

LOAN BILL 2016

Third Reading

Resumed from an earlier stage of the sitting.

MS S.F. McGURK (Fremantle) [7.00 pm]: Before we broke for private members' business I was speaking about the saga that is the Perth Freight Link. I was recalling a community meeting in August 2015 in North Fremantle that was well attended. The Premier came along to that meeting—it is his electorate—to address how the final stage of the Perth Freight Link could impact on that community. The Premier gave an incredibly underwhelming pitch for the second and final stages of the Perth Freight Link. It was clear that he was committed to doing Roe 8—that is true. One of the key criticisms of Roe 8 has always been that, as the campaign slogan said, it was a road to nowhere. Roe 8 would come barrelling through the wetlands, end up at Stock Road, and then what? Perth Freight Link was supposed to address that problem and be the next stage and get it through to the port, but we know that it does not get it to the port; it gets it to either the corner of High Street and Stirling Highway or to the Stirling Bridge. When people in North Fremantle rightly started to ask, “What about our community? How does this freight link end up impacting on our community?” The Premier said, “Don't worry about it. That will be further down; it is a long way off.” That was reported on by Rebecca Carmody of the ABC in November 2015, and her report reads —

West Australian Premier Colin Barnett has confirmed plans to shelve stage two of the controversial Perth Freight Link project, saying the State Government “might see where we're at in 12 months' time”.

Mr Barnett conceded the project, which has encountered fierce community opposition, was more “expensive” and “complex” than the Government had anticipated.

That is the sort of sentiment we heard in North Fremantle.

We later heard the Premier hosing down any sort of expectations of detail about stage 2 or 3 of the freight link. When we start to think about it, what will it mean? It will mean this massive truck and freight freeway that ends up, let us say, at the intersection of Stirling Bridge, and then what? Without the funds or the plan to go over the river, we will have an incredible bottleneck. It is already congested at that bridge, and the people in North Fremantle are well aware that this plan will be a disaster for their community.

During the 2016 estimates hearings I asked questions about this design and what impact the freight link would have on the North Fremantle community. Again, it was a very vague response by the then Minister for Transport, the member for Alfred Cove. He said it would not be needed for 10 years—that is what is incredible—and it was reported that the duplication of Stirling Bridge and the final stage of the freight link through North Fremantle through to the port would not be needed for 10 years.

As I said, that claim is incredible considering the congestion that already occurs across the bridge. The government's plan for Fremantle port is to triple the number of containers that go through the port to 2.1 million containers a year. I quote from *Hansard* on 24 May 2016. The member for Alfred Cove stated that the plans “looked at getting under the river and utilising the bridge.” He said that various things had been looked at, and he continues —

The plan at this time involves the duplication of Stirling Bridge ... It then involves how we get it across or through Tydeman Road into the port itself, and that involves looking at duck-and-dives, getting the trucks free-flowing, and getting them away from the local traffic, particularly the cross traffic that comes off the old Fremantle Bridge, to give them unfettered access to the port.

However, of course, when we asked for detail about how the traffic will curve around at the end of a duplicated Stirling Bridge and not impact any buildings, there is no detail about that. When we asked how the truck freeway will get into the port without impacting on beach access, of course, there is no detail about that. In fact, the member for South Perth also asked a question about how people who travel from his electorate down Canning Highway to get to Port Beach will be impacted. The minister made all sorts of vague claims about local traffic being separated from trucks. Frankly, they were very contradictory claims because when it suits them, members opposite say that the freight link will be for cars but at other times it will be for trucks, and they say it will be safer. They make all sorts of contradictory claims. It is no wonder that the community is concerned about the plan for the Perth Freight Link. People can see that it is problematic from beginning to end. It is problematic where it starts at the wetlands; it is problematic in the middle section with a tunnel either under people's houses or through their houses; it is problematic trying to get over the river; and it is problematic through North Fremantle going into the port. As I have said before and quoted other people, the government's plan for the Perth Freight Link and Fremantle port is a zero-sum game. It plans to sell Fremantle port for about \$2 billion and it wants to invest about \$2 billion of taxpayers' money in the freight link. Where is the gain in that? We have

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just put off the need to move our freight away from metropolitan areas to the never-never, with no investment at all in the necessary plan for the future.

The former federal member for Perth, Hon Alannah MacTiernan, won her battle, through the freedom of information process, to access documents that relate to the planning of the Perth Freight Link. That access had been previously denied, but the former member of this house and the federal Parliament is nothing if not tenacious and she successfully won access to the documents, although we have not seen them yet. The FOI documents should make interesting reading and I think that they should be on our doorsteps fairly soon.

Finally, I want to make two other points about the Perth Freight Link. The first one is about a claim that we do not hear so much anymore because so many of the justifications for the freight link have been debunked by even the most casual observer. The claim is that the freight link will take trucks off our roads and off Leach Highway, which the member for Riverton—the Treasurer—has told his electorate since he was successful in coming into this house. However, the government admits that placard loads—trucks that are carrying dangerous goods—will not be able to use the tunnel, so they will need to continue to use Leach Highway. With triple the number of containers going to Fremantle port—which is the government's plan—and the continued use of Leach Highway for placard loads with dangerous goods, we can expect triple the number of trucks carrying dangerous goods going down Leach Highway, yet the government has not a penny to spend on dangerous intersections such as the corner of Stirling Highway and High Street. It is an awkward T-intersection. It is true that that is where the Fremantle eastern bypass was going to go, but the Labor Party worked with the community and said that that was a 50 or 60-year-old plan and a twenty-first century solution was needed, and so the Fremantle eastern bypass was removed from the metropolitan region scheme. It is a dangerous corner. It is a congested corner. It is a polluting corner, as trucks stop and start. This government wants to spend over \$2 billion on a road that does not go across to the port, but it does not have a penny to spend on that dangerous intersection, which will still be used by trucks carrying dangerous goods.

I have occasion to go to the Fremantle Netball Association netball courts. A massive number of people use Frank Gibson Park every weekend. The Fremantle Netball Association says that there are about 5 000 players and, with families and volunteers, it gets about 10 000 people through the park on an average Saturday. At the moment, a lot of those people park on the golf course side of Leach Highway and run the gauntlet across Leach Highway to get to the netball courts. The pre-Perth Freight Link plan for that neck of the woods was to make High Street a local road and duplicate the road into the golf course for safer access for the netball court users. That is Labor's plan. We want to do that. We want to make a moderate adjustment to that road and the intersection at Stirling Highway and High Street. We want to make sure that it is proportionate to a Fremantle container port that would be capped at perhaps 600 000 or 700 000 containers. Because we have practical plans to increase the amount of freight on rail, I have every hope that we will see fewer trucks on Leach Highway. The government has no plans to make that section of the road or the whole of Leach Highway safer for the local community.

My final point on the Perth Freight Link is about live exports. The Leader of the Opposition made the point that the Treasurer has tried to woo the National Party and its supporters by saying that the government would invest in a state-of-the-art live export facility in Kwinana. I am not sure what a state-of-the-art live export facility would look like. When I have talked to people in industry, I have found that they think that is quite amusing, because essentially the trucks need to pull up and the animals need to get on a walkway to the ship. Of course, they need to be safe and the like, but I am not sure what a state-of-the-art facility would look like. Of course, the Treasurer's claim to put in a state-of-the-art facility is a little disingenuous, because why would a live export facility be put there without planning the whole outer harbour? It makes absolutely no sense to do that. It is poor planning and poor infrastructure management, but it is characteristic of this government.

Finally, the Treasurer also had some newfound environmental concerns about what the outer harbour might do to seagrasses. Of course, it is important to know that the previous concerns about seagrasses related to an offshore island-based facility, but Labor's plan is for a land-backed outer harbour. The environmental approvals at James Point for the BGC (Australia) Pty Ltd facility had already been given, so environmental approvals for a land-backed port had already been given. Granted, it was a smaller scale port, but I understand that the impacts on seagrasses would be minimal with a land-backed proposal. In any case, those challenges are not going away and will need to be dealt with. Obviously, we want to minimise environmental impact wherever we can. We do not hear those claims by the government as much anymore because it knows that it was a pretty facile defence of the Perth Freight Link proposal.

MS L.L. BAKER (Maylands) [7.15 pm]: I want to raise a number of issues during this third reading debate on the Loan Bill 2016. A number of them relate directly to the contents of my second reading contribution. The first issue does not relate to my comments but to some of the other issues around social services in the state and the funding of them. There has been a lot of conversation around the capital works budget and how the Loan Bill impacts on them. I will also cover some of those issues. I wanted to start by putting on the record an issue

relating to the funding of social services. I do not think that it has been covered in great detail. I will just check with the Treasurer. I think there has been some mention of the loan bills in relation to social services and the funding of social services.

Dr M.D. Nahan: It's in the budget. Therefore, it's game.

Ms L.L. BAKER: I thank the Treasurer. I appreciate the latitude he has just granted me. I wanted to speak about social impact bonds, in particular, and the state's consideration around the concept of social impact bonds because I hear that that is being mentioned in the community sector. I assume that it would have been discussed with government as well. One of the things that I wanted to do was put on the record a few issues that have been brought to me. I am sure that anyone who was interested in the future evolution of the community sector would have already had some chance to consider social impact bonds. They are also called Pay for Success bonds. The concept behind them is basically that a private investor contracts with the local government authority and the service provider to achieve a specified and measurable social income. The first of these specific SIBs, if I can use that shorter term, was established in the United Kingdom as part of the big society agenda that many will remember. The Conservative UK government of the day was very happy to support these social impact bonds, which was meant to do a lot of things but mainly take some of the pressure off a government that was suffering from the beginning of the global financial crisis, a downturn in the economy and major financial stresses. The UK government started this exercise of trialling social impact bonds to minimise the rate of recidivism at a prison in Peterborough in the UK. The most recent information is that that program is still struggling to meet the outcomes that were first anticipated.

As I said, the issue of SIBs rose primarily in response to economic downturn and financial stress. I just want to put on the record some of the dangers in moving down that pathway given that we are facing this level of debt in this state for the first time ever. The idea of forestalling spending money on social programs and only paying for those achieved pre-determined results is clearly very attractive to any government, particularly to a conservative government. If we look at places such as the City of New York, it launched an extension program at Rikers Island Correctional Center that was intended to reduce the amount of reoffending once prisoners were released based on social impact bonds with the NGOs that were delivering services. Again, the preliminary report into how they performed shows that the program has had absolutely no effect on reducing recidivism. In fact, Goldman Sachs, which was the big investor in that at the time, moved to rescind the contract one year ahead of time because from its perspective it simply failed as an investment opportunity for its clients. I know that a number of governments in Australia are interested and really keen to promote SIBs, given this budgetary constraint that many are operating in. They see it as a way of attracting private investment into an area that has traditionally been limited solely to government funding with a bit of private investment coming in through private providers. We only have to look at the collapse of the big childcare companies a few years ago to understand the risks of the private sector being involved in delivering social services. At first glance, as I have said, there seems to be reason to support social impact bonds, but long-term outcomes are not what would be expected. There are questionable outcomes and now investors are very cautious about SIBs as an opportunity. I suggest that the hope that these programs are a cheap and simple option for government is pretty dubious now. If SIBs successfully reach their outcomes, the government needs to repay the investor outlay with an additional return, which can be quite substantial, depending on the contract arrangements. In the event that the outcomes are not met, the expectation is that the government pays nothing, but the reality is that the contractual arrangements over this type are very complex, as members can well imagine. Some contracts are as long as 200 pages and create a real legal minefield, not just for the not-for-profit organisations, but for the investment companies and the government. To expect that investors are going to walk away from these contracts without making every attempt to argue for a return of some, if not all, of their investment is not really credible. Rand Europe in its independent review of the Peterborough SIB made a finding about the contractual content. I will quote an excerpt from that. It states —

“...the SIB raises some complex contractual issues and involves many different stakeholders...complexity in some instances meant that the actual transfer of risk is not clear.”

That was back in 2011. The administrative and legal expenses associated with establishing these SIBs, along with the cost for independent assessors and the ongoing monitoring by the bureaucracy, are pretty much hidden, but they do raise the question as to how advantageous this actually can be to the taxpayer. If there is any attraction in the introduction of SIBs bringing new capital for social programs, it is questionable. The reality is that governments will ultimately be funding any program that proves to be successful and pay an additional premium in the process. Consequently, it is not new money, but simply a new process through which government pays for services. That it does not pay for a successful program is little consolation, as the ultimate aim of government becoming involved in SIBs ought not to be to save money or engage in a funding experiment, but rather to create effective and efficient social services. Saving money from ineffective service delivery is a waste of resources and time. If we want to put it at a local sovereign risk level, we can imagine how it will

impact on a government's reputation if that government has moved down the SIB line and found that the services are being delivered ineffectually. This affects people's lives, because social and human services are being delivered. If it is found that they have not been delivered correctly, the reputational risk to the government that has gone down this pathway is quite high. There are many other points I will put on the public record at another time, but I want to mention a few things specifically. Before I move off this topic, I should thank my very dear colleague and long-time mentor and adviser Tony Pietropiccolo from Centrecare for his comments about social impact bonds and for the many conversations I have been privileged to have with him as we talk about the future of community services in Western Australia and the direction of funding for the sector. I thank Centacare and Tony Pietropiccolo and the many social service agencies, including the councils of social service network around Australia, which I am intimately familiar with.

I move now to some of the issues I raised specifically in my second reading contribution. I will start with John Forrest Senior College.

Mr F.A. Alban interjected.

The ACTING SPEAKER (Mr N.W. Morton): Member for Swan Hills, you are being very boisterous.

Ms L.L. BAKER: The member for Swan Hills has suddenly found a megaphone has been attached to his gob! Member for Swan Hills, that is most surprising and out of character. Put a sock in it, will you!

I wanted to raise a number of issues about John Forrest Senior College, one of the oldest senior high schools in the state. It is an independent public school of which I am a board member. I think I have been a board member since 2011. It is a fantastic school with a wonderful principal and currently has an acting principal because the principal has been forced to take long service leave as part of the government's instructions for public servants to work out long service leave accruals—but that is a different issue.

On a number of occasions the school has requested that the asbestos in the small trade training centre building be removed. The rating outcome by the Department of Education for that building states a medium risk, not a high risk. I do not think anyone with a child at John Forrest would be happy if their child were to accidentally put a tool through the wall or scratch the asbestos while working in the trade space. It is not acceptable that any asbestos is in those kinds of areas in schools. I would understand if the asbestos were in the roof, because students are unlikely to put a hammer, fork or spade through a roof. However, when it is in material at ground level or in the walls, having a medium risk is an understatement. I think it is incumbent on any government to take a far more aggressive stance and remove those kinds of risks from our schools. I am particularly concerned about the one in my electorate. John Forrest is over 50 years old now—I think it is the second oldest high school in the state, if not the oldest high school in the state. It has achieved amazing things with its academic record. Indeed, I think it outperforms its cousin down the road, which has had a lot of money spent on it; namely, the Mount Lawley campus. If people want to choose a school for their children, they should choose John Forrest and not Mount Lawley, despite all the fancy trimmings Mount Lawley now has, because the academic record at John Forrest is simply better. The teachers are great.

Dr M.D. Nahan: How large is it, member?

Ms L.L. BAKER: That is a good question. I cannot remember the current figure. It may be over 1 000 students.

Dr M.D. Nahan: Is it growing?

Ms L.L. BAKER: Yes. I think what exacerbates the need to do something is that the structure plan for Morley—John Forrest's catchment goes down almost to Mt Lawley, Inglewood, Bedford, Bassendean even—states that an additional 10 000 residents will be living in the Morley area. However, the state has done nothing in planning for education. Indeed, I remember at the Western Australian Planning Commission briefing that was held a couple of years ago on the structure plan in Morley, the principal said, "It's really good that we have 10 000 more people coming here, but where are the kids going to go to school?" There was a stunned silence. The comment from the officers delivering the information was: that will be up to them to raise. Consider the matter raised yet again.

The ACTING SPEAKER (Mr N.W. Morton): The number of students is 1 136.

Ms L.L. BAKER: Well done. I thought it was over 1 000; it is 1 136 students. I thank Mr Acting Speaker for his help in this regard.

The school community has made a number of requests for facilities, if not a whole rebuild, over the years that I have been involved. The school is a specialist school for not only tennis and cricket, but also music. The gymnasium the kids use for their performances is very old. It was built when the school was built, so it is over 50 years old. The layout of the gym has caused huge problems for the air conditioning. When the orchestra wants to hold a concert, the kids have to carry huge drum kits and other large instruments from the second storey down

staircases to set them up on the stage. Apart from anything else, it is a horrendous occupational health and safety issue. They not only do not have storage space on the ground-floor level where the stage is, they need better access and a far better performance area for the specialist music students. That has been the subject of a number of requests. It is completely obvious that Mount Lawley Senior High School has been given a performing arts centre under the current government when the Speaker of the Legislative Assembly is the member with jurisdiction over Mt Lawley. John Forrest Secondary College is in my electorate and has been completely ignored by this government so far. Other requests have been made about administration learning facilities because, with the intake of the extra year 7s, the admission block has been forced to convert to general classrooms to accommodate the need for extra facilities. They are very small and cramped. New student service facilities are required because the existing ones operate out of converted classrooms and are scattered about the campus, far removed from the administration block. New computing laboratories are needed and the school canteen needs to be rebuilt. The canteen is quite special because it was built 52 years ago. Walking into the kitchen is like walking into a scene from *Happy Days*. It is very old. I assume everyone remembers *Happy Days*. I am hugely respectful of the parents, volunteers and staff, who manage to get the children their lunches and morning and afternoon teas in such an antiquated facility. There are many other issues around John Forrest college, despite the fact it is a fantastic place to send kids to be educated. They do really well academically. Imagine how much their experience at the college would be enhanced if they had contemporary facilities that reflected the twenty-first century rather than the twentieth century. It would be an essential part of the school's upgrading.

The other schools in my electorate have similar needs. A place such as Durham Road School, which is an absolute gem—I adore Durham Road School; it is a special school in my electorate—has an amazing student group and parents and wonderful staff who do incredible work. It is a joy to have them in my electorate. I try to visit them and watch the children with their incredible teachers as many times as I can. They have 11 transportables on a very small site. Although they may not be suffering from a resource crisis because they have a fairly good model under the student-centred funding arrangement, because it is a special education facility, it could do with some government support to find a better way of laying out some permanent classrooms rather than having 11 transportables. As I mentioned in my second reading contribution, Maylands Peninsula Primary School, which was a new school 10 years ago, is a fantastic school just off the banks of the Swan River. Due to its student intake, it is at bursting point, with more students expected next year. The government has all the records so I will not repeat them. That school's request for two transportable blocks, which it desperately needs, has been turned down. I am not one to argue for transportable facilities normally, but if I were a parent and had little ones on one side of the school campus who have to walk all the way across the school to go to the bathroom, I would be concerned. The department has been to the primary school to make an assessment, and there was some inane policy response about the school missing out on transportable toilets by two children and two feet of space. Think about the kids. Think about the children who have to cross the campus, their safety and the capacity of the teachers to supervise them and take them across the whole school campus to access the bathroom. It is not a big impost. Quite a few transportables have been installed at Maylands Peninsula Primary School, so I cannot see why the government could not stretch to installing a couple of extra toilet blocks to help the children.

I want to say thank you for Hillcrest Primary School's new administration block. The school was in dire need of a new administration block, and thanks to the hard work of the principal, Dan Bralich, I am pleased to say that the new block is very close to being officially launched. It will be a great thing for another primary school in my electorate. I am very pleased that Dan Bralich was able to negotiate that with the Department of Education. Inglewood Primary School is set to get a new administration block, but it wanted a more strategically placed development at the front of its buildings, because it can go up to two storeys at the front. The school was hoping that the Department of Education would consider making that a two-storey building, which would have made a lot of sense in terms of capacity and the future. That is about the size of it with capital works at my schools.

I want to quickly mention a couple of things before I sit down. Firstly, I mention the government's involvement with funding the work of the Royal Society for the Prevention of Cruelty to Animals. When this government took office, it matched the promise that Labor made in 2008 to increase the funding to the RSPCA to deliver on animal welfare and administer components of the Animal Welfare Act. The government increased the funding to \$500 000, which is what Labor also promised to do if elected. That funding meets six per cent of the ongoing operational costs of the RSPCA to administer the Animal Welfare Act. By any measure we get more than we asked for. We get very good bang for our buck from that considering the significant increase in the incidence of animal cruelty and neglect. Each year, the RSPCA fields 16 500 calls and its investigators investigate 3 600 incidents. That is 50 a day over the past 12 months. That is extraordinary.

WA lags behind other states in developing key standards, guidelines and codes of practice on livestock and companion animals. Issues exist within regional WA. Members have heard me talk about these before. There is a real problem with compassion and empathy towards animals, particularly in parts of the north west. I know

specific work has been done—with the government’s support, I might add—in the Kimberley and Pilbara, and it has shown that some quite horrific abuses have taken place. Local people need to be involved in addressing the problem. The RSPCA cannot fund that from a \$500 000 grant, not with the figures with which it has to deal. I think poor investment in the administration of the act is leading to poor coverage and inconsistencies in animal welfare management. It would be great if the Treasurer told me that some small portion of this massive increase in the deficit and operating capital the government will borrow to pay police officers and nurses and the like will go to increasing animal welfare protections in the state. I would support that. I could go on to refer to many other issues, but I think I will finish on that one and hand back over to the house.

In conclusion, it has been somewhat amazing to stand and watch this government as the deficit has increased over the eight years. It is particularly disturbing to think that we now have to discuss yet another increase. Borrowing to pay salaries is pretty horrendous, and if any household in Australia was facing that, we would all be concerned about the capacity of the people who were running that household to make ends meet. It is with great concern that I sit down after having made my contribution to this bill.

MRS M.H. ROBERTS (Midland) [7.40 pm]: I will make some brief comments at the third reading stage of the Loan Bill 2016. The government needs to borrow \$1.7 billion because it has wrecked the state’s finances, and many of my colleagues have already emphasised that point. My colleagues also emphasised that we have gone from a debt of \$3.6 billion in 2008 to now \$30 billion, which is on its way to \$40 billion or thereabouts. This constrains spending and is having a big impact in key areas, particularly education and health.

From a schools’ perspective, new schools are not being built in a timely way. The opposition drew attention to that in private members’ business last week. It means that even though developers have handed over pieces of land so that new schools can be built, and people have bought new blocks in estates such as Caversham south, the schools that were promised and committed to by the government and, indeed, by the Minister for Education, Hon Peter Collier, have now been taken off the agenda for the time being and we are no closer to knowing when, or even if, these schools will be built.

The ruin of the state’s finances and the lack of finances has a real impact in the community. It also has a real impact on existing schools, such as Guildford Primary School, which is full. It is a very small school site. Yes, some of it is located on a floodplain, which can neither be built on nor have a demountable placed on it. It is a very constrained site. It is the oldest continually operating government school in this state. It is heritage listed and it is not possible to make adjustments to those buildings, either to convert them to multistorey buildings or demolish them. It is a very small and constrained site and it is full. The nearest school to Guildford Primary School is Woodbridge Primary School, formerly known as west Midland primary school. The Gallop government rebuilt the old west Midland school and replaced it with a beautiful school at Woodbridge. Unfortunately, that site has an area of only 2.6 hectares. These days the average primary school site is five hectares or something of that order, which is nearly double the size of the Woodbridge site that, again, is a very constrained site. Sadly, because of budgetary pressures, I have found that the Department of Education has a policy whereby neighbouring schools effectively have to be 200 students over quota before the department can justify building a new school. There have to be 400 kids in demountable classrooms in neighbouring schools before the government is able to commit to a new school. I call it just-in-time management or crisis management. It is a major inconvenience and disappointment to families. I know that is the case in south Caversham and, I understand, in dozens of other suburbs in the state. At the rate we are going, if a commitment is not given to building or reopening local schools, demountables will be placed at Woodbridge Primary School because there is no room for them at Guildford Primary School and students will lose their play areas on what is already a tiny and constrained site. That is wrong and it is more than unfortunate. The simple solution is to reopen Midland primary school in a staged way. One of the things the government should be moving to do is to open a K–2 centre at the old Midland primary school site. There are purpose-built education buildings there and it operated as a school until about eight or 10 years ago. There would not be a huge cost involved in doing that; it could be done relatively cheaply. Indeed, in the first instance, because it is so close to Woodbridge Primary School, it could be administered from Woodbridge Primary School—the old West Midland school. Effectively, these schools are on either side of the railway line that cuts through Midland. A sensible solution like that could be put in place. I suspect we would be talking about a figure in the hundreds of thousands of dollars to make a few modifications to open a specialist K–2 centre at the old primary school site. There is land and buildings there and it could easily be administered from Woodbridge Primary School, which is certainly less than one kilometre away. I understand that it would be a relatively simple task for the principal to do that. There is an easy solution there, but this government has wrecked the finances to such a degree that even minor costs like that cannot be met. I understand that a new primary school would be a significant cost. There has been infill development in Midland; there are multistorey units and flats, and there is also further development in Viveash, which is part of the Woodbridge Primary School catchment. There has been a huge increase in housing at Rose Hill and other areas of South Guildford; it would be much more expensive to build a primary school in South Guildford, for example. At the moment, kids in South Guildford attend Guildford Primary School and

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Woodbridge Primary School. They would be able to continue to attend those schools if we had the staged reopening of Midland primary school. If the government wanted to test demand, it could do so by establishing a K–2 centre. That is my simple suggestion for this evening. I think it is imperative to do it. For the sake of less than \$1 million, I do not think the government should be looking at installing demountables at Woodbridge Primary School and overcrowding it. There are real fears that the school garden will end up with a demountable on it; that is just not right. The play areas are already very constrained. The idea that there might be up to 100 or 200 more kids utilising less play space than they have now greatly disturbs me.

I wanted to highlight that, because it is of real consequence. Without going into detail, it has already been put on record by my colleagues that there are problems with elective surgery being funded and made available at Midland Public Hospital. That is simply a matter of the government handing over more money to St John of God in Midland so that it can provide those services. A lot of people do not understand how that system works, but effectively it is St John of God running the public hospital on behalf of the government, providing the services that it is paid to provide by the government. Unfortunately, in my view, it is not being given enough money to provide enough services at Midland Public Hospital.

DR M.D. NAHAN (Riverton — Treasurer) [7.48 pm] — in reply: I will respond relatively briefly to some of the issues and basic arguments; I will not go into every one of them. I recognise that this is a wideranging debate and many people went into issues relating to their electorates.

Firstly, I reiterate the purpose of this bill. This is the Loan Bill 2016. It is a requirement unique to Western Australia—that is, under our system, we cap the amount of borrowing for the consolidated fund and if a government needs to go above that cap of debt, it must get a loan bill, and that is what we are doing here today. It does not signify any additional borrowing beyond that appropriated under the budget; this is not additional borrowings on top of what was included in the budget. That is important. Listening to some of the contributions, some would not understand that. It is unique to us, but it is an appropriate measure to put in.

In 2015, we sought and achieved a loan bill of an additional \$8 billion, bringing the borrowing limit up to about \$21 billion. At that time we thought that would provide a buffer of \$1.5 billion until 1 July 2017. That did not come to pass. The major reason was between 2015, when we brought down the budget, and today, revenue has declined by \$9.3 billion, which is beyond what was forecast over the forward estimates. As I indicated before, we have put in substantial expenditure measures to reduce expenditure by a further \$2.6 billion, but that led to a gap of \$6.7 billion. We have the choice —

Mr B.S. Wyatt: Are you going to go for a while?

Dr M.D. NAHAN: I am going to finish.

That was \$6.7 billion. We have the choice between cutting capital or recurrent expenditure. Of course, we are in deficit. If we were to make up that \$6.7 billion, that would have been a substantial reduction—in the vicinity of over 10 per cent additional expenditure across the budget. We decided to maintain the levels of services, though drive efficiencies in them, and also a capital works program that has underlined a large amount of our economy. The question was asked: what did we do with the money? From 30 June 2008 to 30 June 2017—2017 is estimated—basically the two terms of the Barnett government, we have invested nearly \$57 billion in new productive assets. That debt will be in the vicinity of \$28.2 billion. In other words, the government has undertaken \$57 billion, of which 50 per cent was funded by debt. Compared with Labor’s time in government, that is over double its investment. Labor invested something in the vicinity of \$22.2 billion during its seven years compared with this government’s \$57 billion. Because of a decline in revenue, we have a very large deficit—we are not running away from that. We will need to borrow from 2014–15, 2015–16 and 2016–17, for the general government sector, about \$5.4 billion to fill the deficit. That is the real issue.

Where did this borrowing go? Up until 30 June 2016, electricity represented—it is a different date; this is accurate audited data—32 per cent of our total borrowings during that period. Water represented 21 per cent. To date, electricity and water together made up 53 per cent of government borrowings. Transport represented 17 per cent, health represented 14 per cent and education represented seven per cent. Electricity, water, transport, health and education made up 91 per cent of borrowings. If I listened to people opposite and to my colleagues, other than electricity perhaps, all of them demand more expenditure in those areas.

Western Power alone invested \$9.2 billion in electricity. Of that, 70 per cent was from Western Power itself. During this period there has been a 30 per cent increase in population growth and a rapid increase in demand for hospitals, schools and almost every other type of service. We have invested in the delivery of those capitals. Particularly because it is an operating deficit, the issue is not just capital. We have borrowed to meet recurrent purposes; that is, borrowed to fill a deficit to meet recurrent expenditure. Members opposite have spent a great deal of time, as they are wont to do as local members, saying that we should spend more in their electorates. At least the member for Victoria Park in aggregate criticised us for this: we have substantially increased our expenditure particularly in frontline services. Health has gone up by 80 per cent, education by 48 per cent,

mental health by 84 per cent, disability services by 118 per cent, child protection by 81 per cent, law and order by 48 per cent, and there has been a massive 70 per cent increase in public transport subsidies. There has been a very large investment and a very large increase in expenditure. Part of that increase in expenditure has been driven by population growth and pent-up demand, but it has been large.

I thought we were going to have a look back in history to when Labor was in government, so I have spent a good deal of time doing exactly that. It is true that the Gallop and Carpenter governments did pay down, in the general government sector, over \$3 billion in debt. When they started, debt was about \$480 million, and they ended up with a negative net debt of \$2.7 billion. They did pay down debt, and we inherited in the general government sector, which is what this Loan Bill relates to, negative debt—a surplus if you wish. That was achieved by a number of means. The largest one, particularly in the second term of the Carpenter government, was a massive increase in revenue. Some of the figures that I look at are out of this world. I can tell members that I wish I had them. In 2007–08, total tax revenue grew by 11.1 per cent, payroll tax grew by 22 per cent, and our GST share was 94 per cent. Indeed, in that year, the Labor government had unprecedented windfall revenue of \$1.1 billion, the opposite of what we have.

Mrs M.H. Roberts interjected.

The ACTING SPEAKER: Member for Midland, this is the third reading stage. If you have not made your point by now, you are not going to make it. We are in the dying stages of this debate.

Mrs M.H. Roberts: It's new material.

Dr M.D. NAHAN: It is very relevant.

The ACTING SPEAKER: I am certainly not asking for interjections on the Chair, so members will sit quietly and we will finish with the Treasurer. Thank you.

Dr M.D. NAHAN: It is very relevant.

The Labor government received an unprecedented windfall. In fact, as we know, the revenue from the boom came early, driven largely by a ramp-up in population, wages and land. The then Labor government used part of that revenue to pay down debt. However, the majority of it was used to undertake a very large growth in expenditure. Expenditure growth under Labor ramped up and averaged 7.8 per cent per year over its term of government, an 80 per cent increase in expenditure during its period in government.

Several members interjected.

The ACTING SPEAKER: Member for Midland and member for Warnbro!

Dr M.D. NAHAN: That is a very large growth in expenditure, and we have had to deal with that. During our period in government, from 2008 to 2016–17, revenue growth will be 32 per cent, or 3.6 per cent per year, relative to revenue growth under Labor of 11.5 per cent a year, or 81 per cent. That is the secret to what the Labor government did. It was awash with money.

The opposition has condemned us again and again for our level of debt and deficit. Oppositions are not often held to account. However, one time when they are held to account is when we go to an election. Labor's 2013 pre-election commitments tell us what Labor actually wanted to do. At election time, both major parties are treated equally by Treasury. Treasury came to both parties and gave them a warning —

Several members interjected.

The ACTING SPEAKER: Members, please! I have been in the Chair for nearly an hour. When opposition members had the call, they were listened to in silence. I would appreciate the same courtesy for the Treasurer. We are nearly there. The Treasurer has 21 minutes remaining if he chooses to use them. I would like to finish the debate with the Treasurer, who has the call.

Dr M.D. NAHAN: Treasury came to both parties and warned them—as the member for Victoria Park indicates often—about the volatility and uncertainty of iron ore revenue. It is true. We know that. The opposition took our forecasts. Did it question those forecasts or alter or adjust those forecasts? No. The opposition got the same warning that we did it, and what did it do?

Several members interjected.

The ACTING SPEAKER: I call the member for Warnbro for the first time. Member for Victoria Park and member for Midland, you are very, very close to being called as well. It is late in the proceedings. I cannot stress this enough. If we can just get through the last 20 minutes of this evening's proceedings with the Treasurer not being interjected on, that would be appreciated.

Dr M.D. NAHAN: The opposition committed to a level of net borrowings of \$25.4 billion in 2015–16, substantially more than Treasury estimated ours to be. There was a very large increase in both the recurrent expenditure and borrowings. I might add that, for Metronet, most of the spending was beyond that period—about

\$900 million was in there. On top of that, about \$4 billion in Metronet expenditure was yet to come. In other words, if we put in the real revenue flows, the opposition would have been committing to the same level of debt and to loan bills identical to ours.

Mr S.K. L'Estrange: Plus, it would have had wages growth.

Dr M.D. NAHAN: Yes, it would have.

Mr P. Papalia interjected.

The ACTING SPEAKER (Mr N.W. Morton): Member for Warnbro, I am going to correct the record. You have actually been called for the second time. If you continue to interject, you will be called for the third time. If you then continue to interject—I do not care whether there is 19 minutes, five minutes or two minutes remaining—you will get called a fourth time and you will be out of here.

Dr M.D. NAHAN: In the run-up to the 2013 election, the opposition committed to a large increase in expenditure, in both recurrent and revenue. It took our forecast, and it did not show any sign of uncertainty or caution about iron ore royalties, as members opposite have said they would have—no sign whatsoever. The opposition committed to a massive increase in capital works and a larger increase in net debt than we did at the time, according to Treasury. If we were to plug in the actual revenue flows, rather than the ones that were forecast at the time, the debt levels would be over \$30 billion right now.

Several members interjected.

The ACTING SPEAKER: Member for Midland, I call you to order for the first time; member for Warnbro, for the third time. The debate on this bill has been broad ranging. The Treasurer still has the call for just over 18 minutes.

Dr M.D. NAHAN: We hear members opposite, one after another, condemn the government for high levels of debt, but our levels of debt are lower than they would have been if the opposition had won government. The opposition's commitments in 2013 would have led at least to the Loan Bill 2015, which the opposition condemned us for last year. There is a bit of hypocrisy here. In government, Labor received an unprecedented windfall of revenue, and it did pay down debt. Eric Ripper was an excellent Treasurer. However, the previous government built up a mountain of expenditure, and we have climbed down that mountain, so that expenditure growth now is the lowest in 20 years. We will make an announcement tomorrow, when we bring down the statement of state finances, that expenditure grew by 2.4 per cent last year, and over the forward estimates it will grow by 2.4 per cent. That is one-third of the average expenditure growth under Labor. It is not bad. A little bit of reality here is that the idea that Labor was or would have been or will be a better fiscal manager is absurd, on the record and on the evidence.

The member for Victoria Park says that his fiscal solution is not to sell any assets, but just to copy me for the next term or so. That is what he said. We have got expenditure down to a sustainable level, so all he has to do is hold it there for a term or two and the deficit will go away; we will go back into surplus and pay down debt. That is what he says. That is his strategy, but I do not think it is adequate. I think we have to step it up and go further. The real question is: will the public believe that a Labor Party, dominated and funded —

Mr B.S. Wyatt: Deficits are a Liberal phenomenon—20 years of deficits.

Dr M.D. NAHAN: No, the Labor record on expenditure growth is poor.

Mr B.S. Wyatt interjected.

The ACTING SPEAKER (Mr I.M. Britza): Member for Victoria Park, I call you to order for the first time. You had to wait for me to take the chair!

Dr M.D. NAHAN: The opposition's record on expenditure growth, which is its solution into the future, is terrible.

Mr B.S. Wyatt: Deficits are a Liberal thing. It is true—Richard Court and now Colin Barnett.

Dr M.D. NAHAN: I was around when Carmen Lawrence was in this place and I can guarantee members opposite that there were deficits, but, anyway, let me make it clear —

Several members interjected.

Dr M.D. NAHAN: Let me make it clear: the record, particularly of the Carpenter government, was bad.

Mr B.S. Wyatt interjected.

The ACTING SPEAKER (Mr I.M. Britza): Okay, member.

Dr M.D. NAHAN: Secondly, when it counted in the 2013 election, the opposition committed to a very high level of capital expenditure, which meant —

Mrs M.H. Roberts interjected.

Extract from Hansard

[ASSEMBLY — Wednesday, 21 September 2016]

p6504b-6513a

Ms Simone McGurk; Ms Lisa Baker; Mrs Michelle Roberts; Dr Mike Nahan

The ACTING SPEAKER: Member!

Dr M.D. NAHAN: — necessarily that it would have been after, if anything, larger loan bills than we have now.
Several members interjected.

Dr M.D. NAHAN: More importantly, there is no way that it would have restrained expenditure as we have because the union movements that fund it, own it and select it would not allow it.

Several members interjected.

The ACTING SPEAKER: Okay, members; Member for Midland and member for Victoria Park, you are both now called for the second time.

Dr M.D. NAHAN: We will go through this debate many times in the future. I look forward to communicating it widely to the public. All I can say is that it has been a hard road to control expenditure in here —

Mr P. Papalia interjected.

Dr M.D. NAHAN: These people opposite laugh; they think it is simple.

Several members interjected.

Dr M.D. NAHAN: They do not get it. They think it is simple.

Several members interjected.

Dr M.D. NAHAN: They think that the public will believe that the member for Bassendean will be a fiscal fiend—yeah, right!

Mr S.K. L'Estrange: He wants to be their leader.

Dr M.D. NAHAN: Of course he does; the member for Bassendean wants the public to believe anything. It is just ridiculous.

Mr P. Papalia interjected.

Dr M.D. NAHAN: I have a margin much larger than yours, mate.

Several members interjected.

Dr M.D. NAHAN: It is much larger than the member for Warnbro's; I looked at it the other day. But, anyway, it is getting late.

Several members interjected.

The ACTING SPEAKER: Okay, members! Okay!

Dr M.D. NAHAN: I will not do a member for Butler at one o'clock in the morning.

Mr S.K. L'Estrange interjected.

The ACTING SPEAKER: Thank you, member for Churchlands. You should be seated if you are going to make a comment.

Dr M.D. NAHAN: I again thank members for their contributions and I look forward to revisiting this many times in the future. I congratulate everybody on this side for assisting me in trying to restrain the growth of expenditure in periods of tough revenue growth, and also for committing to provide the services that the state needs.

Question put and passed.

Bill read a third time and transmitted to the Council.

House adjourned at 8.07 pm
