harder look at it and bring back some of the unallocated royalties for regions he gave to areas to shut them up. It beggars belief that anyone in government can have that sort of money sitting around in their back pocket to be tipping people—"You can have a bit here and you can have a bit there"—if they say the right thing. He is burning his own members by doing that. It will come back on the government and those members will rebel sooner or later because their projects are not getting up while they are watching others get up that are probably nowhere near the top of the list. One person from the Liberal side in this chamber has spoken along that line already. I am giving the Premier that warning. He needs to think about it and get down there and let us do some of that work.

I have a few more figures on the Perdaman Chemicals plant. It will produce around two million tonnes of urea a year. One of the concerns I have about it is that it will be all forward sold and not be available to farmers in Western Australia. I have spoken to Perdaman about that. There may be some available at the gate, but Perdaman is focussing on the export market. Farmers have fought long and hard for fertiliser prices to come down, and they were quite happy to see in recent times the price come down due to the collapse of some markets. I do hope the company makes some of the fertiliser available. When the project is finished, there will be 200 permanent jobs. For most people who have been in local government or in government in Collie, it is one of the projects that has been dreamt about over the years. It is located east of Collie. In the main, probably 50 per cent of the workers will locate in Collie and stay there. At the moment, most people who work at Worsley either live on the scarp or down on the flats. I think about 10 per cent of the Worsley workforce comes from Collie, albeit I think that figure has gone up a little recently. However, as the fertiliser company will be on the eastern side of Collie, it will be a boon and that will put stress also on the infrastructure around Collie. I ask the Premier to have a good hard look at that and chase up some money and put some really hard effort into it.

Another thing I was pleased to be part of today was the announcement by Minister Moore of the geosequestration study that is going forward. It is pleasing to see the follow-on from the Coal Futures Group. It is something that is dear to my heart. What is really good about it is that the major companies have come on board and contributed to the state government, as they should. They have a duty to make sure the emissions into the atmosphere are reduced, and it was great to hear that announcement down there today. I have made it very public that that is one thing that should happen.

Another thing that really concerns me that is a country issue at this stage, although there will be quite a few jobs affected, is that the Minister for Agriculture and Food has his hatchet man running around the place chopping heads off public servants, who are losing their wages straightaway, and is going to Canada to have a look at the canola issue after the event—all those sorts of things are causing major concern in the countryside. I was in Geraldton on the weekend and found that people there certainly have a problem. I had a look at a very nice agriculture department—it is a very good one—and the people there are all concerned about their jobs as well. There are about 60 jobs in that Geraldton department and people are not sure where they are headed; certainly, they would like some direction about whether to stay with the department or move on to private enterprise. Their hearts are with the department. I must say that I take my hat off to them, because they gave us a very good presentation and were very professional. I will write a letter about that. However, they are concerned about what will happen to them—the minister has given no indication other than to say that 200 jobs have to go. Some of those people are contractors who come in to work alongside the others; they know them on a personal basis. To be hung out to dry—I need a drink—like that, is irresponsible of the minister —

**Mr D.T. Redman:** No-one is being hung out to dry, member.

**Mr M.P. MURRAY:** If I do not get that water, I may well be dead! Anyone who is —

**Mr C.J. Barnett:** Hold the water!

**Mr M.P. MURRAY:** All right, this may be my last drink because of the way the water issue is going, as well.

I beg the minister to make some positive decisions and let these people know what will happen to them. They are not sure whether funding for different programs will come forth and it is a major concern for those people in Geraldton. I understand that; I have seen in the coal industry and many other industries that when people are on tenterhooks they make irrational decisions and leave their jobs for the wrong reasons. The department will lose their expertise and then it will be chasing them to get them back. Therefore, I ask the minister to put a program forward for all people in those areas to ensure that they know where they are going. I know he has said that contracts will not be renewed, but that will impact on other areas.

**Mr D.T. Redman:** We have laid out a very clear direction for the department.

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**Mr M.P. MURRAY:** Again, when a person's job is on the line he does not always think clearly about what will happen or where to go.

**Mr D.T. Redman:** No-one is going to have his or her job taken away; it is only natural attrition and when contracts are complete.

**Mr M.P. MURRAY:** It will still mean that people who were hoping for extensions on their contracts will lose their jobs. That is a bit like saying what the Minister for Agriculture and Food said previously in this house about a shire that voted 6-4 against canola—that is, they nearly won. That was 60-40 against but the minister said it was a really good result, but 60-40 is not a good result in my terms and certainly not in political terms. To say that people's jobs might not be there in 12 months because we are not going to renew their contracts is not the way to go. The minister should show that he is honourable and should tell them now what will happen to them.

While the minister's colleague is sitting next to him, I raise an issue that has been spoken about in the house before. Again this is a Geraldton issue. I refer to two clubs that are suffering because of the Racing and Wagering WA owners' incentive payment issue—that is, Albany and Geraldton. I talked to people in Geraldton on the weekend who said that they will probably have to fold the trotting club if that issue is not resolved. Ninety horses travelled to Geraldton last year. Geraldton had very good fields on Sunday—apart from the horses I bet on; they were the ones that ran last. I beg the minister again to revisit those two extremes—I do not really have a problem about the middle at all, whether it be gallops or pacers —

**Mr T.K. Waldron:** It is being suspended for a year and it will be replaced with a travel subsidy scheme.

**Mr M.P. MURRAY:** Okay, but what I am really pushing at is that we should look at those two extremes because, as I say, Geraldton is a fledgling club, as are most in the pacing game.

[Member's time extended.]

**Mr M.P. MURRAY:** Most of the people involved are volunteers. Even at that very nice facility in Geraldton—there are a few teething problems to do with the clubs being together—we can see people using their own vehicles to help around the track. I think they deserve something better than the minister just saying, "Okay, well, we're going to drop that off." I am glad to hear what the minister is saying. The other issue is that there are only four trainers in Geraldton and some of the horses are going to be very tired by the end of the year if they are going to be racing every weekend at 10 meetings—it just will not happen, because they will collapse.

**Mr T.K. Waldron:** You raise a good point and I understand it. I would also quickly point out that some people in the middle of the city are probably abusing the scheme. Country clubs have raised that point with me as well. I will try to put that right. It has been suspended for a year. I will talk to you about Geraldton and Albany.

**Mr M.P. MURRAY:** Okay. Those are the two extremes. There are certainly not enough trainers in the area to sustain the industry as it is. There are really no professional trainers there. Some of the people I have on my list of those who have travelled are certainly well-known pacing names, such as Kersley, Keys, Barry Anthony and Peter Fairless, and they are the mainstay of the pacing industry. I am pleased with the minister's comment and certainly will report back to those people. I am surprised that the minister says the department did not know about it.

**Mr T.K. Waldron:** Richard Burt is going around at the moment. He was in the south west last week. He is going up there. I am not sure when but I will let you know.

**Mr M.P. MURRAY:** I thank the minister for that. It is certainly appreciated. The minister should not think he will get off lightly. We spoke about sporting grants during estimates. The minister gave a confused message. After a note was passed to him, his answer was quite different from his first answer about funding for pre-election promises. They were mentioned on the front page of the *Collie Mail* with a lovely photo of Mr Barnett. Funding of one-third, one-third and one-third has been put back onto some of these promises. The situation is falling apart because some clubs are getting fully funded without any encumbrances by Department of Sport and Recreation requirements. My understanding is that Eaton Bowling Club has been given a full grant of \$150 000, which means neither the club nor the shire has to contribute. When things like that are happening, I wonder about why they happen. For example, I know the president of the Eaton Bowling Club is a very strong Liberal supporter. I wonder how much he might have put into Liberal coffers to be first off the list to get the full amount. The other problem we have is down at Balingup, where some mischief is being played in the bowling club, but I will not get into those local issues.

**Mr T.K. Waldron:** If they cannot be funded from the CSRFF, they must be funded from somewhere else.

**Mr M.P. MURRAY:** The complementary funding that we are talking about is one-third, one-third and one-third. Some people have been told that they must have it and others have been told they need not have it. That is

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what I want cleared up: if clubs want sporting grants, will they or will they not have to have complementary funding or will there or will there not be favourites?

**Mr T.K. Waldron:** They are judged on whether they fit the criteria.

**Mr M.P. MURRAY:** Yes. I would certainly appreciate a list of those in my electorate who do and who do not have to contribute. The Kalgoorlie area already has money for a drag strip, but Collie is still languishing very far behind. I did not see any major money budgeted for the \$1.6 million that was promised for the Collie region.

**Mr T.K. Waldron:** Collie and Margaret River shires are talking with the Department of Sport and Recreation right now.

**Mr M.P. MURRAY:** That comes back to my major point. Where will the shire find \$1.6 million, unless it comes from the slush fund?

**Mr T.K. Waldron:** Those commitments are made under the CSRFF.

**Mr M.P. MURRAY:** I would like the Premier to look at his promises. He indicated before that they would be dealt with. I do not want to be dealt a death blow. I do not see where the community will find \$3.5 million to prop up another \$1.6 million as well. It was a major promise. I will certainly be interested to see how and where the Department of Sport and Recreation money is going and what encumbrances will be placed on it. It is a major issue.

**Mr C.J. Barnett:** Are you happy with Muja A and B?

**Mr M.P. MURRAY:** People are talking about turning it into a cabbage factory! They are talking about seaweed to eat CO<sub>2</sub>. They are looking at putting a process on the end to reduce CO<sub>2</sub> emissions.

**Mr C.J. Barnett:** Are you happy with that?

**Mr M.P. MURRAY:** The Premier will not get out of that one! As I said before, if it is good, I will always promote it and push it.

**Mr C.J. Barnett:** Send me a copy of the *Collie Mail* when you say it is a good thing is on the front page.

**Mr M.P. MURRAY:** I can still see most of the Premier's front teeth; they must have pulled the back ones out to get that done.

The last point I want to make is probably the most serious of the lot. The Premier spoke at a Pastoralists and Graziers Association function, where in a roundabout way he warned the people assembled about genetically modified canola. We now also have the warning from the Australian trade commissioner in Japan about jeopardising \$840 million worth of trade because of our rushed decision to go into GM canola. It is a major concern. I have emails in front of me from the trade commissioner saying that it is a major problem in Japan. I have visited Japan. They are so fussy and so picky that we must be very careful.

**Mr D.T. Redman:** The trade commissioner whose emails you are talking about was on the *Country Hour* yesterday and made some comments on that.

**Mr M.P. MURRAY:** Did he change his position?

**Mr D.T. Redman:** He has certainly softened his position from back in February, when those emails were written.

**Mr M.P. MURRAY:** When was the decision to go GM made?

**Mr D.T. Redman:** The decision was made late last year.

**Mr M.P. MURRAY:** That is right, and that means that we are talking about comments made after the event. The minister is now taking another junket to Canada to have a look around, when the decision has already been made. What is the point? I have some figures here. Western Australia's agriculture and fisheries export market in Japan is \$800 million. By comparison, the market in the United States is less than \$100 million, and that of Vietnam is about \$100 million. Japan is the top market by far, beating the others by \$200 million. We could jeopardise that.

**Mr D.T. Redman:** Do you know how much canola Japan buys from Canada? Over two million tonnes of GM canola comes into Japan from Canada every year, for the same price as Australia's non-GM canola.

**Mr M.P. MURRAY:** However, three times that amount of non-GM canola comes from Australia. The minister's argument is flawed, because he is only using a certain section. He is jeopardising \$800 million worth of trade, which could go down the drain because of his illogical rushed decision. He should get out there and



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spray that canola before it gets any higher, and before it seeds. We are certainly in bother there. As I said before, in the middle of last year, Hon Kim Chance and I met with 10 buyers, all of whom argued against going in that direction. They said we should not lose our clean green image in Western Australia. Now the government is heading down that track, and it will not be able to be reversed. At one stage the minister said that separation of 10 metres was enough to stop the spread of pollen. I can throw a bit of pollen that far.

**Mr D.T. Redman:** You need to do your research.

**Mr M.P. MURRAY:** Does the minister think it would not go that far? One willy-willy through the middle of a crop would spread contamination far and wide. The minister has not put the basics in place on litigation, for a start. Who will pay if I do not want it on my property? It will be farmer versus farmer. That is just not good enough from a person like the minister. He will have brother fighting brother.

**Mr D.T. Redman:** A standard of tolerance is set at 0.9 per cent, below which it is called non-GM canola. In Japan, they accept the labelling standard of five per cent.

**Mr M.P. MURRAY:** Okay, but what if we had cyclone Alby again, when a westerly went through at 100 kilometres an hour? We could not keep up with the fires, let alone the pollen. The minister is unrealistic. There are 1 000 hectares out there. On the minister's side of the house—I am not sure what side the minister is on sometimes—there are some people who are very concerned about the GM issue. It is not just a country issue. The minister has said in this house previously that he would do some really heavy work about labelling genetically modified foods. I have not seen one thing. He has sat back and said, “By gee, I'll get business class on the jet.” Is Las Vegas included in the trip? Surely the minister will go to Las Vegas to see how far the pollen drift goes. He might be able to get a sample from the roof of a top hotel.

**Mr T.K. Waldron:** I am on record as supporting Kim Chance going overseas when he was agriculture minister.

**Mr M.P. MURRAY:** That is no problem. But the minister should not go and look at something after the event. The minister has made his decision and now he is going to look at the research. That is where he has made the mistake. If he had gone overseas first, I would have supported him 100 per cent. I am not the sort of Western Australian who is not allowed to leave Collie unless I have put in a map or something like that. I am saying to the Premier that the minister is doing it the wrong way around. He has made a really big decision; I do not deny that and I respect him for that. However, he should have done his research first.

**Mr D.T. Redman:** I have.

**Mr M.P. MURRAY:** No; the minister is going to do his research now. He has admitted in some country newspapers that he is going overseas after the event to research the canola grown in Canada and America. What a farce! It can be seen as nothing but a junket.

**Mr D.T. Redman:** Under your minister, Hon Kim Chance, there were GM canola trials happening in Western Australia between 1996 and 2003. That was on your watch as well.

**Mr M.P. MURRAY:** Yes, but under strict conditions.

**Mr D.T. Redman:** Of course, as are the trials and protocols that we are undertaking now.

**Mr M.P. MURRAY:** But they were not done out in the open. The minister has trials on 1 000 hectares, and he should try to stop contamination from 1 000 hectares once it gets a run on. The minister has gone about it in the wrong way. People in his own electorate have said that he should be wary. I cannot say that 100 per cent of the people in his electorate have said that, but well over 50 per cent of the people in his electorate have said that they do not want it in their area. The minister has not taken any notice of those people—the people he is supposed to represent. That is the point I am making. Sure, the minister should make decisions, and I applaud him for making decisions, but he should make wise and well-researched decisions.

The minister also chopped off the head of the person who disagreed with him. The director general, with all his experience, has gone. That is a shame. What a terrible thing to do to a very loyal public servant who worked very hard for Western Australia. It was an injustice for the minister to say, “I'm changing direction; I'm going to chop his head off”, as the minister did. I think the minister is crass. His ego is certainly getting in front of his ability. I am saying to the minister that he should pull his ego back in, use some of his ability and get on with the job. I think the minister is good, young and enthusiastic, but he should remember the old story about the two bulls that went into the paddock—one of them said, “Do it properly.” The minister is heading for a big fall in the way that he is going about things, because he is trying to be too big for the job at the moment. He is doing it his way. I believe that he should sit down and listen to some of the senior people in the department. He should listen to all

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those people who have come through the farming system because they have been doing it for a long time, and many of those people have concerns about the direction the minister is headed.

I cannot support this bill. I certainly have some concerns. I believe it will run us into the red. Certainly, some other country members on both sides of the house have concerns about where they are headed and what has not been funded in country areas while there is a slush fund of \$240 million in the royalties for regions program.

**MR J.N. HYDE (Perth)** [10.13 pm]: I also do not support the Loan Bill 2009. This bill seeks approval for \$8 316 197 000 in borrowing requirements up to 2013. Most of us who have been through the budget estimates hearings have picked out a number of holes and absences in the budget. That will be part of the debate in coming months about what has been promised by this government and what has not appeared in a transparent way in the budget. The last Loan Bill was introduced in this place in 2004, under which approval was sought for only \$250 million. That authority is still outstanding. I understand that there is also authority for \$197 million from the previous Loan Bill. This government is seeking an amount of \$8.8 billion. This is what the government is asking the taxpayers of Western Australia to allow it to borrow.

The 2009-10 budget outlines that the debt position will go from \$3.4 billion, which was the actual in 2008, to \$6.2 billion by 2013. We are increasing debt in the general government sector to around \$9.6 billion. If we look at what the debt is being used for, there may be leeway or some moral explanation, but if we look at the asset investment program in the general government sector from 2008-09 to 2012-13, there is a total of \$13.4 billion. The argument can be put that we are looking at 65 per cent of the general government sector being debt funded. The total net debt position for the total public sector—I tell the member for Wagin that not a dollar is going to Dongolocking —

**Mr T.K. Waldron** interjected.

**Mr J.N. HYDE:** They had to move the school out from Dongolocking to get some funding.

**Mr T.K. Waldron:** They had to move because it had an asbestos problem. We did all that.

**Mr J.N. HYDE:** There is \$19.1 billion in loans, and not a cent for Dongolocking—not even royalties for regions. It will be a sad Christmas at our annual gathering in Dongolocking, member for Wagin!

**Mr T.K. Waldron:** Don't worry, your friends and relations will be very happy!

**Mr J.N. HYDE:** They are when they come to the great electorate of Perth!

By the end of the term of the Barnett government, net debt will have increased 430 per cent, and the debt burden will be around \$7 850 for every man, woman and child in Western Australia.

I turn to my own electorate to look at areas in which some of this \$19.1 billion of debt could have gone to productive uses, but did not. The biggest ticket item is \$500 million for the new state museum, which should have been built at the site of the old East Perth power station, but will not be. In its generosity, the government has ripped half a billion dollars from the Minister for Culture and the Arts and given him a mere \$5 million to demolish the old Museum. It is not enough that the government has actually ground his nose into it by saying, "We're taking half a billion dollars out of your budget"; it is saying, "We'll give you \$5 million to tear down the old one." As mentioned by members of the Museum board and others I was with earlier this evening, before 6 September 2008 they were looking at \$500 million in the kitty for a new state museum to be built at the East Perth power station site. After this government's budget, they are looking at \$5 million to tear down the old one. It is \$5 million over four years, so local residents, workers and people who frequent the cultural centre will have to put up with four years of demolition.

Of course, some of them will not see that; last night I was walking through the cultural centre after a meeting and I counted eight of the major floodlights not working. At a time when the Barnett government is talking big about safety in Northbridge and trying to blame everyone except itself for the problem, it cannot manage the one thing that it is actually responsible for in Northbridge—the lighting at the cultural centre. Eight of the floodlights are not working. There are huge dark spots, and we know from published crime statistics for assaults that a lack of lighting is a major factor in people's perception of safety and the opportunity for criminals and those engaged in antisocial behaviour to do their worst at will. Once members opposite have been in government a bit longer, they will understand that the cuts in this budget will translate into cuts in services. Already the mindset of many people in the public sector of having to meet what is laughably called a three per cent efficiency dividend is to cut services. That eight of the major floodlights at Perth Cultural Centre are not working may appear to be a small item to the government. It is almost the boiling-frog syndrome: the government intends to cut back services, employment opportunities and filled full-time equivalent positions. It is like an Airbus stalling and

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suddenly heading for the ground. The government is pulling back the throttle on the finances. The amount it is putting into debt is not growth debt.

Several members interjected.

**Mr J.N. HYDE:** Let us look at the growth that is being achieved in the real rehabilitation of schools from the federal government debt. There are local businesses in my electorate, one selling chairs, that are absolutely ecstatic at the federal government money that is being put into rebuilding schools. It means that small businesses providing school equipment such as chairs have full orders again. Putting debt into new classrooms is good debt.

**Mr T.R. Buswell:** Chairs?

**Mr J.N. HYDE:** Yes, chairs. That is an interesting interjection from the Treasurer.

**Mr T.R. Buswell:** Chair a debt!

**Mr J.N. HYDE:** He offered it himself too!

**Mr T.R. Buswell:** I'm just about nodding off!

**Mr J.N. HYDE:** I do not think so.

I gave the example of the small business man in my electorate who provides chairs to classrooms, which in turn provides not only his business with full orders, but also jobs such as delivery people and installers. A range of small business people are benefiting from the good debt that the federal government's targeted debt is achieving. If we look at what is not being done in this budget —

**Mr R.F. Johnson:** Can I ask you a question?

**Mr J.N. HYDE:** I did not interject on the member for Hillarys today when he was floundering.

**Mr R.F. Johnson:** Yes, you did.

**Mr J.N. HYDE:** I was smirking when the member for Hillarys was interjecting.

**Mr R.F. Johnson:** No, you did interject on me. You always do. You can't resist it.

**Mr J.N. HYDE:** Okay, 30-love; return serve!

**Mr R.F. Johnson:** Is it good to increase debt federally by sending \$900 to all the backpackers who were over here a year or two ago? Is that going to help the stimulus package in Australia or Western Australia?

**Mr J.N. HYDE:** Unfortunately this government's policy in cutting back our trade offices means that we will not get backpackers who create employment by spending. Backpackers actually spend much more than high-end tourists. A number of backpackers in my electorate ended up staying in Western Australia for two or three weeks. More importantly, the Brazilians, in particular —

**Mr R.F. Johnson:** We are talking about the ones who were here two years ago.

**Mr J.N. HYDE:** Many restaurants in Northbridge would have closed their shop doors if they had not been able to employ backpackers who, under the various tourist —

**Mr T.R. Buswell:** What is the link between trade offices and backpackers?

**Mr J.N. HYDE:** If the Treasurer had gone to some of the trade offices —

**Mr T.R. Buswell:** I have.

**Mr J.N. HYDE:** He has not gone to the ones he has closed down.

**Mr T.R. Buswell:** I'm not going to them now.

**Mr J.N. HYDE:** If the Treasurer had gone to them, he would have realised the work they were doing not only in what the Treasurer might regard as highfalutin trade, but also in terms of employment provision and education. The Treasurer still does not understand that international students are the third-largest industry in Australia and are a very strong economic driver in this state. One of the big factors in trade offices is the excellent staff in the state migration centre and the Small Business Development Corporation —

**Mr T.R. Buswell:** They are the ones I let you go overseas with all the time.

**Mr J.N. HYDE:** Not all the time; only once.

**Mr T.R. Buswell:** I might not do that again if you continue this vicious attack!

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**Mr J.N. HYDE:** No; a promise is a promise. The government is making so much money from them, and I think the latest figures —

**Mr T.R. Buswell:** Where do you want to go next time?

**Mr J.N. HYDE:** Wherever the service of the state demands.

**Mr R.F. Johnson:** How are your business interests up there? What sort of business are you doing up there?

**Mr C.J. Barnett:** Palm oil.

**Mr J.N. HYDE:** No, palm oil is disgusting for the environment and nobody should be involved in that. The Premier should know that. He may have brought genetically modified crops into WA, but at least he is not bringing in palm trees. They are environmentally destructive. I was talking to the sensible Treasurer, who understands the importance of, and did not defund either, the Small Business Development Corporation or the migration centres.

**Mr T.R. Buswell** interjected.

**Mr J.N. HYDE:** I know. That is because the Treasurer understands. If only we could have a proper discussion in not only this Parliament, but also the state about the importance of business migrants and the amount of money that they put into our coffers.

**Mr T.R. Buswell:** Where is our biggest source of business migration?

**Mr J.N. HYDE:** It is usually from the last seminar that I addressed! I think it follows. That will be in the next round of imprest accounts.

**Mr T.R. Buswell:** There is not a trade office in South Africa.

**Mr J.N. HYDE:** I have never been to South Africa. The Treasurer went there to get the Square Kilometre Array, and he has not come back with it.

**Mr T.R. Buswell:** I am working on it. I met some business migrants when I was there. It is a big source of migrants for us but we do not have a trade office there. We do not have a trade office for business migrants in our highest growth market.

**Mr J.N. HYDE:** The Treasurer must drill down on the figures. I spoke to people at the Dubai seminar. About half of the business migrants in Dubai are South African nationals. A lot of the South Africans who have worked for three years in Dubai or Mumbai think that the money is good but they want quality of life. They are expats who have no problem working overseas and have heard good things about Perth. About half of our take-up out of Dubai, which was a stunning result there, were South African nationals.

**Mr T.R. Buswell:** When you were there?

**Mr J.N. HYDE:** The Treasurer did not send me, but I am available to go. The Treasurer should look at the figures of where they are coming from. It was in the 57-page report; the Treasurer should read it.

**Mr T.R. Buswell:** Are there any photos?

**Mr J.N. HYDE:** There might have been one or two.

**Mr T.R. Buswell:** Are there any photos of those bus shelters?

**Mr J.N. HYDE:** No. The member for South Perth will be invited to the official opening of the sustainable bus shelter because of his interest in the environmental benefits of sustainable bus shelters. The next one I am coming back from —

**Mr J.E. McGrath:** Do you water it?

**Mr J.N. HYDE:** No, because they are made from Indigenous plants that do not need to be watered every day, unlike the South Perth daisies that are water intensive. When the Minister for Water Resources implements his solution to the water crisis, which is to turn off the taps, all the daisies and introduced flowers will drop off and the Indigenous plants will rise. I thank the member for that diversion. I will return the favour one day. I am keeping count.

I do not think that the Treasurer has had any praise for his budget from members on this side of the house. I praise the Treasurer for increasing the budget for the State Migration Centre and for the work it does. The point I was making is that under our rules, when someone gets assistance under state migration, they enter as a business migrant and each business migrant must deposit \$1 million to Treasury. The amount of money that the

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government is seeking to borrow by this Loan Bill would be much bigger if it were not for the millions of dollars in Treasury from the business migrants, who have been attracted here under the useful work of the State Migration Centre.

**Mr T.R. Buswell:** That does not count as revenue.

**Mr J.N. HYDE:** No, it does not, but it is sitting there and is giving the government an ability —

**Mr T.R. Buswell** interjected.

**Mr J.N. HYDE:** Yes, it does. What is the money doing?

**Mr T.R. Buswell:** You do not use money people give you as a bond to reduce debt.

**Mr J.N. HYDE:** It is in Treasury in terms of the overall position of Treasury.

**Mr T.R. Buswell:** That doesn't matter.

**Mr J.N. HYDE:** Yes, it does. The next time the Treasurer goes to Moody's Investors Service —

**Mr F.M. Logan:** Or it comes to the Treasurer.

**Mr J.N. HYDE:** Or it comes knocking on the Treasurer's door at 1.00 am! Again, I will give the Treasurer some credit. He did the right thing when he realised that it is one area in which he should be putting more money, and he did and the state will benefit.

**Mr T.R. Buswell** interjected.

**Mr J.N. HYDE:** From where did the Treasurer take it?

**Mr T.R. Buswell:** It was your shadow portfolio of culture and the arts.

**Mr J.N. HYDE:** Only \$500 million was taken from the Department of Culture and the Arts. Unfortunately not all of that has gone into creating more employment or more economic growth. A lot of business migrants are either settling in my electorate or starting businesses in my electorate.

[Member's time extended.]

**Mr J.N. HYDE:** I refer now to His Majesty's Theatre, which was one of the areas we pursued in budget estimates. We still have not drilled down from the Minister for Culture and the Arts to find out exactly where the \$1.8 million is coming from to refurbish the outside of His Majesty's. The dismissive answer was that it is covered in the arts budget. If we add up the allocations in the arts budget for ongoing maintenance to arts and heritage buildings, they total approximately \$1.8 million. That means that over the next four years every cent that is needed for ongoing maintenance of heritage buildings and arts buildings in this state will go to one building. As the member for Perth, I am happy about that, but as a Western Australian I would think about the Geraldton museum. What happens if there is a leak in the roof of that building? What happens if there is a maintenance issue in the Kalgoorlie building? The government's creative accounting solution to this sort of thing is to close down arts venues.

This week we discovered that the Fremantle History Museum will close with the loss of six part-time counter staff and one other. Seven part-time staff will lose their jobs. I have since discovered something even worse; that is, only a small amount of the collection in the Fremantle History Museum will go on public display. A small section of the display will go into the migration history section of the Fremantle Maritime Museum in Fremantle. Unfortunately this appears to be what is happening throughout this government:

When we were in government, we finally got Treasury to understand the importance of the arts as an economic driver. We were seeing this across portfolios. Therefore, when groups such as Western Power, Synergy and Verve were looking at their community obligations, they could see that investment in the arts makes sense and has community benefits. One of the good projects that Western Power was involved in was the World of Energy museum in Fremantle. It is housed in a building owned by Western Power. The government's website proclaims that it is the leading sustainable energy and environmental museum in Western Australia. Unfortunately, it is now closing down. The museum that Western Power established provided wonderful education opportunities. My good friend the member for Collie-Preston is trying to get part or all of the display at that museum moved to Collie. He may have a good outcome, but unfortunately that does not seem to be what will happen. It seems a small amount of that display might go to Scitech.

With the closing down of a number of the arts venues within the metropolitan area, only a small amount of our art product is on display. We already have a lamentable situation in which the Art Gallery of Western Australia displays only about two per cent of its product. Therefore, 98 per cent of the artistic product of the Art Gallery is

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in expensive CBD storage, because most of it is onsite at the gallery. If we adopted best practice in the arts by having offsite storage, which is what the Western Australian Museum did in establishing the Welshpool building, we would get more of the excellent works in the Art Gallery into proper storage in Wanneroo or Marangaroo at a cheaper price. The very expensive storage in the CBD area—the actual Art Gallery—could then be turned over to display. A normal world's-best-practice gallery would have seven or eight per cent of its total inventory on display at any time. For our gallery to be running at only two per cent is not world's best practice, and it is denying an artistic experience to Western Australians; to those very important tourists; to those very important business migrants and their families, including their children; and to the six or seven extra employees that every business migrant brings when he or she comes to Perth.

More and more as I meet with different arts groups, they say, "Thank heavens we had our triennial funding signed off before the election." It is some credit to the current arts minister that some of the triennial funding was signed off in September or October under him, I think before the Treasurer and others sent out memos telling people to put the handbrakes on.

**Mr C.J. Barnett:** He's a very good arts minister.

**Mr J.N. HYDE:** He is an exceptional patron of the arts.

**Mr C.J. Barnett:** How are you going with the ARIA awards? Are you doing any work on them?

**Mr J.N. HYDE:** I have been.

**Mr F.M. Logan:** We are hoping he wins.

**Mr J.N. HYDE:** They were very grateful for the Premier's support too, so hopefully we will be able to steal that event from New South Wales, along with many other activities.

**Mr C.J. Barnett:** We're relying on you. We're seriously supporting you.

**Mr J.N. HYDE:** I know. If only the Treasurer thought as highly of the arts minister as does the Premier, and he realised that the \$495 million that he has nicked off the minister for the Museum —

**Mr J.H.D. Day:** I'm pleased to say that the Treasurer has actually been to a number of arts events, including ballet performances.

**Mr J.N. HYDE:** Yes, but it always happens that Premiers and Treasurers suddenly become great arts aficionados, except when it comes to signing the chequebook.

**Mr T.R. Buswell:** A lot of people at those events ask me about signing the chequebook.

**Mr J.N. HYDE:** Yes, and the Treasurer just smiles politely and says no. However, all the information is there within Treasury about how important an economic driver the arts is. The Treasurer need only look at what Sam Walsh is saying and what Richard Goyder is saying. One need only go to Houston to see what that sort of city has done by embracing the arts and value-adding to its incredible oil and other industries. The arts adds more than a cultural aspect. During the skills shortage it helped us to attract the best employees—all the data is available in Perth. More importantly, something like 1.3 million Australians, I think, work overseas. Part of our success as an economy—it still needs to occur for our economy—is for us to attract Australians, particularly those who are living and working in London, to come back not to Sydney or Melbourne, but to a high-paid, productive job in Perth. One of our big opportunities is to look at those 1.2 million Australians who live overseas.

What happened before the election last year was the \$73 million Ignite package. That set up the arts in this state with a number of capital projects. Completion of the Northbridge theatre is coming in on budget and on time. It still amazes me that a \$93 million theatre has no cost overruns and will be built on time, yet a tiny immigration wall in Fremantle that was to cost half a million dollars suddenly had its price tripled. Something in the government's arts arithmetic is not adding up. After setting aside \$73 million for capital investment, the big plan in this year's budget under a new Labor government would have seen a similar amount being put towards arts product and arts workers. The arts budget shows a 20 per cent cut to projects, which means cuts to jobs. The arts are probably the most employment heavy of the various agencies.

**Mr T.R. Buswell:** Did you say that the new performing arts venue is on time and on budget?

**Mr J.N. HYDE:** Yes.

**Mr T.R. Buswell:** What was its original budget?

**Mr J.N. HYDE:** On 6 September it was \$93 million and now it is \$93 million.

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**Mr T.R. Buswell:** What was its original budget when it was first approved? It was \$41 million.

**Mr J.N. HYDE:** That was for a tiny little space; it was not a proper theatre. It has since become two theatres in one. We are talking about cost overruns, which is what has happened since the Treasurer has had his hands on the tiller. The new Northbridge theatre will be delivered on time and on budget —

**Mr T.R. Buswell:** It's \$50 million over budget.

**Mr J.N. HYDE:** It is not. The Treasurer has a very callous misunderstanding of the original costings.

What is missing in this budget is the extra \$73 million. It may not have been for the Ignite package. We would be funding arts product and providing employment. I will be looking very closely at royalties for regions because it shows an absence of the arts. A number of different arts agencies and groups have had their funding cut in order to meet budget cuts. Unfortunately, the easiest one to cut was regional touring and regional product. We have had a big cut in the regions. Regional members will be hearing more and more about that. The obvious trade-off would have been for royalties for regions to follow the example of the Rudd government, which provided \$50 million for arts employment projects, or Barack Obama's budget of \$130 million for arts employment, recognising the importance of the arts in creating employment, particularly creating employment in regional areas. We all know the value of having teachers and police officers employed in regional towns and what that value adding does. The arts have a huge impact as well.

If the government was dinkum about boosting economic activity and keeping jobs and creating more jobs, it would have been boosting arts employment in the regions. The biggest mistake of all is the budget of the Office of Multicultural Interests, which has gained an extra \$1 million, which has been creamed off to the Department of Local Government and Regional Development for administrative overheads. There are 22 staff in the Office of Multicultural Interests who are still doing the same job they have always done for the same amount of money. Now 11 full-time equivalents are needed in the department of local government to oversight them. The nominal amount of \$1 million from the multicultural budget is being used for 11 staff in the department of local government to look at what they are doing. That is a ratio of one to two. If some of our childcare centres had that ratio, it would be worthwhile employment.

**MR F.M. LOGAN (Cockburn)** [10.43 pm]: In speaking on the Loan Bill 2009, I am astonished by the very balanced and sensible way in which my colleagues on this side of the house have approached criticism of the government, particularly given some of the things members of the Liberal and National Parties said when they were on this side of the house to the then Labor government about the Treasurer's advance authorisation bills in the past. The criticism and the hysteria that was expressed in this house over the amounts that were sought were astonishing. If I remember rightly, the member for Hillarys was one of the loudest voices criticising the former government. Here we are with our roles now reversed and the government has walked into this house today with a request under this Loan Bill 2009 for \$8.3 billion worth of funding to meet its commitments as part of the 2009-10 budget. The last time this house was asked for funding through a Loan Bill was by Eric Ripper in 2004, and the money that was sought then was only \$250 million, so we can imagine what the Liberal Party would say if Labor were in government seeking \$8.3 billion. I might be wrong, but I imagine that the member for Cottesloe, the member for Vasse and the member for Hillarys would be apoplectic in their criticism of what the government of the day were seeking. That is why I say that I find the criticism by my colleagues fairly subdued and I wish it were a little stronger. Nevertheless, I will make some comments about what that money is going to be expended on. Obviously, we know what it is going to be spent on because it is the guts of the 2009-10 budget and the budget estimates.

I particularly want to identify some of what I think are the failings of this government in not just what it is going to spend this \$8.3 billion on, but what it has decided not to spend some of it on. I know I sound like a broken record but I will continue to go on and on about this subject, not just because I am the shadow Minister for Water but also because I am directly affected by the government's decision in my own constituency, as are many other members on both sides of the house. I am talking, of course, about the cancellation by the Minister for Water of the infill sewerage project. I remind members of what exactly has occurred. The funding for infill sewerage in the line items on page 435 of the 2008-09 budget papers shows the total estimated cost at \$200.8 million, \$100 million of which was spent by the end of 2008. There was an estimated amount of \$20 million to be spent in 2008-09 and a further \$21.9 million added in that budget of which \$10.6 million was to be spent in the 2008-09 budget, identified as "Infill Sewerage — Additional Funding". That funding was included on the basis of speeding up the program and having it fully completed by 2013. In Spearwood there are five outstanding areas of infill sewerage to be completed. The Water Corporation promised on numerous occasions that the infill sewerage in those areas would be completed by 2010. That extra \$21.9 million was in the 2008-09 budget for the purpose of addressing the time to complete the infill sewerage program. Therefore, of course, it was of bitter

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disappointment to those people when they found out that the funding had completely disappeared in the forthcoming financial year's budget. It was not only the excuse that the infill sewerage program was going to be deferred, but also the fact that it is not even in the forward estimates. When I asked the minister during the budget estimates process when we would see a return to the construction of the infill sewerage program, he indicated that it would not be for at least four years, which is the reason that it is not in the out years of the budget papers. Why did the government do it? Why was the decision made? Budget paper No 2 of the 2009-10 budget states at page 822 —

Due to current global financial circumstances, the Infill Sewerage Program has been deferred.

The current global financial circumstances are the reason for cancelling the infill sewerage program. Other programs have been cancelled as well. For example, the East Rockingham wastewater treatment plant has also been deferred, but apparently the global financial crisis did not have an impact on that decision. A number of other programs have been deferred or cancelled, but apparently the global financial crisis did not have an impact on them either. It affected only the infill sewerage program. That is noted not only on page 822 of budget paper No 2, but also in budget paper No 3, which has a note at the bottom of page 145 that refers to the global financial crisis as the underlying reason for the cancellation of the infill sewerage program. Seriously, does the minister think that we all came down in the last shower of rain? I asked the minister in estimates: How did the global financial crisis have an impact on the infill sewerage program? Did the Water Corporation take the money that was allocated for the infill sewerage program—the \$85 million that was supposed to be spent this year—and put it into the sub-prime market in the United States, and did one of the New York merchant banks lose the entire amount? Is that the reason for it? Did the Water Corporation buy stocks or shares that went south? Can the Water Corporation explain exactly how the global financial crisis has frittered this money away? Of course, the minister did not give an answer on that issue, and nor did the Water Corporation, which said that it really could not answer those questions. It was a ridiculous sentence to put in the budget papers and it is a ridiculous excuse. It basically rubs salt into the wounds of all those people in Western Australia who have been waiting for many, many years to have their infill sewerage program completed.

In Spearwood only yesterday I went to a number of houses, one of which was pictured in yesterday's newspaper. The couple were pictured standing in their pergola, which is actually collapsing into their septic tank because their septic tank has collapsed. The reason the septic tank has collapsed is that they were promised it would all be fixed either this year or next year because additional money would be provided. Therefore, why would they go out and spend \$5 000 or \$6 000 to repair their septic tank when they were promised by the Water Corporation that either later this year or early next year they would be connected up to mains sewerage? I visited other houses yesterday where the smell of the sewage coming up in the back gardens is absolutely overpowering because their leach drains have collapsed. These are people who do not have a great deal of money and who were relying on the Water Corporation to deliver to them this year or next year, so they did not invest whatever money they did have—in some cases they literally do not have the money—to repair or replace those septic tanks.

I cannot believe that we are talking about Third World conditions for the treatment of human waste. We are not talking about what is happening in the middle of outback Western Australia, where the likelihood of ever being connected to the mains is very low. We are talking about places in the member for South Perth's electorate, the member for Dawesville's electorate and Spearwood, in my electorate, which is five minutes from Fremantle—in the member for South Perth's case, it is only 10 minutes from the centre of Perth—yet these people are facing Third World conditions when it comes to their sewage. It is appalling. Why was it done? The contempt that has been shown to members and their constituents is blamed on the global financial crisis. However, there are plenty of new works in the budget papers; in fact, tens of millions of dollars worth of new works have been identified, such as the goldfields-Esperance Boondi main conduit water pump station upgrade at \$6.9 million, and at Peel the Mandurah Lakes Road trunk main at \$23.9 million, which I am sure are all very important.

**Dr G.G. Jacobs:** You don't want potable water delivered to the goldfields?

**Mr F.M. LOGAN:** I think the minister has had the wool pulled over his eyes by the Water Corporation. That is why I said he should have stood up against the Water Corporation. There are always people in the Water Corporation who will tell people that potable water is more important than sewerage. They will always say not to worry about the infill sewerage program, because that can be knocked off. The minister should not have been befuddled by them and stood up against them. He should have said that he did not care what they said because the infill sewerage program would continue on. That is what he should have said, but he did not. As a result of that, people will become angrier and angrier.

Another issue that I find unacceptable in the Loan Bill 2009 is the fact that some of the money could and should have been made available for the further funding of sustainable strategies for the Gnangara mound. I know the



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budget has money for the Gnangara mound and that, as he has told us, the minister will soon release the sustainability strategy. I look forward to seeing that strategy. However, the Water Corporation and the Department of Water are already implementing sustainability strategies dealing with the continuing collapse of the Gnangara mound aquifer. The point I am making is that this budget should have been putting more money into that area, given that it is under so much stress. Some of the funding that could have been used and should have been used would be for the further and faster removal of the pines in Gnangara. Further funding could have been expended for a greater amount of water being used in the injection program, even though it is a pilot program. Because of the nature of the shortage of water that we face, a greater amount of water should have been sought for the injection program of recycled water into the Gnangara mound. A number of things could have been done and should have been done in order to rescue the parlous state of the Gnangara mound, which is the largest fresh water aquifer that is being used by metropolitan Perth.

**Dr G.G. Jacobs:** That would have been the priority then over the infill sewerage program.

**Mr F.M. LOGAN:** No, I am not saying that at all. What I am saying is that the Minister for Water should have put his hand out for some of the billions of dollars of expenditure so that the money could have been expended on those areas that are critical to his portfolio, yet he did not. He just took the easier option by copping what the Water Corporation placed in front of him and accepting it. The other area of funding the minister should have taken into consideration was to go to the Treasurer and demand that the Waterwise rebate program continue to be funded.

**Dr G.G. Jacobs:** You didn't have any money in the forward estimates yourself.

**Mr F.M. LOGAN:** It makes no difference whether we did or did not. It was the minister's opportunity to show what he is made of and either get that money or roll over and cop the decision of the Treasurer, and that is what he did. The reason I criticise the minister, and will continue criticising the minister, is that it is not so much the saving of water—the minister identified this in his speech—that has come about through the Waterwise program, but for the saving of water that the program will make.

**Dr G.G. Jacobs:** It had reached saturation point. We have to think of other ways.

**Mr F.M. LOGAN:** It clearly has not reached saturation point, and the minister knows that. He knows that what he just said is absolute rubbish. The minister told *The West Australian* today, and he stood in this house today and said it is still not raining, and people should do something about it, whilst at the same time cutting the Waterwise rebate program. It not only saves water, but it also shows leadership by the government and sends a message to people loud and clear to do something practical about saving water. That is what the Victorian government did last week when it introduced the Waterwise rebate program. Which model did it use? The Western Australian model. What have we done? We have killed it off. The minister says that we are running out of water and that, unless people stop using water, we will have a total sprinkler ban on 1 July. At the same time, he has cut the Waterwise rebate program, thereby showing no leadership to general consumers about the practical steps they can take to reduce water usage. It is beyond me.

I wish to highlight two other programs that the minister could and should have carried out. The money is there and the projects are identified in the budget process. The first is the fast-tracking of the Collie desalination program. The money is there, which is fantastic, but the government should get on with it, because that is another piece of the armour to assist the state to deal with the drying climate.

**Dr G.G. Jacobs:** You talk to your federal mates about the environmental approval.

**Mr F.M. LOGAN:** The government has received plenty of money from the federal government, and it will take it away unless the state government does something about it very quickly.

The other thing that the minister will end up doing is to reverse his decision about Logue Brook Dam and the \$100 million water trade deal with Harvey Water. He will do that because he has no other choice. I told him back in October that we were facing a complete sprinkler ban because of the minister's decision to reopen Logue Brook Dam to waterskiers. He knows, and I know, and the Water Corporation has told him, that the water trade deal was there to tide the state over between desalination 1 and desalination 2 if we are faced with very dry years. We are facing it, and the minister will have to reverse that decision.

**MR A.J. WADDELL (Forrestfield)** [11.04 pm]: When faced with a figure like \$8.3 billion, one feels like doing a Dr Evil impersonation. It is such an absurd amount of money. It is sad that we are here today debating \$8.3 billion because it seems so unnecessary. The process that we went through with the estimates committees showed a Swiss cheese of a budget. It showed holes everywhere. It showed inefficiencies. It showed pretty much a government bureaucracy that is not on its game. It certainly showed a complete and utter failure of

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management of the state's finances. It seems to me that there are many admirable programs within this budget. It seems to me also that many great programs have been scrapped. However, one must reflect on where the bulk of the money is being spent. This was my first budget process, so it was a learning experience for me in a lot of ways. I had visions of *Mr Smith Goes to Washington* whereby I would have a bureaucrat in front of me, I would give him the third degree and we would get down to the nitty-gritty and find out how the money was being spent. What I did not count on was that we would operate under severe time constraints and that we would have in front of us a budget that was transparent. One would argue that a transparent budget is a good thing; we aim for transparent government. The trouble is that the budget was so transparent as to be near invisible. The detail simply was not there. There were rounding errors in the budget that amounted to millions of dollars. There were all sorts of problems in the budget that we were unearthing piece by piece through the estimates process, but that often we could not get to simply because time did not allow us to. Having gone through my very first estimates process, I have come to the conclusion that the system is fairly broken and flawed and does not offer very good value to the people of Western Australia. I think we need to sit down and ask ourselves whether this is the best way to go about it.

One of my favourite T-shirts says "Eschew obfuscation". It is a clever little play on words. It tells us that we should try to be clear in the way that we communicate. In fact, Orwell once said that the art of political talk is to make lies sound truthful and murder respectable and to give the appearance of solidity to pure wind. I argue that this budget is in fact pure wind. There seems to be a lack of substance to it. It seemed that every time we scratched the surface looking for some detail underneath it, the minister or whoever was responsible would cave very quickly, point to a bureaucrat and ask for an answer, and then the bureaucrat would not be able to answer the question sufficiently or would contradict what the minister had just said. It seems to me that the executive does not understand the nature of the departments that it is responsible for. One could argue perhaps that this is security through obscurity and that because the process is so difficult to understand and unwind, nobody can actually penetrate it; we cannot find out how things are really happening.

I gave a speech a few weeks ago in which I said that we needed to ask ourselves who is the true enemy. In fact it got some media attention—a little more than I expected. I think it was presented that I was talking about one of the political parties within this place. I was not. I was talking about bureaucracy. I was talking about a system that is designed to support itself. I think it is our job, as the elected representatives of Western Australians, to penetrate the security by obscurity that the public sector has put up that prevents us from seeing how our money is spent.

I took a fair bit of interest in one of the estimates hearings that I was involved in because I am a former employee of the organisation—that is, the Western Australian Industrial Relations Commission. I note that today the front page of the newspaper referred to the South Australian government passing its legislative powers for industrial relations over to the federal government. When quizzed in the estimates process, the Treasurer indicated that there were no such plans for that to happen in Western Australia, and I think the story in today's newspaper indicated that Western Australia was probably going to be the last hold-out in that regard.

I will not argue the merits of whether it makes sense for us to have our own industrial relations system managed within the state. I know that industrial relations commissions have been a very useful tool and that the Western Australian Industrial Relations Commission is almost an insurance policy for government against its public sector unions. It is a place it can go when negotiations break down to the point of there being no reason or rationale; it is an umpire to go to. However, the Western Australian Industrial Relations Commission, as it stands, is an organisation that costs \$6 541 for every application that is made to it. If we think about that for a moment, we realise that a number of applications made to the commission are for disputes over sums of money far less than \$6 541. For such applications, we would probably be better off if somebody walked in, handed over \$500 and said, "Bye-bye; on your merry way". We would probably be in front.

To reflect back on previous times, the cost per application in 2004-05 was \$2 633. Certainly there has not been a doubling of prices between 2004-05 and 2008-09, or anything else that would justify an increase of that magnitude. The answer is quite simple. I asked the question, and the registrar for the Western Australian Industrial Relations Commission indicated that the problem was that when WorkChoices was introduced, the number of applications received by the commission drastically dropped off and the cost per unit went up as a consequence. That seems quite reasonable. He then went on to tell me that the commission had tried to make some cutbacks, and that it has discretion over only 16 per cent of its costs. That means that 84 per cent of the commission has to exist regardless of whether there is one application or 100 000 applications. The commission's budget is somewhere between \$10 million and \$11 million next year. It has been roughly around that amount since the time I spoke about; I think it got down to about \$9 million in 2004-05. The number of applications has fallen off by 80 per cent, and the commission tells us that it can play around with 16 per cent

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discretionary funding. We recently subjected the commission to three per cent cuts, and the previous government made other cuts, yet somehow it has come out with a budget that is higher than it was in 2004-05, a cost per application of \$6 541, and it is telling us that it does not have the discretion to cut back any further.

To me that sounds like a broken system. It tells me that no-one is asking the difficult questions. Do we actually need the structures that are in place? Why is there an agency that has discretion over only 16 per cent of its expenditure? Where is the other 84 per cent being utilised? What requirements does the commission have to meet to do that? The answer, if we delve into it, is relatively simple. It is because of requirements placed on the commission by other parts of government. The auditors have certain requirements, and I have no problem with that; we need the auditors to keep the process open, fair and honest. There are records management requirements, Treasury demands and so forth. When one works these things through the system, however, one realises that what we essentially have is a massive self-perpetuating system that is really one part of the bureaucracy feeding another part of the bureaucracy. I am not certain that I saw anything during the estimates process that indicated to me that anyone is asking the hard questions. Do we need to do that? Are these things necessary? There are many great ideas. All parties in this place have ideas about how we could improve the lives of Western Australians if only we had the money to do so.

**Dr M.D. Nahan:** Did you ask him what he meant by “discretion”?

**Mr A.J. WADDELL:** He largely went into the fact that a number of industrial relations commissioners are appointed for life, which eats up a considerable percentage of the budget, but, even so, that did not account for as much as 86 per cent of its budget. I received a letter—I believe most members of this place received the same letter—from the Small Business Centre in Belmont. I come from the eastern suburbs, I represent people in a seat in the eastern suburbs, and one of my pet peeves is that we are the forgotten children of the city. I will continue talking like that for the next four years, I hope another four years after that, and then, hopefully, we will have fixed the problem. However, until that time I will continually remind members of how we are the forgotten people. The Small Business Centre in Belmont told us—we discovered this through the estimates process—that there has been a decision to withdraw \$96 000 of funding from it. Again, let us just go back to what I was saying about the Western Australian Industrial Relations Commission. An amount of \$96 000 at \$6 541 per application equates to how many applications? It is not too many. It is actually about 15 applications. For that the Small Business Centre in Belmont is servicing a large part of the eastern suburbs. It is supporting people setting up small businesses. It is supporting Muslim women setting up small businesses in areas such as Maddington and so forth where there are large migrant populations. The Small Business Centre is performing a vital service. It is helping people uplift themselves. It is helping people get their foot in the business door and start businesses. A lot of those businesses will not succeed but some will, and they will be the economic drivers of the future. Why would we take \$96 000 away from an organisation that is servicing more than 3 000 people a year to assist and advise them in setting up businesses? As I went through the process, I discovered that \$96 000 does not even equate to a decimal point in the kinds of numbers that we are talking about; it is a minuscule amount.

I understand that the cuts that have been made have to happen somewhere. We here in opposition could probably stand on every single cut and say —

**Mr P. Abetz** interjected.

**Mr A.J. WADDELL:** We could probably come up with a thousand different projects and so forth that we want reinstated, and we could ask for them over and over again. I do not want to be that person. However, I do want to ask: are we spending our money in the best way? I am absolutely convinced that we are not.

Another part of the estimates process that I was involved in was to do with the Country Age Pension Fuel Card for regional people. Again let us not discuss the merits of that program. I am sure many pensioners are very pleased for this assistance. We were asking questions, though, about how the system actually worked. We discovered a couple of things. Firstly, we discovered that it is done through a sort of credit card thing. The credit card thing can be used at petrol stations to purchase fuel. The cost of providing that credit card for \$500 is \$43 a card, which has to be issued every year. Therefore, about 10 per cent of the cost of the card is being spent on the overhead administration. Members might say, “Well, we’ve got to have the cards so that we can have an efficient system and we can track that the money is being properly spent; that it is not being taken off to the city or taken away by grandchildren; and that it is being used for the purpose it is meant to be used for. We need to make sure that the fuel operators are in fact delivering the fuel to these pensioners who so desperately need this to assist their lives. That is what we expect that \$43 goes towards”. Unfortunately, as we drilled down into the process, we found that it did not. In fact a card is issued to a senior, and that is it. There is absolutely no check available to us as to how that money is spent. All we do is simply accept the fact that the fuel station says that it paid out

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so much fuel on a card, and therefore we send off a cheque. We do not ever double-check that those fuel providers did in fact provide the service; there is no audit in there whatsoever.

It was pointed out through the estimates process that some things are more expensive to audit than they are actually worth, and that there may be only one or two per cent fraud but we live with that kind of a loss. However, I then asked myself: why do we not just send the cheques? I am serious. Why do we not just send \$500 to each of these people? Let us say it costs \$3 to send out the cheque. We could have pocketed the \$40 each and saved ourselves \$1.5 million. We could have funded the Small Business Centre in Belmont more than 15 times just by sending a cheque rather than having an elaborate fuel card system in place that has no checks or balances built into it whatsoever.

**Mr W.R. Marmion:** They could have bought alcohol.

**Mr A.J. WADDELL:** There is nothing to stop someone from trading the fuel card for alcohol because there is no check in the system to see whether the right person uses the fuel card. That is the problem. I would not be surprised to see these fuel cards being sold on eBay by the end of the year.

**Mr W.R. Marmion:** They can purchase fuel.

**Mr A.J. WADDELL:** If someone wanted to sell me a \$500 fuel card for \$300, it would be an absolute bargain for me. The point I am making is that at the most simple level, the budget papers do not provide a lot of detail. The system is somewhat indecipherable. When we scratch the surface, we find all sorts of problems, inadequacies and wastages in the system.

[Member's time extended.]

**Mr B.J. Grylls:** Will you take an interjection?

**Mr A.J. WADDELL:** I have taken many interjections.

**Mr B.J. Grylls:** I usually respect your contribution to Parliament, but you don't know what you're talking about. You were not at the budget estimates.

**Mr A.J. WADDELL:** I was.

**Mr B.J. Grylls:** You are taking this as second-hand information.

**Mr A.J. WADDELL:** I was at that estimates hearing. The Leader of the National Party was not, but I was.

**Mr B.J. Grylls:** The member would be very clear then that to get fuel on the age pension fuel card, a person has to present his pensioner concession card at the same time. That means people cannot just walk in and get fuel.

**Mr A.J. WADDELL:** There is no double-check that it is the customer's pensioner concession card or that the fuel provider has even checked that the customer had a pensioner card. Why would the operator care? What is the operator's interest in keeping the government's system honest?

**Mr B.J. Grylls:** If fuel station operators are not checking, do you advocate cancelling all state government fleet fuel cards?

**Mr A.J. WADDELL:** I am saying that the government should just send them a cheque. If the National Party wants to buy votes in the country, just send them cash. Let us not waste money on the pretence that this is an auditable, fair system and that we are paying \$43 a card when we do not have that type of system. If the Leader of the National Party wants to give money to those people, and he was elected to do that, that is fine and he should do it, but let us not waste money on the pretence that we are keeping the system open and honest when there are flaws in it. That was just a small illustration of the overall process. I am not attacking the fuel system; I was using it as an example of one of the estimates hearings that I attended when we drilled down and found that the bureaucracy was not serving Parliament adequately. We were unable to check that the money was being spent as it should be.

There are holes in the budget. The Midland health campus is obviously near and dear to the people in my electorate. It will cost approximately \$360 million to build and was originally supposed to be built by 2014. This budget allocates \$41 million for it in the forward estimates. The Rudd government has come on board with \$180 million, which is half the required amount. If we add the state government's contribution of \$41 million, that is \$221 million of the required \$360 million. The government anticipates that the health campus will be built in the period outlined in the forward estimates, yet it is missing \$138 million that must come from somewhere. The Midland health campus certainly will not be built \$138 million under budget. Where will that money come from? When I quizzed the Minister for Health on this question, he acknowledged that it was an unusual budgetary practice and that essentially the government was hoping to negotiate with the prime contractor to take

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Mr Ben Wyatt; Ms Adele Carles; Mr Bill Johnston; Mr David Templeman; Mr Vincent Catania; Acting Speaker;  
Mr Tom Stephens; Mr Peter Watson; Ms Rita Saffioti; Mr John Kobelke; Mr Mick Murray; Mr John Hyde; Mr  
Fran Logan; Mr Andrew Waddell

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the remaining \$138 million payment after the delivery of the hospital. This is a buy-now, pay-nothing-til-later approach to building hospitals. It is the Harvey Norman approach to getting a new hospital. I could not say to a builder that I would like to build a new house and ask, "By the way, can I pay you the bulk of it after it has been built?" I would have to make progress payments as it was being built. The \$138 million simply is not in the budget. Many other members have referred to similar holes in the budget.

I asked myself: what is the budget document? It is not a real statement of intention. It has in it assumptions and holes. Essentially, it seems to be a document that is for one purpose only: to show a small surplus this year so that the state can retain its AAA credit rating. It is a fabrication for that end.

When members read this debate in three years to see what happened, they will find very little relationship between what happens over the next 12 months and what is in the budget. It is a worry and it tells me that there is a flaw in the system. I honestly believe that we need to ask whether there are better processes. Can we not drill down into the bureaucracy in a better way to find out how the money is being spent and determine how we could get better value from it so that we can deliver to the seniors in the country, we can deliver to the seniors in my electorate and we can deliver to the seniors in Mandurah, and we can build the hospitals that need to be built?

The question is: where is the wastage? We point the finger at each other saying that the other is wasting it or their idea is bad. The reality is that if we could get the system running efficiently, we would get everything that we all want.

Debate adjourned, on motion by **Mr R.F. Johnson (Leader of the House)**.

*House adjourned at 11.26 pm*

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