

Extract from Hansard

[ASSEMBLY — Wednesday, 22 August 2018]

p5106a-5131a

Mr Dean Nalder; Mr Ben Wyatt; Dr Tony Buti; Acting Speaker; Mrs Alyssa Hayden; Dr Mike Nahan; Mr Sean L'Estrange; Mr Terry Healy; Mr Bill Marmion; Mr Bill Johnston; Speaker

McGOWAN GOVERNMENT — ECONOMIC PERFORMANCE

Motion

MR D.C. NALDER (Bateman) [4.01 pm]: I move —

That this house condemns the McGowan government for its short-sighted economic and financial policies that have damaged the economy by undermining business and investment confidence, reducing consumer discretionary expenditure and hurting international education and tourism.

I rise today to talk about some very important occurrences over the last two years, particularly since March 2017, when the McGowan–Wyatt government was elected. I want to touch on a few things that this government has been talking about and lay the framework for some of the assertions it has made. It is fascinating to hear the Treasurer shoot off and speak with such authority, but today I will put a little pin prick in that balloon and demonstrate that sometimes some of his assertions are more bluff and bluster than reality. I will touch on and lay the framework for some of the ramifications of the decisions and comments members opposite are making in this place and in public, and will follow through and explain the impacts on people in Western Australia. I will start with the debt position of Western Australia.

Today we heard the Minister for Sport and Recreation talking about being left with a \$40 billion debt. Last night I saw a tweet from the Treasurer saying that it was \$41 billion. What is really fascinating about this is how far off from the truth it is. The basis on which they are making up this number is flawed. They are using this number to cover their own spending—their own uncoded, unfunded election commitments. I will back this up with real data and facts. As at 30 June 2017, three months after the election, the audited accounts of the state showed the net debt position of the state was \$31.96 billion. I will round it up to \$32 billion. This gets better; three months after the Labor Party had taken government, the debt was at \$32 billion, not \$40 billion or \$41 billion. But we know that the Treasurer loves to use the forward estimates number. In fact, he pinpointed the *Pre-election Financial Projections Statement* put out by Treasury, which showed that the forward estimates of the state finances would have net debt grow to \$41.1 billion by 2019–20 if it was left unchecked. What is fantastic about this is that the government has now committed that forward estimates are the key element in assessing someone's responsibility for debt. I point out that members opposite talked about how the debt that we inherited was around \$3.5 billion. That did not take into account the forward estimates that the previous Labor government left. I will not go there; I will leave the fact that we inherited a debt of \$3.5 billion, but if we use the \$3.5 billion, then it is \$31.96 billion as the same number. Let us stick to the forward estimates. If a member is going to use Treasury forward estimates, we would think that they would use the latest or the last forward estimates from Treasury. The reality is that the *Pre-election Financial Projections Statement* was not the last forward estimates put out by Treasury. They were the second last. During the election the then Liberal–National government made a commitment to deal with debt. It made its election commitments and had them coded by Treasury, as it had done in the previous two elections. I will stop at this point and examine this point a little. What is fascinating about this is that if we look at the 2008 and 2013 elections, Treasury coded both Labor and Liberal election commitments. Its findings were that the election commitments of the Labor Party would impact net debt by \$1.1 billion more than the Liberal Party election commitments would. Here we are talking about the debt that the Liberal–National government had grown over its time in office, when in fact Treasury codings of the Labor Party's election commitments in 2008 and 2013 demonstrated that the Labor Party would grow net debt further.

The second thing that goes to this point is that when we made our election commitments in 2017, we had Treasury code them. Treasury found that over the forward estimates, net debt would drop to \$28.8 billion—let us say \$29 billion. If the government is going to use estimates made by the Department of Treasury, I would think that the latest Treasury estimates are the appropriate ones. I was happy to take the \$31.96 billion, the \$32 billion, we had left the government. But no, the Labor Party is insisting on \$41 billion because it wants to use Treasury estimates. If it uses the last Treasury estimates of the former government, then it is \$29 billion.

Let us take this one step further, because this government refused to have its election commitments coded by Treasury during the 2017 election. During that election, it promised that debt would be capped at \$39 billion. Members can look at the election commitments of the Labor Party and that it talks about net debt capping out at \$39 billion. We already questioned that \$39 billion because some of the numbers for some of the infrastructure projects were not realistic and were made up. We felt that net debt would be far higher under this government because of the unfunded and uncoded election commitments that it took to the 2017 election. What did we see when the first budget came through? We saw that net debt over the forward estimates of this current government would grow to about \$43.5 billion. We are talking about the difference between \$29 billion and \$43.5 billion, which is \$14.5 billion. Labor Party members also talked about interest rates climbing on the net debt and the borrowing rate shifting from about 300 basis points to 340 basis points, or 0.4 of a per cent.

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We know that the impact of that would be on the level of debt they are talking about of over \$500 million a year in additional interest costs. All of these things go to the bottom line. What is fascinating about this is that when the government looked at the net debt, it did not include all the infrastructure projects that it had promised in the election campaign, so the potential for net debt blowout was far greater. I find the fact that the current government is trying to create an environment in which the community perceives that it inherited a \$40 billion debt is purely so it can get away with high levels of spending and blame it on the previous administration. Not only do members opposite say that it is the former government's problem for creating a debt level, which would have been higher had the Labor Party been successful in 2008 and 2013, they are trying to put future spending back on the former government. We also hear them claim infrastructure projects that have created the state's net debt. As they open them, they claim them as their own. They want to claim the glory and put all the expense of the costs incurred by the former administration, plus the costs incurred by the current administration, on the former government.

Dr D.J. Honey: They like the openings.

Mr D.C. NALDER: They love the openings. I do not get invited to too many. I think that is ordinary and deceitful politics. If they are going to make election commitments and if they are going to spend the money, they need to take responsibility for it. They are far from doing that.

I want to lead my comments to the 2017 budget. I would say that it is one of the most fraudulent sets of accounts I have ever come across. I am saying fraudulent. I am saying it is a disgrace. I will explain why and put the facts behind it. Not only is the government misleading people about the state of debt in Western Australia and who is responsible for driving that, but it is not being accurate in reflecting the current account position of the state and the impact of its own activities on net debt. I will touch briefly on the current account position, moving towards a surplus in the forward estimates. The government has announced a joint agreement with the federal Liberal government on the Metronet projects and states that there is a 50–50 relationship between the commonwealth and the state to ensure that those projects get done. However, it is interesting how the government has accounted for that in the state's finances. Let us touch on that briefly.

For certain railway lines, funding has been brought in from the government that comes into the state finances as a revenue line. That is standard. That creates a position that makes its whole income statement look a lot better than it would have if it had not been allocated that funding from the commonwealth government. What happens is that we bring it in and it boosts our income and makes our deficit look a lot smaller. When we expense it, it goes out as a capital line item which is below the line, so it does not impact on the current account surplus or deficit. It is expensed as capital; received as revenue. What is interesting about this is that when we see \$725 million booked as revenue and then expensed as capital, we say, "Oh, we've received the money already," but there is not a business case. The reality is that the state has not received that \$725 million from the commonwealth. Part of the process the government has to go through to receive that money is to get the business case approved by Infrastructure Australia, and it has to commence the project. We go, "Okay, they decided to book this revenue and expense and expense it." However, we then look for the state contribution because there has been a joint announcement by the Premier and Prime Minister of Australia about this agreement. The government booked the commonwealth money—as I said, the business case is not there so I am a bit surprised that it has booked it—but where is the state contribution? It is not there. Upon questions to the government about the state contribution for the Metronet project that it has booked revenue from the commonwealth for, it said that it was not appropriate yet because the business case was not done. If it is not appropriate to be putting in the funding from the state, then it is not appropriate to be putting in the funding from the commonwealth—simple as that. The net effect on the activity it has undertaken is to understate the operating deficit of the state of Western Australia at the same time by not putting in an expense line from the state's contribution to the Metronet project. That is understating the net debt position of the state. The government has booked revenue it has not received, hoping that it will get it some day.

When we say this we think: what is the point of doing a budget and being honest with people about the state of the finances if we are not accurately reflecting what the finances are? This is but one example. It lacks transparency and honesty and it misleads people. I would go as far as to say that the government had made a bet about getting a GST solution. However, instead of seeing a massive windfall from GST over ensuing years, some of this funding is now going to disappear down a black hole to fix the budget gaps that it has created in its misleading financials to date. We have had two budgets and they mislead the people of Western Australia. What is interesting about where this goes and what this government has done leads then to the actions that this state government has undertaken. We have seen from the state government short-term policy decisions that clearly show ignorance to the long-term consequences within the economy and for the people of Western Australia.

The first that I will touch on here is a scare campaign that the government ran during the election. The government said that it wanted local jobs for local people. No-one would disagree with that. On the surface we would go, "Yep, we all want that." There is no question from this side that that is what we want to deliver. However, the government

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cut regional migration, which in turn impacted negatively on international students and in turn impacted negatively on tourism. It is known that for every international student there are five visitors a year. That decision was a short-term political decision that had adverse long-term political consequences. The government has not wanted to take any responsibility for that. I listened to the Minister for Tourism today demonstrate his lack of understanding of basic business and economic metrics and how he should run his portfolio. What we also saw in the last 72 hours or more has been quite an interesting level of —

Dr A.D. Buti: There has been Liberal leadership turmoil in the past 24 hours.

Mr D.C. NALDER: I thank the member for Armadale. I am talking about the activities of the Treasurer regarding the foreign buyers duties bill and the outrageous claims that we are trying to support foreign investors over Western Australian families. What a joke—an absolute joke. Again, it is the same principle: it is an easy target so let us target international investors.

What we said is that this government has to understand the second and third-order consequences of the policy decisions it makes. This government is showing a real lack of understanding in this space, just like it did with the regional migration scheme and foreign buyers; it is exactly the same thing. The same applies with the gold royalties for that matter. I keep hearing the Treasurer say, “Look how successful the gold royalties were. We should have been able to tax them.” Thank goodness we did not! Look how successful they have been and those companies are now making investments in Western Australia. We understood the consequences of that policy decision and we are saying the same thing here, yet this government wants to take that short-term, political, opportunistic response and say the opposition is putting foreign or speculative investors over and above Western Australian families. We are saying that, given the state of the current Western Australian economy, the timing to do this is not right. We understand the timing and why it has been done in other jurisdictions, but we are saying that the government should not do it now because the industry is on its knees and needs to get up on its feet. It is not on the floor, like some countries have experienced in the last few years, but it is on its knees. We know that investment in the housing sector will create jobs and we believe that that has to be a key platform of any government. It is easy for the government to take a cheap political shot. It is easy for the government to try to portray it in the way it has and to then walk away and distance itself from those second and third-order consequences, but we will not let the government do that without our critique.

This leads into what has been an even more fascinating exercise by this government. It has done what previous new governments have done in the first two years of office: it has gone in and loaded up household charges. We have seen an affront on electricity prices for the average consumer. The government loaded prices through a fixed charge so that people could not keep their bills down by reducing consumption. We know that in the first 12 months electricity charges increased by 10.9 per cent. We also know through freedom of information requests that the Treasurer received advice that in certain segments of our community the increase was equivalent to over 30 per cent in one budget. The Treasurer likes to go back eight or nine years and talk about the previous administration and the size of the increases that it put in place. However, there are a couple of fundamental differences. The first is that large increases were already built into the forward estimates by the previous Labor administration and the second is that the state was booming and real wage growth was exceptionally high. This government has said, “You did it in the past and ours is a much smaller increase”, but that does not take into consideration that this government is compounding it on top of what the previous administration already built in. It is having a compound effect and it has not gone away. Those increased charges are still being paid by families and this government has compounded that impact by loading these increases on top, but it has done it in an environment of low real wage growth, not high real wage growth. The problem is that real wage growth is continuing to decline. Today, I received Australian Bureau of Statistics data and some notes from Treasury that state —

- Western Australia’s average weekly earnings declined by 0.9% over the six months to May 2018, to stand at \$1,320. In annual average terms, average weekly earnings fell by 0.3%.
- The State’s average weekly ordinary time earnings decreased by 0.1% over the six months to May 2018 ...

Average weekly earnings data is declining in Western Australia. That said, nationally the average weekly earnings rose by 1.3 per cent in the six months to May 2018. What is fascinating is that this data came out at the same time as positive news about jobs ads. I have seen the Treasurer everywhere on the social media network spruiking the positive news. What I have never seen from the Treasurer is the balance in his argument: “Here’s the real wage average weekly earnings in Western Australia.” That is a critical component for the consideration of the impact that this Treasurer would put on Western Australian families when he is looking at increases in household charges. In the space of 12 months and one day, from 30 June 2017 to 1 July 2018, household charges have increased by 13 times the rate of inflation. When the rate of inflation is around one per cent, average household charges have

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gone up by 13 per cent. I am trying to get into the psyche of the current government to understand what it is trying to do. I think its members are thinking: “Right, what we can do is we’ll load it up and then we’ll back off for the next two years.” But the pain that this government has created is long-lasting and in many communities it is sending people to the wall. We have seen an increase in bankruptcies across a number of electorates, particularly the outlying suburbs, and an increase in the levels of mortgage stress, and it continues to grow. The last report said that 132 000 homes were suffering mortgage stress. The last figures I had on the number of houses with zero or negative equity in Western Australia was 71 000 homes. The last thing we should be doing is exacerbating that issue. I expect better from the Treasurer and the government of Western Australia when looking after our economy so that it can recover. This government is going to claim the outstanding results seen in the mining sector as its own: “Look what we’re doing. We fixed the economy.” We now have a two-speed economy in Western Australia. The mining sector is recovering, thank goodness—no thanks to the current government—but the housing and retail sectors are still struggling. Until this government acknowledges that and understands the second and third-order consequences of its policy framework and policy setting, we will still see Western Australians suffering at the hands of this government.

The government has been very short-sighted in its economic and financial policies. It has looked at face-value politics in making and framing its policy decisions. It has taken the easy opportunity. No-one would disagree with having local jobs for our local young people—we all want that—but the government did not understand what would happen as a result of its policy and thought that if it stopped overseas people from coming here, there would be more jobs for local people. It did not actually understand what international students and others do to create additional jobs in Western Australia for Western Australians. It got that policy setting wrong. This government is undermining confidence in the community and blaming the previous administration. It has not been left with the debt levels that it likes to push out there. I understand what its motive is, but it is disingenuous and misleading and it does not reflect the standing of the type of government that we should expect and demand in Western Australia. I look forward to my colleagues contributing to this debate and I look forward to continuing to hold this government to account for a lot of shabby politics and the disappointing financial management of this state of Western Australia at this point in time.

MR B.S. WYATT (Victoria Park — Treasurer) [4.29 pm]: What a dour, grim old performance that was! It was hardly full of energy. We know it is the second private members’ business motion after the long winter recess when we have a general vent about all things grim and terrible in Western Australia. I note that the member for Bateman did not actually address his motion, which reads —

That this house condemns the McGowan government for its short-sighted economic and financial policies that have damaged the economy by undermining business and investment confidence ...

Nothing was mentioned about business and investment confidence. I, on the other hand, intend to speak at great length about business and investment confidence, including consumer discretionary expenditure. I am pretty sure that my colleague the Minister for Tourism will deal with international education and tourism. In fact, the member for Armadale knows a lot about international education and will no doubt make some comments.

I want to respond because I was surprised at how dour that contribution was. It was an attempt to relive an election that the Liberals badly lost. It was an attempt to say, “We didn’t increase debt by \$40 billion; we increased it by only \$30 billion.” It was the sort of thing about which the member for Scarborough would say, “Semantics: potato, potato; tomato, tomahto; \$30 billion, \$40 billion—whatever.” I note that the member for Bateman insisted on quoting the audited accounts of the state. I refer members to the former government’s last audited accounts of the state before we went to the election. That is the reason we have the Financial Management Act—so that governments of the day cannot hide from the impacts of the consequences of their decisions. That is why we have a *Pre-election Financial Projections Statement*, as much as it embarrasses the member for Bateman and members of the Liberal Party now. I remind everybody about the \$41 billion in debt that the former government left us. I take members to page 2 of the former government’s last audited accounts of the state. There we have net debt hitting \$41.1 billion by 2019–20. As I have said in this place before, I would have given the member for Bateman one sliver of credence around that projection of \$41.1 billion of Liberal Party debt if he had left in place operating surpluses across the forward estimates. What was driving that debt, of course, was the fact that there was not one projection of a surplus position in the PFPS. At no point across the forward estimates would we be back in a balanced budget position.

Mr D.C. Nalder: Treasurer —

Mr B.S. WYATT: No. The member can just sit there and wait; he has had his half-hour.

At not one point was there an operating surplus position. If there had been an operating surplus position, I might have given the member for Bateman some credence, but there was none.

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Mrs A.K. Hayden interjected.

The ACTING SPEAKER: Member for Darling Range!

Mr B.S. WYATT: We have had to take a balance sheet full of rising debt and deficit and try to bring that back to a balanced position in an environment in which the Liberal opposition is trying to wreck every budget repair component of the budget. Not only that—the member for Cottesloe was not here at the time, but I am sure he would be surprised by this—but one of the very first votes that members of the Liberal opposition took in the upper house was to vote out one of the savings measures in their last budget. Not only are they opposing the savings measures and revenue-raising measures of the current government, but also they voted out the savings agenda of their last government. They are reaching back into the dead, old government that they left and are trying to make things worse. That is what they have been doing.

Despite all this, the member for Bateman wants to have this hypothetical argument: “No; we were going to sell Western Power so debt was not going to be \$41 billion; it was going to be \$30-something billion, so therefore, therefore.” They are all hypotheticals. I remember sitting over there where the member for Churchlands is sitting now and watching then Treasurer Christian Porter in his budget speech bank the state’s credit rating on another hypothetical. Do members remember what that was? Christian Porter banked the credit rating of the state of Western Australia on the hypothetical assumption that the GST was going to be fixed. What the government did under the leadership of Treasurer Porter and Premier Barnett was then spend that hypothetical money. That is why when we came to government, the *Pre-election Financial Projections Statement* had nothing but forward estimates full of deficits. That hypothetical money, which was, unfortunately, not hypothetically spent but was actually spent by the former government, drove us into those large surpluses that has pushed our debt up to \$41 billion by 2019–20.

Mrs A.K. Hayden: What about all the money for your election promises?

Mr B.S. WYATT: What about it?

Mrs A.K. Hayden: Where are you getting that money from?

Mr B.S. WYATT: If the member would like, I will get Treasury to give her a run-down on how budgeting works, because clearly she needs some information.

Mrs A.K. Hayden: You can’t tell me? You’re the Treasurer.

Mr B.S. WYATT: We have had two budgets now that explain that. Would the member like a briefing from Treasury to explain revenue, expenses, debt and capital? I will get that, because if she is going to make a ridiculous comment like that, it suggests to me that perhaps the member for Darling Range is a little out of her depth.

Point of Order

Dr A.D. BUTI: The new member for Darling Range has been interjecting throughout the Treasurer’s address. She might want to maybe attend the opening of the springtime Araluen festival that she did not attend last Friday, rather than interjecting on the Treasurer.

Several members interjected.

Mrs A.K. Hayden: I have a point of order.

The ACTING SPEAKER (Mr S.J. Price): I will deal with this point of order first. There is no point of order, member for Armadale. The Treasurer was engaging in direct debate with the member for Darling Range, so if he is happy to do that, I will keep control of it, but there is no point of order.

Mrs A.K. HAYDEN: For making reference to an event and to not know why, I would like an apology from the member.

Dr A.D. Buti: I know. I will talk to you later about the truth of why you were away—so don’t go down there! I think the truth is maybe not what you said.

Mrs A.K. HAYDEN: You need to be very careful.

Several members interjected.

The ACTING SPEAKER: Member for Armadale, this is your last warning. Member for Darling Range! Member for Cottesloe!

Dr A.D. Buti interjected.

The ACTING SPEAKER: Pay attention. Member for Armadale, I call you for the third time. To get back to you, member for Darling Range, there is no point of order.

Debate Resumed

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Mr B.S. WYATT: Coming back to the point that the member for Bateman did not actually reference his motion, I want to deal with some of these issues. I wrote down one of the issues. The member for Bateman said that he is worried about the government's short-term policy that shows ignorance of the long-term policy impacts—the second and third-order impacts. I want to remind all members what both the member for Riverton, the now Leader of the Opposition, and the member for Bateman, as the then finance minister, did to the property market while they were in government. They had three rounds of land tax increases in two years. I want to talk about this for a moment, because the member talked about the second and third-order impacts. Let us talk about exactly what the former government did to the property market. I want to highlight this graph because I think it is a good diagram for those watching at home. Each blue line represents each land tax increase and the red line represents dwelling approvals. Members can see the impact that it had; it was quite dramatic. We have never really quite recovered. We are just recovering now from the Liberal Party's impact on the property sector. I want to highlight these three impacts. In the two years leading up to the Nahan–Nalder land tax increase in 2013, private dwelling building approvals were growing at 49 per cent. Then along came the first Nahan–Nalder land tax increase. It had a pretty dramatic increase. It took the top off it, and growth moderated significantly to 15 per cent over the following 12 months. But then they had another crack; that was not enough. In 2014, the second land tax increase came in, and then, in a seven-month period, investment fell by 10 per cent. But they figured that that was not enough, because then in 2015, they came in with the single largest increase in land tax. This worked out to be about a flat 20 per cent, but many Western Australians, as people in this place know, saw their land tax bills double from year to year. There were complaints everywhere. It was that third Nahan–Nalder increase in land tax that smashed the property market. After the third increase, the market plummeted a whopping 24 per cent in just nine months, with a total decline of around 50 per cent. That is what the Nahan–Nalder time in government did to the property sector. This is what the member for Bateman said at the time justifying those increases to land tax. I quote what he said on 11 June 2014 —

Considering all the options, I think we explained that, relatively, Western Australia's land taxes are some of the lowest in Australia. In trying to work out what we should be considering for a budget and making sure we remain in surplus, it was foreseen that this was an opportunity to assist in balancing our budget. We are quite comfortable that the rates we are charging are still ... generous compared to those in other states.

The former government was focusing completely on the fact that it had to maintain a surplus position. I find it interesting that both the member for Riverton and the member for Bateman were perfectly happy to hit Western Australians with those three rounds of land tax increases and now want to protect foreign nationals investing in property in Western Australia. For some reason, the Leader of the Opposition thought it was okay to hit those Western Australians, but the foreign nationals could not be touched. That is the position taken by the Liberal Party on this.

In regard to the other argument that our rates are relatively low, our rates are non-existent. We do not have a foreign buyer surcharge. Every argument that seems to be presented is also caught up in this whole idea that international student numbers will be compromised because they are flooding east. They are flooding east. They are flooding east into markets that have had foreign buyer surcharges for quite some time, so clearly the presence or absence of a foreign buyer surcharge does not have an impact on the decisions about where people go to study. If that were the case, 100 per cent of foreign students would be in Western Australia and there would be none in other states. That is not the issue. The issue of foreign nationals buying residential property in Western Australia is much more inelastic than that. As I have said in this place, the exchange rate has a much more dramatic impact, as do prospects of capital growth. That is why, even though we have lower rates of foreign investment than other states, that is not impacted by the fact that for a number of years those states have had foreign buyer surcharges.

I now want to come back to some of the motion itself. The part of the motion about business and investment confidence was pretty much ignored by the member for Bateman. By pretty much any measure whatsoever—economic data, confidence data—things are much better today than they were when we won government in March 2017. I cannot find any data that indicates that things are worse, and I have been looking for it. I start with state final demand. In the March quarter of this year, annual average state final demand grew for the first time since September 2013. Our domestic economy grew for the first time since September 2013. There was no growth whatsoever during the member for Riverton's time as Treasurer—none; zero. The opposition needs to think about that when it moves these sorts of motions. The last three months of the member for Riverton's time as Treasurer saw declines in state final demand of 7.4 per cent, 8.2 per cent and 8.7 per cent. The domestic economy has troughed and we are starting to see growth again—slow growth, but growth.

I turn to business confidence. The Member for Bateman moved a motion referring to business confidence but did not mention it in his speech. I, on the other hand, will mention business confidence. There are a range of different measures. The Chamber of Commerce and Industry of Western Australia measures regularly, as we are all aware,

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and its measure was at a seven-year high. That came off slightly in its last measure, with the index now at 121.9, but the report outlined and explained that the dip is due to uncertainty, which I suspect would have been resolved today, because company tax cuts legislation is still stuck in the commonwealth Senate. The Prime Minister today made it clear that they will not be going any further. Importantly, more than half of businesses expect the economy to strengthen next year, and the report predicts strong growth in jobs and investment. The current CCI index figure for business confidence is 121.9. I have made this point before: late in the term of the previous government the CCI measure of business confidence was at 81.7, about the same level as it was during the global financial crisis. During the dying days of the former government, Western Australian businesses were of the view that the environment created by the former Liberal government was about the same as that created by the global financial crisis. Yet here we have a motion condemning us for undermining business confidence—a topic that was not mentioned at all in the member for Bateman's speech. The Roy Morgan business survey stated that in the first year of the McGowan government the confidence index rose 23 per cent. Similarly, we had the highest level of business confidence in the most recent NAB June quarter business survey. I do not understand why we are being condemned for undermining business confidence when it is clearly up significantly from the time the member for Riverton was rampaging through business confidence when he was Treasurer of the state.

Consumer confidence is also referred to in the motion, but of course it was not mentioned by the member for Bateman. The CCI measure, which again is a regular measure of consumer confidence, is at a four-year high, whereas consumer confidence plummeted under the previous government. In our term it has increased by about 20 per cent since those lows of the former government. The figures for two of the issues we are being condemned for, business and consumer confidence, are up, and up remarkably, compared with the time of the former government. It is similar for business investment.

Finally, as I have already said in this place, under this government, the only contraction in the state economy on record in gross state product was in 2016–17. That was our only one. We are now seeing the decline in business investment that drove that trough, and it is starting to grow again. It is now tracking above budget expectations and, importantly, we are seeing a range of data, with things such as the private sector investment in machinery and equipment inventory growing at a clip of around 20 per cent. That is good news because it highlights that those businesses will shortly be employing more Western Australians. Business investment was declining on an annual average basis by more than 30 per cent at the time of the last election. It is now growing. When we took over, it was declining at an annual average rate of 30 per cent. Those first two things, business confidence and consumer confidence, are up to seven and four-year highs compared with what they were under the former government. Business investment, the other thing for which we are being condemned, was declining at an annual average rate of 30 per cent when we came to government and now it is increasing. This is something worth celebrating.

I want to now talk about employment growth. Annual average growth is around two per cent. The 10-year average is obviously still lower, but, importantly, since the election about 35 000 more Western Australians have been employed. Since the low point in September 2016, around 52 000 been employed. At the time of the last election, annual average growth was negative. People were losing jobs in the two years leading up to the election. People are now getting jobs. As I said, 35 000 more people have been employed since the election. Over the next two years we expect probably another 50 000. This is good news. Again, I come back to the member for Bateman's motion, none of which he spoke to. We are being condemned for business confidence, consumer confidence, business investment and employment, but those things are all better than they were when the member for Bateman was sitting on this side of the house. The unemployment rate peaked at 6.7 per cent and has trended down to about 6.1 per cent, seasonally adjusted to about six per cent. In my view, that is still too high, but it is definitely going the right way. Again, history is repeating itself. I want to remind members—the member for Cannington will remember—that in 2001, former Premier Geoff Gallop inherited an unemployment rate of 6.5 per cent and drove it down to 2.9 per cent. Former Premier Barnett took it from 2.9 per cent back up to 6.5 per cent, and we are again going through the job of bringing it back down. History is repeating, it seems.

Mr W.J. Johnston interjected.

Mr B.S. WYATT: Correct.

I turn to the participation rate. We have for a long time had the highest participation rate in the country, seasonally adjusted at 68.2 per cent. I will give members another figure in a minute; this is interesting because it became part of a conversation on social media between a journalist from *The West Australian*—the dirty old mainstream media—Shane Wright, me and a couple of others, comparing what our unemployment rate would be if we had the national state average participation rate. It would be around 4.9 per cent, so to a certain extent we are being punished, if you like, by the fact that a lot more Western Australians are looking for work, which I think is a good sign—a sign of confidence. I am confident that we will see those unemployment rates continue to decline. Only today the data on internet job vacancies was released, highlighting again that Western Australia is leading the

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nation in those job vacancies. The member for Bateman, in that dour old performance, said, “Oh, the Treasurer never tweets the bad news.” Well, I do not need to; I have the member for Bateman to do that, and he does so at every opportunity, grim old figure that he is, to celebrate bad news in Western Australia. I, on the other hand, celebrate the good news in Western Australia. Our annual growth in internet job vacancies is running at 16 per cent—way ahead of any other state in the nation. Yes, I will put the qualifier in: it is coming off a low base, but this is good news for Western Australia.

I turn now to the underemployment rate. After it peaked at 10.6 per cent under the Nahan–Nalder government, it is now down to 9.3 per cent. Again, it is too high, but it is going the right way. The member for Bateman complains that full-time employment is not increasing fast enough. I asked Treasury to provide me with some information. For about the last 30 years we have seen an increase in part-time employment, particularly under the former government when the mining sector took off. I do not recall the member for Bateman complaining about part-time employment during that time. We have average annual growth of full-time employment of around 1.5 per cent, and I remind members that this measure was declining by more than four per cent under the former government in the lead-up to the last election. It is now increasing again and growing at around 1.5 per cent.

On average, the median duration of job search is 18 weeks, which is too long, but it peaked at 24 weeks under the former government. Again, it is coming down and going the right way. Yes, it is too high. I would like to see it come down and hopefully it will.

Some interesting recent data, Minister for Women’s Interests, shows that since the election, female employment has grown four times faster than male employment, at 4.5 per cent versus 1.2 per cent, and that 26 200 women and about 8 000 men have been employed. That interesting stat was brought to my attention not long ago.

The member for Bateman is correct about our wage price index; it is still very low. I do not disagree with him on that, but that is why we have the wages policy we currently have and why we think it is in line with expectations. Generally, wage growth is low, but we need to see an increase. That will be driven by the private sector, not by the public sector ramping up wages. That is the reality. I suspect most people in this place would agree with that.

I want to move onto housing approvals and the housing market. I make the point that, at every turn, the data is better than it was under the former government. The trend rate for total dwellings is now growing again. The opposition likes to ignore any apartments being built; it takes those out and focuses on standalone houses, but total dwellings are now growing again, and grew 1.7 per cent in June. I am not an expert on the housing sector, but we have seen it turn more positive in the last six to 12 months. I suspect that figure will continue to bump around a bit and we will see dips and spurts of growth over probably the next 12 months. That is what I am expecting to see. We are not going to see it suddenly take off again in the way we would all like it to take off, but I suspect we will continue to see growth—unreliable growth, but growth nonetheless—over time. I expect that figure will change around a bit.

Finance approvals continue to decline, which is still a problem for us. Of course, that monthly trend has been in place for a long time now, including for the last 40 months of the previous government, so it is not something new to members of this house. The issue of first home buyers highlights one of the many inconsistencies in the member for Bateman’s arguments. On the one hand, he critiques me and the government for the negative equity people have in their properties, but in the same sentence demands that we pump-prime the construction sector by upping the first home buyer stimulus. It is a bizarre argument that he makes. Ultimately, because vacancy rates are declining to more normal levels, we will start to see our vacancy oversupply being mopped up. That is what we have, and it is not me saying it; it is the ANZ, NAB and all the various property organisations. We had a very large oversupply of housing in Western Australia, although we should not be surprised by that in light of what happened during the peak of the mining boom and how long that takes to flow through. A lot of financial decisions to invest are made years before homes are actually built.

I want to go through other measures and highlight the dour old performance by the member for Bateman. It is like he is reflecting on a completely different state. The value of exports reached a record high in June 2018 of \$12.2 billion, growing by around eight per cent in annual terms. Again, that is a result of the significant business investment period that has been coming off for a long time. As we like to do in Western Australia—gloat—our exports account for 41.3 per cent of Australia’s total exports.

Retail trade is still slow. Nominal trade grew at about 0.2 per cent in June —

Ms L. Mettam interjected.

Mr B.S. WYATT: Yes, of course. We should not be surprised by that. We are now seeing in the seasonally adjusted data for June slight growth of 0.2 per cent, but we are starting to see that data improve again. We know what population growth is. It has been well ventilated here. Mineral exploration grew by 8.3 per cent in the March quarter, with annual average growth of 18.4 per cent. Quarterly trend measures have grown for

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10 consecutive quarters and, interestingly, there is what has been described as a game changer in the discovery of oil by Carnarvon Petroleum. The member for Cannington will be aware of this: annual average growth plummeted by around 30 per cent under the previous government. It is now finally at a higher level than it was at the time of the election.

I turn now to some recent reports. The “Deloitte Access Economics Business Outlook” for June 2018 revised upwards its forecast growth for the WA economy; highlighted the government’s efforts to diversify the WA economy; identified the government road and rail projects in driving construction activity and generating jobs; and noted a range of improvements in the WA economy, including signs that business investment and the housing market are on the improve. Indeed, going back to February 2017, the Centre for Independent Studies—remember that report, member for Cannington?—rated WA one out of 10. The next lowest score was six out of 10, just to give members an idea of where things had gone under the term of the former government.

I want to come back to the motion moved by the member for Bateman. It states —

That this house condemns the McGowan government for its short-sighted economic and financial policies that have damaged the economy by undermining business and investment confidence ...

For heaven’s sake, all confidence data and all economic data —

Mr W.J. Johnston: What did the CCI say about it?

Mr B.S. WYATT: Funnily enough, I have that quote here. All economic data is better now than it was under the former government. I am not making this up; this is just fact. I suspect that is why, despite that motion being moved by the member for Bateman, he never specifically referred to it; knowing of those confidence figures. The fact that the member for Bateman spent his contribution saying we did not inherit debt of \$40 billion, we only got \$38-odd billion, and it is unfair that we keep saying it, highlights he has to move on from the election campaign. The people of Western Australia know what the Liberal Party did to the finances. They get it and they held the former government accountable.

Coming back to the finances, when the annual report of the 2017–18 financial year comes down I think members will see a very strong performance in the first full year of the McGowan government. Members will see very low expense growth and our projected deficit coming in significantly lower than we predicted at budget time. That is because of our budget repair efforts. There is no question about that, despite the Liberal Party trying to oppose every component of it. Even when it seeks to protect Western Australians, the Liberal Party still belligerently opposes it. The Liberal Party is in a bizarre scenario.

Thank you, member for Cannington; I do want to quote what the Chamber of Commerce and Industry of Western Australia had to say about our most recent budget. Honestly, talk about hysterical—I wrote down what the member for Bateman said because I could not get over it. He said it was the most fraudulent budget ever. I am assuming he includes in that the budget of Christian Porter; the one in which he just assumed that the GST would be fixed, and spent accordingly. It was called hypothetical revenue. Unfortunately, it was not hypothetical spending—the spending was real. This is what the CCI said about the budget: “The CCI has consistently advised the WA government that it is the highest spending state government in the country. It has a spending problem; not a revenue problem. This advice has clearly been heard. It will, however, take continuous discipline to bring us in line with the rest of the country over the next few years. It cannot be fixed overnight.” That is quite correct. We had to restructure the finances to fund the priorities that we took to the election, while other priorities do not get funded.

That is the reality of government. We do not get to do what the previous government did, which is just take the books and layer on top of that a set of new spending. That is why the former government saw expense growth average 10 per cent during its first term. That was 10 per cent every year. That is what the former government did. It baked into the finances very large recurrent expense growth that we are now having to work hard to remove.

I have made a couple of other notes about what the member for Bateman said. He referred to our foreign buyer surcharge. I have tried my best to eliminate the various arguments that have been raised by the Liberal Party in its opposition to this. I get it; it is hard in opposition. Members fossick around looking for data and analysis that supports a position. I think what happened is that the opposition made a decision to oppose based on nothing other than politics, so it has been trying to retrofit an economic argument. I suspect—without knowing—that the member for Bateman supports this policy and now has to find an economic argument to back it up. Unfortunately there are none. The data we have is strong and reliable; we do not make it up. Experiences in other states are clear. The percentage of foreign investment in residential property in WA is low. The Property Council of Australia commissioned a report by Acil Allen Consulting that highlights that foreign investors add almost nothing to the price. This is in Melbourne and Sydney, where there is a much higher percentage of foreign investment. That

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eliminates the argument that because of all this negative equity the opposition is complaining about, we need foreign nationals in the market propping up the price. It is ludicrous. I think members know that it is ludicrous. The other argument raised was that people will just flood east if we do this. Alert—they already are; that is where they have these surcharges! As I said a little while ago, clearly surcharges are not the driving force when people make a decision about where to study. Other things are clearly in play.

I want to again quote the deputy president of the Real Estate Institute of Western Australia around our surcharge. This is under a heading titled “WA state budget a positive for property investing”. This is the budget after of course we had announced during the election campaign we would introduce a foreign buyers surcharge. I quote Mr Damian Collins —

“While there could be a slight impact from this, foreign investment only represents a small proportion of the WA property market, instead, the billions of dollars’ worth of key transport infrastructure spending will put the property market in a strong position to continue its steady recovery,” ...

I think it will be a steady recovery. As I said, it will probably bounce around a bit; that is the nature of recovering property markets. But a foreign buyers surcharge will have no impact whatsoever—none. The arguments that have been raised are simply rubbish.

I received another critique. Although the member for Bateman did not address his motion, he did wander far and wide in his contribution. He referred to our decision to increase, in our first budget, the fixed charge component of Synergy bills. That is something that had been avoided by the former government despite the fact that the then Minister for Energy, now the Leader of the Opposition, is on the record saying it was the fair thing to do. The member for Bateman made the point, “We learnt through FOI.” Actually, the opposition learnt because I told the Parliament! Of course it was going to have bigger impacts on people who use less energy from Synergy. That also includes those with solar panels. Trying to capture more of the fixed costs through the variable component of an energy bill is not sustainable when people can make decisions to reduce it. We had to increase the fixed charge—something that the previous government should have done. I suspect the Leader of the Opposition knows it should have been done, but the previous government did not have the courage to do it.

The member for Bateman complained that I should be tweeting or talking about all the negative data. I have to give it to him: Dean from Bateman is a dour old fella who insists on focusing on all things negative if he can find it! I am surprised that the opposition has already got itself in such a deep malaise where it seeks to oppose good policy reform that protects Western Australians. It also seeks to remove out of the budget its own savings measures that were part of its final budget. It seeks today to undermine perhaps one of the more difficult reforms governments have struggled with for 20 years—taxi deregulation. It is one of the most difficult issues that governments, let us be frank, have avoided for a long time. The previous government did nothing on this. I remember the comments from the former member for Jandakot, Joe Francis, who was very, very critical of his former government for dropping the ball on taxi reform. Now it is just making up rubbish. I listened to the member for Scarborough on radio making stuff up to try to undermine something that will finally deliver an important area of reform that governments have avoided for a long time. I think that is a good thing to do.

I think I have covered all the issues raised by the member for Bateman. Importantly, what I have covered off on is his actual motion. The member for Bateman did not deal with this. I want to come back to it. The motion states —

That this house condemns the McGowan government for its short-sighted economic and financial policies that have damaged the economy by undermining business and investment confidence, reducing consumer discretionary expenditure and hurting international education and tourism.

I have dealt with the business and investment confidence and business investment. I suspect that the Minister for Tourism and maybe even the members for Cannington and Armadale might have something to say about international education and tourism. Hopefully, as a result all members now understand that in the last 18 months the economy has turned. Confidence has returned both in the business and consumer space. Yes, we will see blips as we return to that growth. However, whether it be business confidence, consumer confidence, business investment, and jobs data for both full-time and part-time jobs, the participation rate and under-employment, it is now all going in the right way. Even today, we have again seen that Western Australia is leading the nation in the online job vacancy report. It is good news. The Liberal Party will no doubt, grim faced, full of malaise and depression, try to make up an argument, as appears to have been done by the member for Bateman, to present a different story, when that is simply not the case.

I hope my contribution satisfies everybody in this place. I look forward to the ongoing contributions tonight. However, I suspect that, hopefully, the motion that has been put will be completely disproved.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [5.10 pm]: We have just heard a very interesting speech from the Treasurer. The Treasurer said that he cannot find any economic or other data for this state that is worse than the data from two years ago. Do we believe him? Do the households of Western Australia feel infinitely better today, as the Treasurer implied, than they did two years ago? The Treasurer said that everything is fine. He said that every piece of economic data for consumer confidence, business confidence and investment is better now than it was two years ago. It is concerning that he believes it, as we have just heard, and is acting on it. That is the problem.

Certain sectors of the economy are recovering. That includes the mining and agricultural sectors. However, other sectors are stuck in the doldrums and are at their worst in decades. I am not talking the economy down. It will get better. However, the policies being implemented by this government are making the situation worse. If members want evidence, they should look at the result in the electorate of Darling Range. There was a 9.3 per cent swing against a new government that has, as the Treasurer said, caused the economy to roar back on every dimension.

I come now to another concerning piece of rhetoric that the government apparently believes in. The Treasurer and the Premier have both used the term “protecting Western Australians against foreigners”. I have not seen that xenophobia from the Labor Party in recent times, but it is coming up in its rhetoric. I will go through it. I do not think that term will ring true with Western Australians. Western Australians have known throughout history that foreign investment is the backbone of the growth of this state, whether that be in the mining sector or the gold sector. In the first gold boom, the people and the money came from overseas. All the iron ore, LNG and aluminium companies in this state are multinationals. Much of our infrastructure, pipelines and ports is owned by foreign companies. Those companies have made Western Australia wealthy, on the back of foreign investment.

Importantly, the Treasurer argued that the economy should be diversified. The government has identified certain sectors of the economy that should be diversified. One of those is international students. What is happening there? The Treasurer did not refer to that. In this state, unlike every other state, international student numbers have declined over the last year by eight per cent; and, by the way, that number is expected to grow. We rely on foreign visitors to visit our beautiful state. However, the tourism numbers are stagnant.

The government is acting as though foreign investment is bad and it needs to put in policies to protect Western Australians from foreign investment. The Treasurer referred to the foreign investment levy, as he described it. A foreign investment levy was first introduced in Australia a couple of years ago in New South Wales and Victoria. As the Treasurer of this state at the time, I discussed that issue with the Treasurers of those states. The circumstances in Sydney and Melbourne at the time were different from the circumstances in Perth now. I can tell members that if I had been the Treasurer of either of those states at the time, I would have done the same thing. Those states had a couple of problems. House prices were growing at double-digit levels. Housing affordability was declining. They needed to do something to suppress demand, and also acquire funding to help people get into housing. Therefore, they introduced a surcharge on foreign property purchases, first at four per cent and then at seven per cent. What happened? One year after that surcharge was implemented, there was a 67 per cent drop in foreign investment in housing in those states. The price of housing then levelled and started to decline in both Sydney and Melbourne. As has been stated by both the Reserve Bank of Australia and the House of Representatives Inquiry into Foreign Investment in Residential Real Estate, the surcharge was introduced specifically to stop foreign investment and thereby depress house prices. In other words, it was a mechanism, tax or duty designed to reduce the demand for housing and thereby reduce house prices.

The idea for such a surcharge came from Vancouver in British Columbia, which a couple of years ago had rapidly increasing house prices that were pushing Canadians out of being able to afford to buy a house. Within one year, Vancouver had experienced a 38 per cent increase in house prices. The government then introduced a 15 per cent duty, which was a much larger amount than the one proposed by this government but was designed to achieve the same thing. What happened? Within a few months, the demand for foreign investment in property in Vancouver dropped by 75 per cent, and, over the following year, house prices dropped by 19 per cent. That is what the surcharge was meant to do—stop foreign investment, suppress demand and push down house prices. If I were the Treasurer of New South Wales or Victoria, I would have proposed the same thing. However, this state is in a completely different situation.

The Treasurer believes that every market in this state is improving on his watch, but he is delusional. The housing market is in the worst shape it has been in for at least the last 25 years. That is the reality. That is not a conjuring-up of data. House prices in this state are still declining. Housing commitment—borrowing money to finance the purchase of existing houses and build new houses—has dropped by 11 per cent over the last year, and in June this year was at its lowest level since June 1993, and the lowest level in 25 years. That is an indication of future demand for housing, not a backward-looking one. Every indicator in the housing sector is negative. That includes house prices, housing finance, housing commitments and housing approvals. The Treasurer has put in a raft of policies that assume the opposite. That includes the foreign investor levy. That levy will have the effect that the Treasurer

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intends it to have, because in every place in which it has been put in place in the past, it has had a negative impact. It will place a levy on a segment of the market and further depress house prices. The Treasurer has said that he is protecting Western Australians. Western Australians whose major asset and pride and joy is their home will face downward pressure on the value of their home. That is not protecting Western Australians; that is hurting them. That is what the impact will be.

The Treasurer has conjured up a whole bunch of data. He says foreign investment is a very small segment of the housing market, at 1.2 per cent. The reviews of the housing industry by the Reserve Bank and by the House of Representatives committee found that the data on foreign residential property purchases is terrible. They confirm that the Foreign Investment Review Board's data is bad. No-one is collecting accurate and adequate data on foreign investment in residential properties. In other words, the Treasurer's data is bull-dust. He does not have a good feel for it. He does not know. He is conjuring up data to defend his decision to whack a tax on foreign investors. That is what he is doing.

We do not have a good feel on foreign investment; we think it is between eight and 12 per cent of Western Australian housing market stock. That is what we think, but we do not know that. It is less than in Melbourne and Sydney, but it fits an important niche. It is absolutely vital for two niches, and I would like to go to that. Besides that, it impacts housing generally. The largest group of foreign buyers of property are the parents of foreign students. Students take in a number of considerations when they choose where they will study; it is the university, the course at university and the reputation of the university. But it is also whether they can work part-time, or maybe after they finish their degree, and whether the location provides them, or more importantly their parents, the opportunity to buy a house so that the first, second and third child who will study at that university can live in that house. That is why over the years Australian governments have allowed students to buy existing properties, whereas most foreigners are forced to buy new properties off the plan. I would argue that the area with the highest density of foreign-owned properties for students is the Treasurer's electorate of Victoria Park. I have a lot of these properties in my electorate, but he has huge numbers in his electorate. It is obvious to anybody who is remotely aware of the demand and desires of foreign students. Now the Treasurer is going to put a duty on the ability of foreign students' parents to buy a property for their children to study here. That will have a negative impact. The Treasurer keeps saying that foreign buyers should pay their fair share. He said that in the case of land tax for foreigners. Foreigners pay land tax just like everybody else. They pay the existing duties like everybody else. The proposal is a surcharge or duty of seven per cent. Depending on the value of the property, that will be a total duty of 11 to 13 per cent. An up-front duty of 11 to 13 per cent will dissuade people from buying property. The Treasurer, who has a degree in economics, is claiming otherwise. That is ridiculous; it is not believable. It is just like the Treasurer's statement that he cannot find any negative data under his watch. He is delusional. It has had an impact interstate and in British Columbia, and it will have an impact here. It has to. The Treasurer is defying gravity here.

Another major area in which foreign investment is absolutely crucial is people buying apartments off the plan. Virtually every major apartment building in Western Australia, as well as Australia as a whole, markets offshore. They do not sell most of their properties to people offshore, but they sell a significant proportion. I read in the House of Representatives review that probably less than 20 per cent of individual units in apartment buildings are sold offshore. That is much fewer than many people state. The reality is that without those foreign sales up-front, most gazetted developments in and around Western Australia, which will underpin the government's major policy—Metronet—will not go ahead. If the developers cannot sell the transport-orientated developments envisaged by the government, which are a good idea, or they are hit by a seven per cent surcharge on the sale of those properties off the plan, those developments will not go ahead. That is what happened in Sydney, Melbourne and Vancouver. The other states knew why they introduced a duty—that was the purpose of the surcharge. The Treasurer says the duty will have no impact in Western Australia. In other words, the Treasurer is saying that imposing an additional tax, let us say, on an average flat worth \$500 000—that is \$30 000—will not dissuade someone from buying the property. That defies all sorts of logic; taxes have an impact. If a person has to pay an additional levy of \$30 000 up-front, they will think twice about investing in Western Australia.

The Treasurer made the claim that all the other states have a levy of some sort—yes, but it varies quite a bit, from three to eight per cent. Therefore, the reason people are leaving Western Australia is not because of the tax, because we do not have it and the other states do have it. A couple of points. It is true that we are losing people. Our population growth is the lowest it has been in decades. In terms of interstate and international migrants, Melbourne received over 100 000 people last year. We received a little bit over 1 000. If I were in Melbourne, I would worry about the extent of population growth. I would worry about providing infrastructure. In Western Australia, we have the opposite problem. We are losing people and our population growth is too low to add demand to our services. That is one reason housing demand—the housing market—is in the doldrums. People built houses based on the idea that the population would grow at two per cent, but it has grown at 0.8 per cent. People are leaving the state and going to Melbourne and other states.

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When the Treasurer says that he cannot find a single set of data that is worse under him, he forgets one of the most important factors—people. He overlooks population and the demand for housing. Without the levy, people are leaving Western Australia in droves, foreign student numbers are declining by eight per cent and interstate immigrants are not coming. If the government turns around and puts a levy of seven per cent on foreign investors, what will happen? The wave of migrants to the eastern states will grow. The wave of students going to Melbourne, Hobart, Adelaide and Sydney will grow. The number of international students at universities will shrink. The number of tourists that those students draw in—they say it is five visitors per international student—will not come. The demand for housing will reduce. The ability of our state's universities to fund themselves will be diminished. The apartments that the government is relying on to improve housing numbers and fund Metronet—its central major policy to develop Western Australia—will not eventuate. All those high-rise apartments that the government envisages will be located along the railway lines will not go ahead because the developers will not be able to sell apartments in advance to foreigners.

This is a no-brainer. But we have a government that is locked into its rhetoric. During the last election campaign, the Labor Party saw what they were doing interstate, and said it would put duty of four per cent on foreigners and play the xenophobic line. The Urban Development Institute of Australia, Property Council and Housing Industry Association, who are knowledgeable about the industry, said, "If you do that, you will significantly harm our industry." What did the government do? It doubled down and increased the duty, not from zero to four per cent, but to seven per cent. The government is trying to pretend that a seven per cent surcharge will not impact the housing sector and foreign students, and that it is protecting Western Australians from those dirty foreigners, whom minister after minister, including the Premier, have decried as speculators, with a negative overtone. Again, the House of Representatives review into foreign investment highlights that foreign investors in property are not speculators; they come here, they invest and they stay. They are long-term investors in the market. They build and they stay; they are not speculators. In the main, they are investing for the long-term rate of return and for the benefit of their children for whom they invest tens of thousands of dollars in their education at our universities. That is tens of thousands of dollars that are keeping this state vibrant, and this government says that it will protect the state from that by encouraging these speculators to go elsewhere. That is the rhetoric, and the government is putting policies in place based on that and pretending that everything is fine. I will go back to the evidence. The government thought the same in Darling Range. We asked people, "Do you feel fine? Is everything fine with you? Is everything going well with you?" In droves they said that it was the most difficult period in 25 years. It is not just about their home. Their home is not only their castle, but also their major asset and if it is depreciating, they feel less wealthy. When people feel less wealthy, they do not spend, which is why sales are down at a range of retail outlets. This tax, just like other taxes the government has put in place, will kick them when they are down. We warned the government not to do it, but it is delusional on this. It thinks the world is always getting better.

MR S.K. L'ESTRANGE (Churchlands) [5.30 pm]: Here is another example of the Treasurer on his feet trying to convince the people in this chamber and the people of Western Australia who tune in that everything is okay. In this place, the Treasurer set about painting a very rosy picture. If members google "worst performing government in Western Australia's history" they should find that the answer is the McGowan Labor government. In its first 15 months this government has deceived the Western Australian public and has already run its economic narrative into failure. That is what this government is doing. It is bereft of real economic ideas that will support the people of Western Australia and grow the economy of Western Australia. Members may remember that great iconic movie *The Castle*. A young fellow in *The Castle* called Dale Kerrigan would come in and say, "Dad, I dug a hole." Guess what! This government has dug a hole, but like Dale Kerrigan, it does not know what to do with it. The poor people of Western Australia—the business community of Western Australia and the people out there who are trying to have a go—are saying, "You're making us fall in that hole, Labor. That's what you're doing. You're not supporting us to get out of this hole. You're putting us in a hole and continuing to do things that are disadvantaging the people of Western Australia."

In the election campaign from 2016 to 2017, Labor ran a very tight campaign. It ran with three key messages. One was, "There will be no new taxes or increases to taxes in a government that I lead."

Mr W.J. Johnston: That's not true.

Mr S.K. L'ESTRANGE: The Premier said that there would be no new taxes or increases to taxes. He is quoted.

Mr W.J. Johnston: No.

Mr S.K. L'ESTRANGE: Let us put it on the record that the member for Cannington disagrees.

Another key message that Labor ran —

Mr W.J. Johnston: Show me the quote!

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Mr S.K. L'ESTRANGE: I will go and get it for you later.

The ACTING SPEAKER: Members!

Mr S.K. L'ESTRANGE: Another key message was that Labor would keep fees and charges down to around inflation. Labor made that pledge to the people of Western Australia. The third thing it promised was that it would grow jobs for the people of Western Australia. It was those three key economic messages that Labor promised to the people of Western Australia, who were doing it tough in a downturn in the economy after everything had gone south off the back of one of the biggest mining construction and resource booms that we have seen in a generation. Labor promised those three things and did it in a very polished way. It was as polished as Tim Shaw in a Demtel ad. It convinced the people of Western Australia to vote for Labor because that is what it would do, but the poor people of Western Australia did not read the fine print. The fine print would have told them a completely different story. In 15 months Labor did not break the promise not to increase or introduce taxes once, twice or three times. It broke it six times! The government came into this place six times and changed the rules that it had set for itself prior to the election.

The first was the payroll tax change it made; the second was two attempts at the gold tax; the third was getting rid of the training exemption levy on the payroll tax, which is akin to another increase in tax on payroll. Labor went into the election saying that it would put a four per cent hike on foreign property ownership but this year it changed it to seven per cent. That is another broken promise. It then said that it would introduce an Uber tax and the Minister for Racing and Gaming said the government would introduce a wagering tax for online betting. That is six increased or new taxes, when the government promised that it would not do it. That is the fine print on the sales pitch Labor went into the last election with.

Labor also deceived the people of Western Australia about keeping fees and charges down to the rate of inflation. In two budgets in less than 12 months, in its first 15 months, it has increased electricity charges by 17.9 per cent. Water has gone up by 11.5 per cent. Vehicle charges have risen by 7.6 per cent. Public transport has risen by 13.25 per cent. I tell members that 13 times the rate of inflation is not keeping things at the rate of inflation. It is a completely different bit of fine print that members opposite are prosecuting. It is completely different!

It was really disappointing when it brought down its first budget last year and told people that times were tough but that it would look after them, Labor whacked pensioners and hard-working Australians who were doing their best in difficult economic circumstances. It whacked them with a fixed electricity charge of greater than 10 per cent. Even if those poor people decided to turn their power off, they would get a 10 per cent rise in their electricity prices. That is the fine print of Labor's election pledge. That is how ministers and members opposite, Premier McGowan, and the Treasurer deceived the people of Western Australia. The government continues to do it in other ways too. It is not a tax, but let us talk about the sewerage rate that goes on everybody's bill every two months. In November 2017 a report from the Economic Regulation Authority stated that Perth sewerage charges were 42 per cent above the cost of providing that service. The government is really looking after people! The Minister for Water, the member for Bassendean, has turned himself into the excrement czar. He is raking in the money and giving it over to the Treasurer. The excrement czar has increased charges for sewerage by 42 per cent so that Labor can pay for the election pledges it made in the election campaign to win those marginal seats.

Mrs A.K. Hayden: Unfunded promises!

Mr S.K. L'ESTRANGE: Those unfunded promises that were all about pork-barrelling, promising certain things at certain schools and then members went out with big cheques with their names on. That is what that is about—that is, taking money of people who cannot afford to give it to the government and giving it to local members to shore up their marginal seats. That is what the people of Western Australia have seen from the government in its first 15 months and they are awake to it. That is just based on its election pledges.

How about that gold-plated jobs bill? It was the Premier's panacea to growing jobs in Western Australia. He promised the people of Western Australia that he would introduce a jobs bill so that all government contracts would go to Western Australians. "Western Australians first!" he said. Members should get on to wikiHow and search how to spot counterfeit products. The definition of a counterfeit product is that it has "the deliberate purpose of tricking consumers into thinking that the fake product is, in fact, genuine". That jobs bill was a counterfeit product. It was a media stunt and a counterfeit product because it did not tell the truth. People thought that the jobs bill would look after them and that they would get more jobs, employment would rise, unemployment would fall, that it would be all fun and games and everybody would be happy. Clause 3 of the bill defined local industry to mean suppliers of goods produced in Western Australia, another state, a territory or New Zealand. How local is that? New Zealand is a fair way from Western Australia by the way, members. New Zealand is a little further away than we think. That is clause 3. Section 92 of the Constitution of Australia says that a supplier or a business from another state or territory cannot by law be excluded from winning a tender on Western Australian government

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projects. So what was that jobs bill, which was to provide that jobs would go to Western Australians, all about? I will tell members what it was all about. It was another media stunt. That is all it was. I will tell members what enforced the fact that it was another media stunt. We know that unemployment data is terrible—I will get to that in a moment—but we also know that in June this year, the Minister for Tourism awarded a contract for the management of the Western Australian Visitor Centre to a Queensland company. How local is that? The minister awarded a contract to a Queensland company, even though his Premier said that he had a jobs bill that provided that government contracts would go to Western Australians first.

Mrs A.K. Hayden: Local jobs for Queenslanders.

Mr S.K. L'ESTRANGE: Local jobs for Queenslanders, as the highly qualified new member for Darling Range says. She is doing a fantastic job in her first month in this chamber, and I will get to that in a moment. Let us look at the performance of the economy on jobs. Let us see how the jobs bill has performed since it was introduced. An article on WAMN News on 19 April headed “WA’s unemployment rate rises to worst level in 16 years” states —

Australian Bureau of Statistics figures show WA’s unemployment rate increased from 6.1 per cent to 6.9 per cent for the month, with more Western Australians looking for work in March than any time since records began in 1978.

The Treasurer has said today that everything is good, everything is fine, the economy is going well and that opposition members are all doom and gloom. No, Treasurer; we are listening to the people of Western Australia. The people of Western Australia are telling us that the Treasurer is not doing his job and that he is not making the right policy decisions to improve the economic circumstances of Western Australians and grow jobs. The data does not lie. He is not performing as he is telling everybody he is performing. Sure, he might cosy up to some sectors of the Western Australian business community or industry groups and surgically remove aspects of commentary to try to make himself sound like he is doing the right thing, but the fact is that he is not. The data does not lie. It shows us that there are serious issues out there right now that need to be addressed.

How is the economy actually faring under the leadership of Premier Mark McGowan and his faithful crew of ministers who front up with lots of media releases but not a lot of substance on a very regular basis? Let us remember back to when the Premier first took that chair after the election last year. Do members remember the economic picture he painted for the people of Western Australia? He said that it was the worst economy since the Great Depression. He pitched it as being absolutely dire. What are members opposite rolling out 15 months later? They are now saying, as we heard from the Treasurer today, that everything is better and that we are doom and gloom. Only 15 months ago they were saying that it was the worst economy since the Great Depression, but today they are saying that we are doom and gloom. But what does the data tell us? It tells us that it is the worst economy since figures began. The data does not lie. I think they are talking and listening only to themselves, because they do not understand what is going on in the real world—outside the chamber bubble. They need to get outside and listen to people. The CommSec July 2018 state and territory performance report summed up by *Business News Western Australia* is pretty damning, and I will share a little bit of that with members. It states —

... WA registered the weakest nominal annual growth in Australia at 0.7 per cent in the year to March.

...

Retail spending in WA was also at the bottom end of the scale, with its 7.4 per cent growth relative to the decade-average placing it second last ahead of the Northern Territory.

WA’s 6.2 per cent unemployment rate is 24 per cent above its 10-year average, placing it last in the country.

... using a 20-year average, WA still had the weakest job market.

Construction work in WA was 36.7 per cent below its decade-average ...

WA’s dwelling starts were 20.3 per cent below the 10-year average.

That data is not painting the same picture that the Treasurer painted just a few moments ago. It is a very different picture indeed. The CommSec report has the annual growth rates chart. Let me tell members how the economy is faring in Western Australia. I will leave out Western Australia for the moment and I will start at the bottom and work my way up. Economic growth in the Northern Territory is 2.4 per cent; in the ACT, it is 4.1 per cent; in Queensland, it is five per cent; in New South Wales, it is 5.1 per cent; in South Australia, it is 5.6 per cent; in Victoria, it is 6.4 per cent; and in Tasmania, it is 7.5 per cent. Guess what Western Australia’s economic growth rate is? It is 0.8 per cent. That is the economic growth situation in Western Australia right now; it is not what the Treasurer, ministers opposite and the Premier would have us believe and it is not what they are telling the people of Western Australia. They are telling them that everything is good. It is not good at all. Some backbenchers will

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be scratching their heads after listening to those very dire figures, so let me give members opposite a bit of advice. Let me give them a few tips. I strongly recommend that backbenchers listen to these tips and start lobbying their ministers in caucus to lift their game or, if not to lift their game—I can see the member for Baldivis listening attentively—to get out of the way so that other members can have a shot at a ministry and maybe do a better job. The mob who are leading at the moment are not. Here are my tips.

[Member's time extended.]

Mr S.K. L'ESTRANGE: Firstly, overtaxing and overcharging individuals, families and businesses will not get the economy up and off the ground. That is the first tip. Got that? Overtaxing and overcharging people in business and families will not kick-start the economy; it will send it the other way. That CommSec economic growth result of 0.8 per cent tells us that Western Australia is at the bottom, so members opposite who aspire to be Keynesian-style economists need to pump prime the economy. They need to have policies that prime the economy to succeed, not policies that soften it when it is only at 0.8 per cent. It does not make sense. They need to stop overtaxing and overcharging people. Secondly, they need to support businesses with policies to promote increased investment and business activity. The reason they need to do that is that businesses employ people. If we get more people into jobs, it means that they have more disposable income. If they have more disposable income, it means that they can spend more on goods and services in the local economies around regional and rural Western Australia and in metropolitan Perth. It is not rocket science, but they are not doing that. They are the two big tips for backbenchers. They need to get their caucus ministers to start doing it, because they are not doing it now. I will tell members why they are not doing it now. It is because they are hindering all the business-style policies that would help economic growth in Western Australia, and I will give some examples. One of them is the cut to the first home owner grant boost, which this government scrapped. Once the home owner grant boost is scrapped, the house building sector is affected. If the house building sector is affected, it means that the jobs of tradespeople drop. If the jobs of tradespeople drop, it means that brickies, plasterers, plumbers, electricians, painters and landscape gardeners lose work. If they lose work, it means that more people come into the office of the member for Darling Range saying, "We can't get work.

What is this mob doing?" They say they cannot pay the rent or the mortgage.

Mrs A.K. Hayden: "We can't shop at our local shops."

Mr S.K. L'ESTRANGE: They cannot shop at their local shops. The shop has been boarded up because the poor shopkeeper just went broke. That is what happens when the minister does policies like that. I will give other examples, now he is talking about it: the Labor government's policy of a moratorium on hydraulic fracture stimulation in that sector of the Western Australia economy and its scrapping of uranium.

Mr W.J. Johnston: There are no mines.

Mr S.K. L'ESTRANGE: Those things mean that exploration does not take place in those sectors, so yes, there are no mines. What about exploration, innovation, new science and new ideas? University students and postgraduate university students studying new and innovative ways of getting that resource out of the ground are not motivated to do so.

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Minister!

Mr S.K. L'ESTRANGE: There are no job prospects in that sector because the minister rubbed it off. That is what he did. He wiped out two key aspects of the mining sector just because he thought it was a good idea.

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Minister, I will have to start calling you if you continue to direct abuse at the member.

Mr S.K. L'ESTRANGE: I move on. What about the decision to increase the residential foreign buyer tax from four per cent to seven per cent? We have heard the Leader of the Opposition talk on this and we have heard the Treasurer rebut the very sound logical arguments of the Leader of the Opposition. The Treasurer did not present any sound arguments, because, again, he is arguing from a position of supporting domestic supply. I do not want to rain on the Treasurer's parade ground, but the domestic situation with real estate is not going too well right now. It might be an idea to encourage a bit of investment for people who would like to see their investment property increase in value. If the Treasurer encourages a bit more investment, people might sell their properties. If they sell their properties —

Dr D.J. Honey: A bit radical!

Mr S.K. L'ESTRANGE: I am sorry, member for Cottesloe, it does sound radical.

They might have more disposable income to reinvest in other aspects of our economy or just spend in the economy, boosting jobs and helping the local shopkeepers. It is not rocket science.

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[Quorum formed.]

Mr S.K. L'ESTRANGE: As I was saying, increasing the foreign buyer tax from four per cent to seven per cent is hardly going to encourage investment in the residential market for real estate at a time when property values have been dropping, which impacts on their confidence. If their confidence is down, if consumer confidence is down, it means they keep their hands in their pockets. They do not get money out and spend it on the economy. That has been noted in article written in *The Australian Financial Review* in May 2018 entitled “New WA property tax on foreign residential buyers slammed” by Duncan Hughes. It says —

The near-doubling of a new tax on foreign residential property investors in Western Australia has been slammed by development and property experts who claim it will slow economic recovery.

That is pretty simple. The article continues —

Allison Hailes, chief executive of Urban Development Institute of Australia, claims it will “stifle” foreign investment, jeopardise market recovery, undermine creation of new jobs and slow economic recovery.

That sounds pretty logical, but the government is not listening. The article goes on to quote Matthew Cridland, tax partner at K&L Gates —

Mr Cridland said lower taxes would be particularly attractive for Asian investors who send their children to Australia for —

Guess what —

education.

Mrs A.K. Hayden: Funny that!

Mr S.K. L'ESTRANGE: It is funny that—education. I think members on this side of the chamber get it. If one part of the economy gets whacked, it has a follow-on second-order consequence to another aspect of the economy, which is also of significant importance to the economy and people of Western Australia, and that is the international student market. Clearly, that is something this group in government just does not get because it continues to botch and mismanage the whole international student market. It came in and scrapped the regional migration scheme. The government changed it, did it not? It disadvantaged the whole sector. I will read something else I found in *The Australian Financial Review* that relates to that. This article appeared on 10 August 2018 and is entitled “Every three students equals \$1m gain”. It says —

Every three international students at a Group of Eight university delivers \$1 million to the Australian economy each year, according to new research from the university organisation.

And the aggregate economic impact from all overseas students enrolling at Go8 universities supports 73,000 jobs across the economy.

Mr P.A. Katsambanis: And that is just the G8.

Mr S.K. L'ESTRANGE: Exactly, it is just the G8, it is not the TAFEs and all the other universities. The article goes on to say —

The report to be released next week predicts growth of around 4 per cent a year in the next 7 years, which would see additional new enrolments topping 200,000 a year by 2025.

“The demand is incredible, it’s not surprising because right now globally only about 15 per cent of people have a post-school education. And that is expected to rise to 40 or 50 per cent by the end of the century. That is a phenomenal expansion.”

Guess what this government is doing to capitalise on that possible phenomenal expansion.

Dr D.J. Honey: Locking the gate.

Mr S.K. L'ESTRANGE: It is locking the gate. Guess what else it is doing. It is watching the planes that have got these international students in them fly over Perth and go to Tasmania, South Australia, Victoria, New South Wales and Queensland. They are not landing here. That huge international market is bypassing what I think is the greatest capital city on the Indian Ocean rim, Perth, to go over there, when Perth is in their time zone. I mean, it is just unbelievable how the government can botch this up and continue to be in denial by saying it is doing better. This government is not doing better and everybody who is watching that space can see that it is not doing better. They are watching it quite carefully. An article in *Business News Western Australia* said —

The McGowan government removed Perth from the Regional Sponsored Migration Scheme and cut WA’s Skilled Migration Occupation List from 178 occupations to just 18.

That is another consequence. How is the government going to attract international students if they see that they cannot get a job? They are going to go to a city they have more chance of getting a job in. I do not want to again rain on the government’s parade ground, but our population in WA is not like the population in Victoria. We have

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to try to create our own comparative advantage in this space to compete on a different playing field. International students are going to Victoria and the Premier is saying it is for other reasons. We know that. When WA has a population of around 2.5 million people and Melbourne has a population heading probably towards 6 million, it will probably have a bit more on offer, so we have to do something to differentiate things here that makes people get off the plane here, not say that the issue is due to other factors and ignore it. That is what this government is doing and continues to do. It ignores the issues and it ignores looking for the solution. I can tell members what that has done. That has told the people of Western Australia in just 15 months that this government is not fit to govern. I will tell members where that is proven. It is proven in us having the member for Darling Range sitting here with us on this side of the chamber. We are 15 months into this term of government, with all those things I have just outlined, and the people of Darling Range said to the government, "Do you know what, 9.3 per cent of us are changing our vote after just 15 months? We do not trust you. We have lost faith in you. You are failing to manage this economy, you are failing to deliver on your election promises, you are failing to grow jobs and you are failing the people of Western Australia." That is what the Darling Range result told us. The government is in denial about what was going on out there. It believed its own rhetoric that it gives itself in its caucus room. It failed to get out there on the ground, to knock on the doors, to listen to the people and to address their concerns. The result in Darling Range is what the government reaped. That is the result. A result of 9.3 per cent is outstanding. We know that. If we get six per cent across the board in three years' time, we are back in government.

A member interjected.

Mr S.K. L'ESTRANGE: I tell the Minister for Housing what, that is not hubris. That is us listening to the people of Western Australia. We are listening to the people of Western Australia, because the government is not. The minister can call us arrogant, but I can tell him right now that the 9.3 per cent swing in Darling Range happened because people were disappointed. It had nothing to do with arrogance. We are out there listening to the people. I have articulated today what the government should have been doing and what it needed to focus on.

Mr M.J. Folkard interjected.

Mr S.K. L'ESTRANGE: The member for Burns Beach needs to make sure he does that.

Sitting suspended from 6.00 to 7.00 pm

Mr S.K. L'ESTRANGE: On return from the dinner break, can I conclude by saying to the Premier of Western Australia, to the Labor government, to members opposite: Stop increasing taxes and creating new taxes when you said you would not, and when the Premier committed to that prior to the election. Stop increasing fees and charges, particularly as you have been doing over the last 15 months in increasing fees and charges by 13 times the rate of inflation when you said you would look after people who were doing it tough. Stop introducing policies that stifle economic growth and stifle the opportunity to grow jobs in Western Australia. Finally, stop governing in your own personal interests and in the interests of your own backbenchers, and start to govern in the interests of the Western Australian people.

MR T.J. HEALY (Southern River) [7.01 pm]: I would also like to make a few brief comments on behalf of the McGowan halfback line.

The SPEAKER: You have a very big act to follow because we used to have the Gallop halfback line, of which I was a member. Member, you are putting yourself out there.

Mr T.J. HEALY: I seek to echo those comments. I understand that the former member for Southern River was a colleague of yours in that Gallop government halfback line, Mr Speaker.

The SPEAKER: He was. The late Paul Andrews was a great member of Parliament.

Mr T.J. HEALY: Hear, hear, sir!

I would like to raise a couple of comments regarding the motion. Unfortunately, I think it is mis-aimed. It is not the correct subject matter for a really good private members' business motion. It is true that the McGowan government has stimulated economic growth. Our financial policies are sound. Fiscal management has been returned to the treasury bench in Western Australia, and I will speak briefly on some of this. I want to speak about the very good things that the McGowan government has done. We are building schools. We are building trains. We have started Metronet. Western Australia will get a fairer share of the GST in Australia. We have balanced the books and there is fiscal discipline, as I have mentioned. We govern for all people in Western Australia—those living in the metro area and the regions. Local Western Australian jobs are available for Western Australians. The Western Australian Jobs Bill, now the Western Australian Jobs Act, provides jobs for local people in all our electorates so when government projects are awarded, local people in all our electorates can get that work. There is finally a meth action plan. TAFE fees have been frozen. New apprenticeships on government work have been implemented. We fixed the mess at Perth Children's Hospital. We built Matagarup Bridge using great Western Australian labour. Confidence has returned to the Western Australian economy.

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I would like to rebut a couple of the comments made during the previous two hours of commentary. The only leading light, of course, was the member for Victoria Park, the Treasurer, in that debate. The Barnett regime was a dark period. It is very positive that we have moved on from it. I have to say though that the opposition has the gall to come in here and move a motion, member for Bateman, saying that it condemns us for our short-sighted economic policies, damaging the economy and undermining business. What gall. The previous government had seven Treasurers in eight years. Do not forget the delays around Elizabeth Quay and the dirty water. Do not forget the “Premier’s Palace”, member for Cottesloe, built with the tears of children from my electorate. Do not forget the asbestos, lead in the water and three years’ delay at Perth Children’s Hospital, and the stadium footbridge.

Dr D.J. Honey interjected.

The SPEAKER: Member for Cottesloe.

Mr T.J. HEALY: Do not forget the bad financial management. Remember that the Barnett government turned the best set of books in the country into the worst. The McGowan government inherited a record budget deficit of \$3 billion. We inherited a net debt of over \$40 billion.

Mr D.C. Nalder: No you did not.

Mr T.J. HEALY: Barnett’s Liberals, which the member for Bateman was a part of, increased taxes again and again.

Mr D.C. Nalder interjected.

The SPEAKER: Member for Bateman.

Mr T.J. HEALY: The previous government did not increase land tax three times? It did not increase payroll tax, fees and charges, and lose control of the state’s finances? The financial incompetence was astounding.

The Treasurer mentioned that business and consumer confidence has returned to Western Australia. This motion is about how economic confidence has been destroyed, and that short-sighted economic policies are damaging the economy. I will refer to two organisations. The Chamber of Commerce and Industry’s chief economist Rick Newnham writes in the winter 2018 *WA Works* —

... our central forecast for growth in the whole economy, including exports, has been revised up from 0.9 per cent to 1.3 per cent. This is great news for the future of the WA economy.

Confidence is picking up too. The latest edition of the WA Super—CCI Survey of Business Confidence shows businesses are as confident in the economy as they have been since the resources investment boom—the highest level since 2011.

...

The good news also extends to households.

I will quote briefly from the Civil Contractors Federation’s *The CCF Bulletin* from the second quarter of 2018. This is the Civil Contractors Federation CEO, Jeff Miller. He says —

“We absolutely applaud the Premier’s ongoing commitment to maximising local employment opportunities on infrastructure projects,” ...

...

“METRONET is a once-in-a-generation, transformational infrastructure program and we think it would be a tragedy if all local businesses that support permanent local jobs don’t get fair opportunity to participate.”

Mr Miller said the establishment of Infrastructure WA, an initiative of this State Government, was a milestone in infrastructure planning that would result in greater certainty in project delivery.

We have now put forward two strong budgets. The budget has been accepted as strong and as responsible. It has even been accepted as beige and boring. After the recklessness of the previous Barnett regime, beige, boring and stable is good for our economy. But the economy is not all in a good place. There are green shoots, but there is more work to do. This Labor government will continue to do good work, and I am proud to be a part of it.

I will quote another article, from 26 November 2017 in *Perth Now*, written by Joe Spagnolo. It is titled, “Lib review slams Barnett”. Joe Spagnolo says that the review that the Liberal Party did on its own term of government —

IDENTIFIES that the government did not properly react to the changing economic circumstances in WA in the last four years.

I concur with that statement.

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There is also an aspect in this motion about hurting international education. Again, the opposition has such gall to even try to discuss that it has a strong record in education. TAFE fees up went up 500 per cent and education assistants were cut. No schools were built in my electorate for 10 years. One of the fastest growing electorates with new families had no schools during 10 years. The previous government cut school budgets. Its Minister for Education said that the schools that had funding cut were “getting what they deserve”. I quote *The West Australian* on 4 August 2014.

The opposition has said that we are hurting international tourism. The damage that it did to education in Western Australia will take some good, hard work from this government—which we are up to. This motion is irrelevant and arrogant. This opposition is irrelevant and arrogant. It mirrors the mess that is the Liberal Party in Canberra. The member for Churchlands sums up some of that arrogance in a quote from the *Hansard* of 11 October last year. He said this about voters in the Western Australian community —

They are loyal to their own lifestyle.

...

These people vote based on what they think will do the best thing for them ... If we get that wrong, we lose their vote.

That is an arrogant approach. We will always hold members opposite to account. I know that the member for Churchlands is seeking to one day make a run for the leadership. He is trying to get a number of grandstanding motions and shout to the chamber, but, unfortunately, I think that the member for Churchlands is the Peter “Potato” Dutton of Western Australian politics. The motion is irrelevant and arrogant and so is the opposition. I thank the Acting Speaker for the opportunity to make those comments.

MR W.R. MARMION (Nedlands) [7.10 pm]: I rise to speak in favour of this motion. I will concentrate on the aspects of the motion about economic and financial policies that reduce consumer discretionary expenditure. Before I do that, a member opposite interjected on the member for Churchlands when he stated that Labor pledged no new taxes. I will quote from an article by Andrew O'Connor dated 21 February 2017, which states —

WA Labor has pledged not to impose any new taxes or tax increases on West Australians if it wins government in next month's state election.

Labor leader Mark McGowan made the commitment just 24 hours after announcing a tax hike on foreign investors buying property in the state.

Mr McGowan said Labor would release all of its revenue-raising measures before polling day, but stressed people in WA were already paying enough tax.

“There will be no new taxes on West Australians, full stop. If we are elected, there will be no new taxes on West Australians or increases in taxes on West Australians. If we're elected, full stop,” he said.

Mr W.J. Johnston interjected.

Mr W.R. MARMION: I want to concentrate on my shadow portfolio now. I just wanted to correct the statement made in an interjection on the member for Churchlands.

I will start by talking about the mining portfolio and its importance to the whole economic wellbeing of the state. The Treasurer quoted from all sorts of financial resources, statistics and journals and said that every piece of information was saying that Western Australia was going really well. I think the member for Churchlands also highlighted that two years ago we were in a situation that was as bad as it was in the Great Depression, so it is a bit of a turnaround.

Before I talk about some of the mining policies that are putting pressure on the mining industry, I will say that some economic indicators are positive for the mining industry. However, they would be far more positive if the current state government was not putting negative pressure on the mining industry. Before I discuss those policies I want to refer to the Fraser Institute's “Annual Survey of Mining Companies: 2017”, which was released this year. The Fraser Institute surveys some 2 000 exploration companies around the world. In 2017, the reported total world expenditure by these companies was \$US2.3 billion. The institute computes a number of indices from the data that it collects. Western Australia is in the very fortunate position of having a very good geological resource. Probably the best index is the investment attractiveness index. The report states —

An overall Investment Attractiveness Index is constructed by combining the Best Practices Mineral Potential index, which rates regions based on their geologic attractiveness, and the Policy Perception Index, a composite index that measures the effects of government policy on attitudes toward exploration investment. While it is useful to measure the attractiveness of a jurisdiction based on policy factors such as onerous regulations, taxation levels, the quality of infrastructure, and the other policy related questions

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that respondents answered, the Policy Perception Index alone does not recognize the fact that investment decisions are often sizably based on the pure mineral potential of a jurisdiction.

Of course, we are lucky in Western Australia to have great mineral potential, but this index is a combination of that potential and the policies of the government of the day.

Western Australia dropped from third in 2016 to fifth in 2017. That is the index that we have been following with great interest in previous years. In 2015 we were ranked first and in 2016 we were third, and now we have dropped to fifth. That is not bad, but we are going backwards. The other index that the government has most control of is the policy perception index, which is basically a report card on government mining policies. I quote —

The Policy Perception Index ... is a composite index that measures the overall policy attractiveness of the 91 jurisdictions in the survey. The index is composed of survey responses to policy factors that affect investment decisions. Policy factors examined include uncertainty concerning the administration of current regulations, environmental regulations, regulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and community development conditions, trade barriers, political stability, labor regulations, quality of the geological database, security, and labor and skills availability.

It is a very comprehensive set of criteria. It says —

For the fifth year in a row, the Republic of Ireland had the highest PPI score of 100. Ireland was followed by Finland in second, which moved up from 4th in the previous year. Along with Ireland and Finland the top 10 ranked jurisdictions are Saskatchewan, Sweden, Nevada, Northern Ireland, Michigan, Wyoming, Quebec, and Newfoundland and Labrador.

Where is Western Australia? My understanding is that we dropped down to about seventeenth. I will turn to that particular table to confirm that. It is a very thick report.

Several members interjected.

The SPEAKER: Members on my right!

Mr W.R. MARMION: This is basically a ranking of government policies. In 2015 we were ranked eighth out of 109, in 2016 we were ranked ninth out of 104, and in 2017 we were ranked seventeenth out of 91. There is evidence that the policies that the government has put in place are making us go backwards. There is one other index that I want to raise and it is one that we quite often quote because we are usually very good at it—that is, the best practice mineral potential index. For the years 2015 and 2016, we were ranked first in the world and for the year 2017, we dropped from first in the world, after holding that position for two years, to fourth. That is not bad, but we like to think that we are the best. But the disturbing thing about falling to fourth is that it is the first time in many years that another state has been ranked higher than us. I cannot believe it. Queensland ranked third. I find it hard to take that a state other than Western Australia ranked third in the world under the best practice mineral potential index in the world, while we dropped from first to fourth. I rest my case on the data.

Now, why is that so? Why would we fall backwards when we have a great Geological Survey database and lots of minerals? What has happened in the last 12 months? There is good news and bad news, but it is probably best to start with the bad news. Granted, a lot of this is perception because it is a survey, but perception is very important because that is what decisions are based on. One of the things that probably shocked the mining industry the most was the potential of a gold tax. We had a lot of debate about the gold tax. It is not well known that the state government collects a lot of revenue from the mining industry; people do not understand how much. Unfortunately, Treasury records the information and then provides the Department of Mines, Industry Regulation and Safety with a consolidated revenue fund. Hidden away in the Treasury data is the fact that mining companies pay for their mining tenements and for safety inspectors and they pay a levy for the mining rehabilitation fund. The Labor Party introduced cost recovery on environmental approvals. On top of all that, the Labor Party wanted to bring in a gold tax: “Let’s hit the gold industry to balance the books.” That was the aim, and because the Liberal Party killed that gold tax we became budget wreckers.

A gold tax would have impacted that industry because all the profits of the mid-to-junior miners go into exploration. The only way companies in the gold industry can remain in business is by continuing to find gold deposits, and that is done is by exploration, which costs money. By taxing the gold industry even more, the government would stop mining companies spending money on exploration. The government is transferring the money companies would have normally put into exploration into government coffers. Some people might think that is a good idea because the government can then choose what to do with that revenue. Other people would argue that if money is spent on exploration, the multiplier effect throughout the industry and—getting back to the motion—consumer discretionary expenditure would mean it would be far better spent allowing the mining industry

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to spend on exploration for the future prosperity of its industry, rather than paying some of its money to the state government. That is one area with some evidence to suggest that that policy would impact on those survey results.

Another very good program was introduced by our government, with the help of the then member for Kalgoorlie who recommended we implement an exploration incentive scheme. I know the current minister thinks it is a good scheme—we all do—and it is. The co-funded drilling component of that program means that a mining company that is going to explore in greenfields areas, which adds extra data to our Geological Survey database, gets more points under the selection criteria for that type of area. It is a very good program. The industry likes it and has to put in only half the amount of money for drilling programs. They apply through the Department of Mines, Industry Regulation and Safety to go through an independent assessment and if under the criteria they drill closer to a greenfields rather than brownfields site, they are likely to be at the top of the selection panel, enabling the company to do further drilling to help the company. It also helps improve the state's Geological Survey database. What has the Labor government done with the exploration incentive scheme? It has kept it going. We heard a dorothy dixer to the minister asking whether he could explain what the Labor government is doing with the exploration incentive scheme. The minister got up, very happy with himself, and said he had kept the program we introduced when we were in government. But how is it funded? It is a \$10 million a year program funded by the government. We provided \$10 million of state government money when we were in government. The way it is being funded now is that an extra \$10 million is being recouped by the extra costs of tenements. The government contribution of the co-funded drilling program is funded by cost increases to the mining industry. When the mining industry applies for a co-funded drilling program and finds half the money, the other half is paid for by other mining tenements. That is another policy that I think may have had an impact on some of the survey results that went backwards last year. I have mentioned the gold tax and the EIS.

I will talk about another area that the member for Churchlands mentioned, probably because it was an area he strongly supported when he was Minister for Mines and Petroleum—that is, onshore gas drilling. The Labor Party's policy at the election was to have a moratorium on onshore drilling for gas. I think it was an election strategy to maybe get some Green votes. The issue is that the Environmental Protection Authority is undertaking a review of onshore gas drilling. The EPA's assessment of the impact of hydraulic fracturing exploration expenditure in Western Australia has been on its website for the last five or six years. The EPA has lots of data on this and it shows that there is no need to conduct a lengthy environmental assessment. The EPA is quite happy to be notified about what a miner is doing and for it to be ensured that best practice controls apply to drilling. We know hydraulic fracturing has been going on since 1958, but let us talk about the most recent hydraulic fracturing, which is in the Canning Basin. I think the closest drilling is about 80 kilometres from Broome. The big concern of environmentalists, who do not like anything that is not renewable, is that fracking fluid could infiltrate the aquifer. I know the area very well; the Fitzroy basin is full of water. The probability of fracking fluid contaminating a brackish aquifer when drilling in a gas field three kilometres below the surface is fairly minute, and that is probably why the EPA is not concerned about it.

Mr M. Hughes interjected.

The SPEAKER: Member!

[Member's time extended.]

Mr W.R. MARMION: That is another policy that I think is causing some uncertainty in the sector and is impacting on the results we got in this survey.

Mr M. Hughes interjected.

The SPEAKER: Member for Kalamunda, I call you to order for the first time.

Mr W.R. MARMION: I have only a short time to speak and I know a lot of other members want to speak, but I want to talk about the Building and Construction Industry Training Fund levy, which is another area causing uncertainty in industry. Under our regime no levy was payable in the mining industry. Now a levy will be imposed on the mining industry and, I believe, the gas industry. There is so much uncertainty that I cannot get strong answers. The levy is 0.2 per cent of the overall construction cost of a project. As many members of this house would know, a project like the one by CITIC Pacific Mining, which is a \$12 billion project, would provide a massive amount of money through a 0.2 per cent levy, let alone the Gorgon and Wheatstone projects and some of the gas projects. A lot of extension is occurring with those projects. We want to know what impact that will have on those companies, which already pay a lot of taxes. That is causing a lot of uncertainty. When I raised this with some companies in the last few months, they were not sure where the line would be drawn on maintenance. Would a large maintenance project be covered by the training fund levy? That is another area of uncertainty. We need some clarity around that.

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I have some positive news for the minister. The mining rehabilitation fund is a really good program. I must give Hon Norman Moore the major credit for this, and probably the department for coming up with the idea. It was implemented when I was minister. It is building up a nice amount of cash. This may be a problem for the minister. I am sure that the Treasurer is telling him that he does not want him to spend any of that because he wants that pot of money to keep growing so that it can offset any debt and reduce any interest the government might have to pay. One problem the Minister for Mines and Petroleum has is that he has a great pot of money. If he spent some of it, he would be able to stimulate the economy. He would be able to stimulate work in the mining industry through the rehabilitation of some of the legacy mines. I had a very good briefing. They are ready to go. I think this program could be accelerated to help stimulate the economy. That would flow through to increasing consumer discretionary spending, which is what the motion is all about. I am not saying that that will impact on this, but if the minister spent some of that money, we might find that the index might go up.

I am looking at the clock and at some colleagues who might want to speak. I will finish in the area of innovation. I note that the Minister for Mines and Petroleum is rushing to get up. I want to throw in one final policy area that is essential to the diversification of the economy. I am not going to talk about lithium. I have had some briefings on the lithium industry and the battery minerals area. It is a complex area. I am going to speak for at least another three or four minutes; the minister does not need to be on his feet yet.

Mr W.J. Johnston: I am on the edge of my seat listening to you!

Mr W.R. MARMION: There needs to be coordination of all the lithium mine sites. There is a concentration of some of the mine sites and downstream processing at Kemerton and Kwinana, with the possibility for that also in Kalgoorlie, on-site or in the Pilbara. We need to make sure that everyone is talking to each other and that there is a lot of coordination. There is a role for the Department of State Development in this, or whatever the new department is called. I know that everyone is working on further downstream processing and talking to manufacturers. That is a positive. I am happy to give the minister a big tick, because I know from talking to many mining companies that everything is going along well. The minister has to make sure that he drives the department; he should not let it go to sleep on this industry, because it will be very important for our economy. I am not going to talk about that; I will leave that very important area to another time.

I want to finish with the space agency headquarters, which is another element of our diversification strategy in Western Australia. There has been a terrific report that states that Western Australia is the best place by far for that. All the elements required for a space agency headquarters are here in Western Australia; we have it all. I am concerned that some of our competitors, some of the other states, are doing a bit more than us and are lobbying the federal government better than we are. I really hope that this state government is not going to just sit on its backside and not care if we lose because then it can blame the federal government. I hope that is not what it is going to do, because it should be making decisions for the betterment of Western Australia, not for political mileage. I have heard that the Queensland government wants the headquarters and has serious money on the table. Why would it go to Queensland? I am very disappointed at the way it jumped ahead of us on one of the indices, but I think we are far better placed than Queensland. I also understand that South Australia has a very strong bid. It has combined with the Northern Territory and, cleverly, the ACT; that is where a lot of the powerbrokers are, so I am a bit concerned about that. It is a clever strategy by South Australia, the Northern Territory and the ACT. It might put us a little behind. There are probably a number of ministers involved in this because it cuts right across a number of portfolios, including those of the Minister for Mines and Petroleum, the Minister for Innovation and ICT and the Minister for Science. The government needs to have a team working on this, because it would be a good news story. It would be a great news story if the McGowan Labor government could say, "We've got the space headquarters in Western Australia". The opposition would support that. We would say, "Well done", too. I hope that in a few months we can be sitting over here, congratulating the government on getting the space agency headquarters here in Western Australia.

I will finish off now because I know the minister and other people are keen to jump up. It will be interesting to see how this works and who wins. We are lucky that we have a very good umpire in the chair this evening. I will sit down, but I will finish by saying that I support this motion—that this house condemns the McGowan government for its short-sighted economic and financial policies that have damaged the economy by undermining business and investment confidence, reducing consumer discretionary expenditure and hurting international education and tourism.

MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum) [7.36 pm]: I have some specific things I want to say, but I want to speak to some of the comments made by the member for Nedlands. The first one is the comment about the mining rehabilitation fund. I know there has been some discussion in the media from the Nationals WA about the mining rehabilitation fund, and I was actually quite surprised that the member for Nedlands, who used to be a Minister for Mines and Petroleum, has adopted the National Party's misunderstanding of the MRF. I make it clear: we are, by law, not allowed to spend the money in the MRF on legacy projects. It is

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an insurance fund in case any operating mine falls into problems. Only the interest on the MRF is available for legacy projects. If the member has a look at the budget, he will see that it is \$2 million a year. That is the amount we get on the interest on the MRF. Over time, the MRF will continue to expand and grow, and that money will increase over time, but it is only \$2 million a year. I think there is \$70-something million in the account at the minute, but we cannot spend that money on legacy mines. It could only be spent if a mining company went broke or went into receivership and had a large rehabilitation obligation. Only then could we spend that money.

Mr P. Papalia: Surely a half-competent minister would know that.

Mr W.J. JOHNSTON: I accept that Brendon Grylls, running around in the Pilbara, does not understand that, but I would have thought that the member for Nedlands would know that we cannot spend the capital of the MRF on legacy projects. It is an insurance fund that can only be spent on the matters that are insured. The MRF is \$2 million a year, available for work on legacy projects. I am in discussion with the agency about how it spends that money, but even then there are legal restrictions on the ways in which the money can be used. For example, the member for Nedlands suggested in the *Kalgoorlie Miner* that we should make it a grant to Aboriginal ranger programs, but that is not allowed under the act. It is not that I do not want to do it; I am not allowed to do it. We are trying to see how we can engage Indigenous communities with the mining rehabilitation fund, but it has to be based on the rules in the act. Yes, Hon Norman Moore introduced the legislation, and it is to his eternal credit that he introduced it, but I can use it only in accordance with the act. The member for Nedlands also went on and held up the Fraser Institute report—a report by a right-wing group in Canada. That is fine; it can have its views. He said that there is the evidence that there is a problem in the Western Australian mining industry, but he ignores the facts. He ignores the fact that 2017 was the number one year for the resources sector in Western Australia's history. We had the highest production levels ever, and 2018 is looking better than 2017. In the first six months of this year, we had the highest level of investment in exploration in the history of the state. The first quarter of 2018 was beaten only slightly by the first quarter of 2011; a small number of applications exceeded it. But the whole first half of 2018 was the number one period in the state's history for programs of work. It was the number one period for exploration expenditure.

This is the problem with the Liberal Party. It never worked in government and it does not understand that it needs to work now. It is not in touch with the industry. It does not know what is happening. Liberal Party members come in here and make bland statements as though they are facts but they are not based on information. A classic example was that the member for Churchlands could not quote a single word of the Premier. He came in here and made allegations about what the Premier said. I asked him to give me the quote, but I am still waiting, because the member for Churchlands had no idea what he was talking about.

The member for Nedlands talked about the onshore gas industry. In 2017, there were more employees in the onshore gas industry than there were at any other time in the history of the state. It was the best year for employment in the industry. The single largest transaction in the oil and gas industry took place this year, 2018. The purchase of Waitsia and the buyout of Australian Worldwide Exploration was the number one investment in the onshore gas industry in Western Australia. The idea that we have banned onshore drilling is not true. We have not banned onshore drilling. That is simply incorrect. Anyone who says that does not know what they are talking about or they are telling lies. It is just not true. The member for Nedlands said that all profits in the gold industry go into exploration. Has the member never heard of a dividend? Mining companies pay dividends to their shareholders, and they should because shareholders are putting their investments at risk. They need to get a return. The argument that all profits of a mining company go into exploration is stupidity writ in capital letters. It is not true. If it were, no-one would ever invest in a mining company, because they would not be able to get their money back. People invest because they want to make money, and good on them. That is why I am really happy to go along each year to the Diggers and Dealers Mining Forum. I was very pleased to be the first minister since Alan Carpenter to be invited to speak at the Diggers and Dealers dinner. I was very pleased to be invited back this year. Members have to be in touch with the industry. Opposition members should stop sitting around in their offices and get out and speak to the industry.

I refer to the exploration incentive scheme. We made a small increase in some of the tenement fees, but we have exempted the first three years of the exploration leases because we want to encourage the exploration sector. The member missed out on saying that 80 per cent of the money is paid by the largest companies. It is effectively a tax, if we wanted to put it in crude terms—this is not true because it is not a tax. It is asking the large companies to pay more to help the juniors because the juniors benefit from the EIS. Do not forget that I am the first minister since Hon Norman Moore to have the EIS as part of the operations of the agency. The member for Churchlands allowed it to be funded externally. It was not part of the operations of the agency. For the first time since Hon Norman Moore was the minister, I have been able to let the Geological Survey of Western Australia know in advance what is in its budget. Now it is able to do a four-year plan for the work of the agency. I am really pleased to work with the Geological Survey of Western Australia to start developing innovation over that four-year period. Instead of getting the money each year and then having to make the decision each year about what it would do with the

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money, it can now do a four-year plan. They will be able to roll that out with industry so that industry can know what this pre-competitive data will look like. This is the thing: the Liberal Party just does not get economic development. We know that because the only thing it ever talked about when it was in government was major projects. It never actually understood that it is all about lots of projects, not only big ones. It is about all the projects it can come up with, not just the big ones.

The member for Nedlands complained about the extension of the Building and Construction Industry Training Fund for construction activity in the resource sector. It is interesting that the National Party supports us on this issue. Let us make it clear: the number one issue that is raised with me by the sector is skills shortages. Have a look at the Chamber of Minerals and Energy of Western Australia's latest report. We have to fill those skills shortages, otherwise the industry will be held back. A very small amount of money—0.2 per cent—will be spent on a narrow range of activities in the resource sector and it will be directed entirely into training. That is why the industry is not complaining about it. That is why the government is working cooperatively with the Association of Mining and Exploration Companies, the Chamber of Minerals and Energy, and the Australian Petroleum Production and Exploration Association about the design of the BCITF. We are working with them to make sure that it does not adversely impact the industry because we do not want to get mining activities covered; we are talking about engineering and construction work. They will benefit from filling those skills shortages that they say are holding them back.

If the member for Nedlands talked to the Mayor of Kalgoorlie, he would know that they are having trouble finding skilled labour to fill 1 000 job vacancies in Kalgoorlie. If he talked to the people in the drilling sector, he would know about the problems finding skilled labour for that sector of the industry. Every time members opposite open their mouths, they demonstrate that they do not understand what is happening in Western Australia. It is embarrassing. Just because the member for Churchlands yells when he speaks in the chamber does not mean anybody is impressed with what he says. A minister who could not make a decision to save himself in the short period he held the portfolio comes in here and yells at us! How bizarre. The member for Churchlands listed the challenges for the Western Australian economy. He listed the fact that things are not as good as they should be, but he neglected to say that things are better in 2018 than they were in 2016. Yes, we have more work to do and yes, we have not achieved all the things we set out to achieve, but I tell him what: we are achieving more than he did when he was in government. That is the point. That is why the community understands and that is why the Chamber of Commerce and Industry of Western Australia's surveys show that business confidence has improved. These are the truths about this.

I have here a copy of the former Liberal government's lithium and battery metals strategy. It did not have one! We are working with the industry. The lithium task force that the Premier established is working hard to put together a plan for Western Australia's lithium and battery metals industry. Everybody in industry knows that we are only going to be able to achieve a great outcome for Western Australia if we work cooperatively—government in combination with industry. Neither the industry nor government can do it by themselves; we have to do it in cooperation. Let us make it clear: the government can only create an environment; it is up to the private sector to invest. When they invest, they make their own decisions. They make their decisions based on whether they think they can make money out of it. We are very lucky that we have had a number of investment decisions in the lithium and battery metals space and we are looking forward to further.

One of the things I would ask the Liberal Party to join me in is asking the federal government to support continuation of the research and development tax concession for the lithium and battery energy materials.

Mr P. Papalia: Who do you ask?

Mr W.J. JOHNSTON: I ask the Liberal Party to support the government of Western Australia in calling for that. We also ask the Liberal Party of Western Australia to support the CRC bid for the battery and new energy cooperative research centre. We have put serious money on the table—\$5.5 million out of my portfolio and another \$500 000 out of the science portfolio—to support the CRC bid. The cooperative research centre team has put together \$27 million from private investors. That is an incredible opportunity for not only Western Australia, but also Australia, and the only logical place to put that CRC is here in Western Australia. We are looking forward to the federal government making a decision on that. I am very concerned, I must say, with the chaos and dysfunction in the federal Liberal Party.

Mr P. Papalia interjected.

Mr W.J. JOHNSTON: It is not clear that it is capable of making a decision. I recently tabled the draft legislation for the validation of mining tenements in Western Australia following the Forrest & Forrest High Court decision. We can act only with the support of the commonwealth government. We are concerned that the chaos and dysfunction in the federal government will prevent proper action by the commonwealth in support of Western Australian industry. If there is a change of Prime Minister, we hope that there is not instantly a call for

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a federal election, because that would mean that the legislation could not pass the federal Parliament. We cannot act by ourselves. The commonwealth government has to act in concert with us.

I commend the work of officials of the Department of Mines, Industry Regulation and Safety, who are working with commonwealth agencies to support negotiations on how that legislation might look and how we may need to tailor our own legislation to suit the needs of the commonwealth, because it is all very complicated. We all accept that the High Court's understanding of Western Australian law has been difficult for industry and government to cope with, but we need the commonwealth to assist us in that way. If an early election is called because of the instability in the federal Liberal government, that will be a serious setback for the resources sector in Western Australia. Of course, we all know that every state in Australia fell in the 2017 Fraser Institute standings, so it is very clear that the chaos in Canberra has contributed to the declining index. We are very much looking forward to a stable government led by Bill Shorten to provide a proper environment so that —

Mr D.C. Nalder: GST?

Mr W.J. JOHNSTON: The member for Bateman yells out "GST". I remind the chamber that the first federal party to make a commitment on GST was the federal Labor Party.

Mr D.C. Nalder: That's not true.

Mr W.J. JOHNSTON: That is just a fact.

Mr D.C. Nalder: Now you are misleading Parliament.

The SPEAKER: Member for Bateman, you had your say before.

Point of Order

Dr A.D. BUTI: Mr Speaker, I seek your decision on the statement made by the member for Bateman casting aspersions on the minister that he misled Parliament.

Mr D.C. NALDER: Further to that point of order, Mr Speaker, as far as it being a misleading statement, the member for Cannington claimed that the federal Labor Party was the first party, and it is actually untrue.

The SPEAKER: That is not a point of order. Member, you cannot make a statement.

Debate Resumed

Mr W.J. JOHNSTON: As I said, the first federal party to make a commitment to a top-up of WA's GST was Bill Shorten's federal Labor Party. We are very happy that after Bill Shorten led the way, the federal Liberal government made a commitment as well. I am glad that it has caught up with Bill Shorten's commitment. That is okay. But that is now in jeopardy, because it appears that if Peter Dutton becomes Prime Minister of Australia, the deal will be off. That is what Scott Morrison told us in the press conference today. It would be really interesting to know who members on the other side support. Do they support Malcolm Turnbull or Peter Dutton? Are they like Andrew Hastie, who agrees with me that Malcolm Turnbull should not be the Prime Minister of Australia?

Mr P. Papalia: Michael Keenan.

Mr W.J. JOHNSTON: Michael Keenan as well.

Mr D.C. Nalder: Who did you support—Stephen Smith or Mark McGowan?

Mr W.J. JOHNSTON: I supported Mark McGowan. That is on the record. I do not understand what the member is talking about.

Mr P. Papalia: Your problem is that the GST is now in jeopardy.

The SPEAKER: Minister, your problem is that you are talking when you should not be.

Mr W.J. JOHNSTON: Every time I hear the member for Bateman speak, it reminds me of this quote from the member for Churchlands.

[Member's time extended.]

Mr W.J. JOHNSTON: The quote is —

You are weak! And I will tell you why you are weak. You are a weak member of Parliament because you are not prepared to answer a question that you know the answer to. You are a disgrace! You should walk out—walk out now, you weak member of Parliament!

Every time I hear the member for Bateman, I am reminded of that quote from the member for Churchlands.

Mr S.K. L'Estrange: When was that said?

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Mr W.J. JOHNSTON: It is on page 4558 of *Hansard* of Wednesday, 11 October 2017.

Mr S.K. L'Estrange interjected.

Mr W.J. JOHNSTON: I am not taking interjections, Mr Speaker.

Several members interjected.

The SPEAKER: Members!

Mr S.K. L'Estrange: Do not accuse people of saying things and then not take interjections.

The SPEAKER: It is in *Hansard*.

Mr W.J. JOHNSTON: It is in *Hansard*. I will read it again, and I will contextualise it. Every time I hear the member for Bateman speak, it reminds me of this quote from the member for Churchlands —

You are weak! And I will tell you why you are weak. You are a weak member of Parliament because you are not prepared to answer a question that you know the answer to. You are a disgrace! You should walk out—walk out now, you weak member of Parliament!

Every time I hear the member for Bateman speak, I think of that quote. This is a Liberal Party that does not get this government.

Mr S.K. L'Estrange: We get Darling Range—9.3 per cent, minister!

Mr P. Papalia interjected.

The SPEAKER: Members, let us get onto this. It is getting late and we have only five more minutes of this, so let us get it out of the way.

Mr W.J. JOHNSTON: I have said before in this chamber that I accept that every time we have a vote, the people make the decision. The people in Darling Range made the decision about the seat of Darling Range. However, I tell members opposite that last year the people of Western Australia made a decision about Western Australia. They gave the Labor Party the largest victory of any party in the history of this state. They made that decision because the former government was incompetent. The former government was a shambles. The one thing the member for Bateman was right about was that Colin Barnett should have quit. The member for Bateman stood up. All the other members opposite were too weak; they did not do that. I look forward to the day the member for Churchlands moves against the member for Riverton. A minister who could not make a decision to save himself would be a great opposition leader. The member for Churchlands could not cope with being my shadow. He had to quit and move to a different portfolio because he was not able to shadow me.

Several members interjected.

Mr W.J. JOHNSTON: That is right. I saw him off, no problem at all.

The point is that this resolution has never been supported by facts. Not one member opposite is prepared to stand up and quote anything that demonstrates any element of this resolution. There are no facts. The member for Churchlands raised the fact that we have not yet achieved all the things we are trying to achieve. That is true. We agree, as the Treasurer pointed out in his presentation. However, the point is that in 2018, the economy of this state is better, confidence is better and the business environment is better. Not only that, the government finances are better. We are now in a better state. That is because the current government is making decisions for the long term, not the short term. The current government is listening to the community and reacting to it. The current government wants to ensure that we deliver stable government for the future of this state.

Mr P. Papalia: And deal with the \$40 billion of debt.

Mr W.J. JOHNSTON: Yes, and deal with the \$40 billion of debt left to us by the Liberal Party.

Mr I.C. Blayney: It was \$31 billion.

Mr W.J. JOHNSTON: Did the member say \$31 billion? So it took it from \$40 billion to \$31 billion. It is ridiculous.

Another thing is that we inherited the former government's forward estimates. Liberal Party members complain when we implement their forward estimates. They promised to increase electricity prices on the current pathway, which is exactly what we are doing, and they then complain when we do exactly what they said they would do. They complain when we implement the budget cuts that they promised the people of this state. They complain about and vote against their own budget cuts. They complain when we implement a tax on foreign investors in housing in Western Australia, which is exactly what we said we were going to do. They also misquote the Premier's comments and invent quotes that never happened. They do not come in here and tell the truth. It is time

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Mr Dean Nalder; Mr Ben Wyatt; Dr Tony Buti; Acting Speaker; Mrs Alyssa Hayden; Dr Mike Nahan; Mr Sean L'Estrange; Mr Terry Healy; Mr Bill Marmion; Mr Bill Johnston; Speaker

for them to face up to the fact that, yes, Western Australia is not where we want it to be, but it is better than it was before. There were four years of negative economic activity while members opposite were in government and four years of declining domestic activity. It is finally starting to come good and starting to grow. More work needs to be done and we do not deny that, but the idea that we should be condemned just because we have not got to where we want to is ridiculous because at least we have ended the period of neglect and decline that was left to us by the Liberal Party. The Liberal Party could not govern this state. The Liberal Party's members cannot govern themselves. They do not represent the interests of Western Australians.

Debate adjourned, pursuant to standing orders.