

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk; Mr David Templeman; Mr John Day

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**LOAN BILL 2015**

*Declaration as Urgent*

**DR M.D. NAHAN (Riverton — Treasurer)** [4.08 pm] — without notice: In accordance with standing order 168(2), I move —

That the bill be considered an urgent bill.

In the second reading speech, we explained the reason for the need for the Loan Bill 2015. Given the limited period left for this sitting and the importance of this bill and the importance of the funding requirement to meet capital and recurrent purposes, the bill needs to be dealt with in an urgent manner.

**MR B.S. WYATT (Victoria Park)** [4.10 pm]: The opposition will not support the motion to declare urgent the Loan Bill 2015. I note that the Treasurer, in his motion, did not even attempt to make the case. He said, “I said in my second reading speech what we need it for.” We know what the Treasurer needs it for, but he has not explained to the house why it is urgent. We knew at the time of the midyear review that there was a problem. If we look at page 103 of the *Government Mid-year Financial Projections Statement*, we can see that the “cash surplus/-deficit” position of the general government sector had declined significantly. We knew that at the time of the midyear review. During my briefing with Treasury and the Treasurer’s staff on Monday, the point was made, “Perhaps we should have given instructions to draft well before we did”, which was on 20 April. This is the third Loan Bill from this government.

[Quorum formed.]

**Mr B.S. WYATT:** As I was saying, the opposition will not support the Loan Bill 2015 being declared urgent. This is the third loan bill of the government. In 2009, it was for \$8.3 billion, and in 2012 it was for \$5 billion. I remind members that the first one was during the fallout of the global financial crisis. This loan bill, for \$8 billion, is for two years. The Treasurer, to be frank, has been caught flat-footed. He knew at the midyear review that we had a problem. Treasury told me that. It said it knew at the time of the midyear review that a loan bill would be needed. Treasury told us that; yet we waited. We saw the carry-on about the GST. We hoped to get some form of bailout there. Then we saw the Treasurer’s media statement dated 4 March, which stated —

Treasurer Mike Nahan today announced the date of the Western Australian State Budget this year will be May 14, one week later than originally scheduled.

Dr Nahan said the one-week delay had been caused by a greater than usual uncertainty over the State’s share of GST from 2015–16 and a delayed release by the Federal Treasurer Joe Hockey of the Commonwealth Grants Commission’s recommended distribution of GST.

The planning was there. The Treasurer could have introduced a loan bill. I think the point the Treasurer made in question time was that he was still trying to work out how much money was needed; I think that was his argument. But it did not apply in 2009 or 2012—Troy Buswell had no trouble bringing on loan bills for discussion. There was no requirement for urgency. Again, this is the point we made but was not addressed by the government during the matter of public interest earlier today: it is chaotic management. There has not been a consistent plan or a consistent hand on the tiller of the finances. The Treasurer is now forced into a position of having to declare urgent an \$8 billion authorisation for the general government sector! This is not how the finances of the state should be run. I do not understand why the Treasurer thinks it is acceptable to introduce this bill now, as the budget is rocketing towards us, and declare it urgent to get it through.

The Treasurer said in his second reading speech that about \$1.6 billion was left from the previous authorisation. There is no need to have this bill declared urgent. The Treasurer did not even attempt to make the case. He got up and said, “I said in my second reading speech what we need it for.” I know what the Treasurer needs it for—to spend! But he did not tell us why the bill is urgent. That is why the Labor Party will oppose this motion to declare the bill urgent. It is not reasonable to expect, as I have said, the third loan bill—\$21 billion-plus of general government authorisations in only six years. Now the Treasurer is forced to declare it urgent because he cannot manage the budgetary process and he cannot manage the fallout from the midyear review. In December last year, the Treasurer knew he would need to introduce a loan bill. Now there is this hapless attempt to have it declared urgent. The government is under so much pressure on its finances because it has never set a strategy and never stuck to it. The government has the numbers. It comes in with this arrogant approach, “Just declare it urgent”, but ultimately this government will be held to account at the next election for the amount it spends.

**MS R. SAFFIOTI (West Swan)** [4.16 pm]: I rise to speak on this motion. The Labor Party opposes the motion to declare urgent the Loan Bill 2015. The Labor Party does not want to be part of the chaos and dysfunction of

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this government. This government is effectively asking the Labor Party to become part of its chaos and dysfunction, and we categorically reject it. This government is not up to the job. It presided over the midyear review, in December, which clearly showed the government would require a loan bill. It showed a significant deterioration in the state's finances. It is beyond me why the government did not think about how it would fund it until the middle of May. How can the government present a midyear review that shows such a deterioration and then wait six months before figuring out how it will fund what its own projections set out? It clearly is another example of a government that is all over the place.

We have not only this bill, but also a late budget that completely throws out the whole parliamentary timetable. On the issue of uncertainty from the federal government, as far as I know, year upon year the state and federal budgets have been very close together. It has been within the wit of other Treasurers to manage that. They have not had to change the budget timetable. It reflects the chaos and laziness of this Treasurer. We have had to completely change the parliamentary sitting to reflect that this Treasurer cannot bring in a budget on time. The Taxation Legislation Amendment Bill 2015 was debated in this place two weeks ago because the Treasurer needs these new taxes to start on 1 July, otherwise the government will run out of money again.

As I said in my earlier contribution, the Treasurer walked into this place a week before a state budget and said, "We will need \$8 billion", not for 10 years, but for two years. This Treasurer has been very keen to criticise; far beyond what the Labor Party has ever done in this place. In weekly or monthly columns, he has criticised step by step every Labor government, claiming that they did not know how to manage the finances. He is presiding over another loan bill, a bill declared urgent, and an increase in taxes. The Treasurer has had to change the budget because, honestly, he is not up to it! Really, where are we? We have froth and bubble from government members. Member for Belmont, I enjoyed the description of the Moscow underground. I will talk later about who presided over the beautification of the Moscow underground and why it was done.

**Mr P.B. Watson:** Was it Stalin?

**Ms R. SAFFIOTI:** It was Stalin, but anyway.

**Mrs G.J. Godfrey:** We know that. That is why I said that.

**Ms R. SAFFIOTI:** I know, but it is an interesting thing to throw into a —

**Mrs G.J. Godfrey:** What I said is that we would not go to that extreme with the artwork.

**Ms R. SAFFIOTI:** Member for Belmont, I hope the government does not tear down some churches to beautify Belmont station! I hope it does not do that.

**Mrs G.J. Godfrey:** There are no churches where the train will go!

**Ms R. SAFFIOTI:** It was an interesting thing to bring into the debate on the finances of the state. In relation to that debate and the debate today, we are here because the government does not take the finances seriously. We saw it in the debate on the matter of public interest and we have seen it in the performance of this hapless Treasurer; a man with absolutely no ideas who is stumbling from crisis to crisis. We do not want to be party to that chaos and dysfunction. We oppose this urgency motion and, honestly, I am surprised that the Leader of the House would suggest we do this in the first place.

*Division*

Question put and a division taken with the following result —

**Extract from Hansard**  
[ASSEMBLY — Tuesday, 5 May 2015]  
p3009g-3067a

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk; Mr David Templeman; Mr John Day

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Ayes (32)

Mr P. Abetz	Mr J.H.D. Day	Mr C.D. Hatton	Ms A.R. Mitchell
Mr F.A. Alban	Ms W.M. Duncan	Mr A.P. Jacob	Mr N.W. Morton
Mr C.J. Barnett	Ms E. Evangel	Dr G.G. Jacobs	Dr M.D. Nahan
Mr I.C. Blayney	Mr J.M. Francis	Mr S.K. L'Estrange	Mr J. Norberger
Mr I.M. Britza	Mrs G.J. Godfrey	Mr R.S. Love	Mr A.J. Simpson
Mr V.A. Catania	Mr B.J. Grylls	Mr W.R. Marmion	Mr M.H. Taylor
Mr M.J. Cowper	Dr K.D. Hames	Ms L. Mettam	Mr T.K. Waldron
Ms M.J. Davies	Mrs L.M. Harvey	Mr P.T. Miles	Mr A. Krsticevic ( <i>Teller</i> )

Noes (17)

Ms L.L. Baker	Mr M. McGowan	Ms M.M. Quirk	Mr B.S. Wyatt
Dr A.D. Buti	Ms S.F. McGurk	Ms R. Saffioti	Mr D.A. Templeman ( <i>Teller</i> )
Ms J.M. Freeman	Mr M.P. Murray	Mr C.J. Tallentire	
Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley	
Mr F.M. Logan	Mr J.R. Quigley	Mr P.B. Watson	

Pairs

Mr G.M. Castrilli	Mrs M.H. Roberts
Mr R.F. Johnson	Mr W.J. Johnston
Mr D.T. Redman	Mr R.H. Cook
Mr D.C. Nalder	Ms J. Farrer

Question thus passed.

*Second Reading*

**MR B.S. WYATT (Victoria Park)** [4.26 pm]: I rise to speak to the Loan Bill 2015. We recall that when it was introduced by the Treasurer a couple of weeks ago, he was reluctant to say the figure. He got up and gave notice that he would move to introduce the Loan Bill 2015, authorised to borrow “ergh” million billion dollars. I sat here at the time and said, “Mike, how much?” He would not look me in in the eye. He said “ergh” billion dollars. I had to wait until I saw the bill to realise that it proposed \$8 billion—that is with a “b”. This is the third multibillion-dollar Loan Bill that we have borrowed from the next generation of taxpayers. The first one in 2009 was for \$8.3 billion when the government thought, “My God, we have won the election! We have a great balance sheet. Let’s go to town on it.” The second Loan Bill in 2012 was for \$5 billion dollars—it seems like such an insignificant sum of money now, does it not? We are now dealing with eights on a fairly consistent basis. The \$5 billion Loan Bill was the “We Have Lost Track of our Treasurers; Let’s Lose Track of the Finances Loan Bill”. I remember saying to the then Treasurer Troy Buswell that he was borrowing a lot. He had the good grace and financial wherewithal to be embarrassed by it. Then this Loan Bill was introduced by the current Treasurer the other week for “ergh” billion dollars. It is only now that we can all see the \$8 billion figure. This is the “Those Election Promises Were Not Fully Funded and Fully Costed After All Loan Bill”. I say this, perhaps flippantly, but to make an important point that we now have a government that is addicted to easy money and the easy credit from coming in here and pushing through another Loan Bill. We saw that arrogance and that addiction today when the Treasurer got up and said, “I move that the bill be declared urgent and I told you why in my second reading speech”, and sat down. That was instructive because the government is not even attempting to make its case anymore for why this bill is urgent. I said in my short contribution in opposition to the motion to declare the bill urgent that the opposition will not be opposing the Loan Bill, as is historic, because it is an important measure of supply. The government can pay for what it is supposed to do, but we will let members know about it. The *Government Mid-year Financial Projections Statement* highlighted at page 103 the significant cash deficit deterioration in the general government sector. I say this to members on the other side and the backbench after listening to their contributions earlier on, because I do not think that they understand. We are not dealing with utilities in this bill. This is the general government spend, which means that because of the government’s large deficits—the first in 15 years; we can always rely on the Liberal Party to bring the state back into deficit in Western Australia—as the member for West Swan pointed out, we are now borrowing to pay for salaries, paper and paperclips. We are now borrowing to do that.

I do not hear much anymore about the good debt–bad debt rhetoric that we heard from the government over its first term. However, the government knew when the midyear review came down in December that it would need to introduce a loan bill, yet due to this chaotic management of the state’s finances that we have seen from the moment the member for Cottesloe became Premier, at the last minute it is introduced into Parliament and declared urgent. No Liberal backbencher should find that acceptable—none! I hope that when the Treasurer brought this bill into the Liberal Party room, he told the backbenchers the figure. He was reluctant to say it in

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this place, so I hope he told them it was for \$8 billion. I hope they questioned him on it, because ultimately this legacy of financial mismanagement is something that they will have to carry for some time yet.

I agree, as I pointed out during debate on the matter of public interest motion a short while ago, that the government has spent a lot of money. I get that. I do not oppose that statement. The government has spent a lot of money. Members on the backbench, always with a lot of froth and bubble say, “We’ve got this, we’ve got that, we built this and we do that.” I get that, but that is the easy bit. Spending the money is easy, but spending the money within the financial parameters of the state is the hard bit. This government has had 40 per cent revenue growth—even accounting for the decline in iron ore prices. In addition, it has taken the general government sector from a position of surplus, a net debt position of \$3.5 billion in assets, to a position now—again, this is according to the midyear review and I dare say it will change considerably with the budget based on this 2015 Loan Bill—in which more and more debt is held in the general government sector. Currently, based on the midyear review figures for 2014–15, we are looking at about 40 per cent of that net debt being held in the general government sector. The reason I make that point is that the general government sector under this government, as it was under the previous Liberal government, is borrowing to pay salaries. It is the financial equivalent that we like to say of getting our credit card out to buy our groceries and to fund our consumables. It is not a good way to manage our personal finances and it is a very bad way to manage the finances of Western Australian taxpayers.

The government will be building assets. We heard again today from the Treasurer and others about hospitals and schools, which the Labor Party managed to do, thankfully, with large operating surpluses. I am not sure that much thinking is going on because, really, Treasury is not involved in the decision-making of the government anymore. I am not sure whether the government is thinking about this, but when it builds those assets—whether they be schools, hospitals et cetera—they add a recurrent cost that goes forward for many years. Whether it be the cost of public servants or, as it will be with the Perth Stadium and Fiona Stanley Hospital, a payment to a private third party on an annual basis, there is a cost. They are not assets that generate revenue.

I make the point, as we heard from the member for Bassendean today, that now this increasing debt is having an impact. We see it now in two particular areas—water and Western Power. The water minister accidentally tabled a document—the strategic plan, from memory—that highlighted the point that the broader government’s debt problems are now inhibiting the plans of the Water Corporation, so it has to roll back or cancel plans it had for the delivery of water services to Western Australians. We are also seeing—it was written up recently actually—the impact on Western Power. Western Power put in its pitch to the Economic Regulation Authority for a spend. The ERA came back with a decision for less spend, and said that Western Power did not need to spend that much, and the government gave approval for about \$1 billion less. This is what the impact of debt is. Ultimately, now the government is under the pump. It has lost the AAA credit rating and is on negative watch with the AA rating. Debt has an impact. Eric Ripper, the former Leader of the Opposition and member for Belmont, used to call it sweating the assets. That is what is going on; we can see it happening.

When government members get up in this place—members of the backbench in particular—and talk about the wonderful things the government is doing, they must also own responsibility for the financial consequences of them. That is all I ask of them. At no point have I heard rhetoric from anybody on the front bench of the Liberal government accept any responsibility for the financial circumstances in which they find themselves. We saw that interesting period leading up to last month about the GST. There was Mathias Cormann arguing for one thing, Colin Barnett arguing for another and the state Treasurer arguing for a different thing. It was not exactly a coordinated plan of attack. In the end, unsurprisingly, we got nothing. It is therefore often difficult for government members to lift their head out of the day-to-day debate on individual revenue sources. Everybody accepts that the Liberal Party GST deal was shocking for Western Australia; we accept that. I hope that the Treasurer gets his \$600 million from the Feds because, with the way the Liberal Party typically works, it is always based on little personal undertakings.

**Dr M.D. Nahan:** I thought you just said we were getting nothing!

**Mr B.S. WYATT:** No, I am hoping the Treasurer gets his \$600 million.

**Dr M.D. Nahan:** You’re hoping we’re getting nothing but you might hedge your bet.

**Mr B.S. WYATT:** No, no. Did the Treasurer get a change in the GST? Just answer, Treasurer!

**Dr M.D. Nahan:** Just wait. You just made a declarative statement we got nothing.

**Mr B.S. WYATT:** I must have missed something, and if I missed it, I will apologise to the Treasurer. Did we get a change in the GST?

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**Dr M.D. Nahan:** You just continue on.

**Mr B.S. WYATT:** We did not get a change in the GST, but apparently we are getting this little side deal between Tony Abbott and Colin Barnett for \$600 million.

**Ms R. Saffioti:** Didn't we have \$500 million for public transport?

**Mr B.S. WYATT:** Yes, that is right—the \$600 million will go to offset the \$500 million that Tony Abbott cut for rail public transport.

**Ms R. Saffioti:** Aboriginal communities!

**Mr B.S. WYATT:** Aboriginal communities! It is amazing!

**Mr P. Papalia** interjected.

**Mr B.S. WYATT:** The Treasurer does not want to talk about post 2017 and what the federal government is doing. I hope we get that \$600 million for whatever project it may be, because it will offset the \$500 million that Tony Abbott cut from our public transport rail options. Perhaps something was said about remote Aboriginal communities, although I dare say no. It would be good if the \$600 million basically puts us back to square one when Tony Abbott first became Prime Minister. That would be good. However, the problem we have with these personal undertakings is that there is always more to them. Will the \$600 million be exempt from Commonwealth Grants Commission consideration? Perhaps the Treasurer will be able to deal with that in his response when we get to it. Will we just be penalised with a further decline in GST with this \$600 million from the commonwealth? I do not know, but I hope the Treasurer is dealing with that very issue now to make sure that it is exempt from consideration by the Commonwealth Grants Commission.

However, when we go back and look at personal undertakings by the Liberal Party, we can see that historically they have not done very well by us. I want to take us all back to former Under Treasurer Langoulant. I liked Under Treasurer Langoulant. He had a very frank way of expressing himself. A note of 22 September 1998 to the Treasurer, who was Richard Court at the time, states at the beginning —

As requested, attached is material on Treasury's assessment of the Commonwealth's GST tax reform package.

It goes on to state a few other things. From what I can gather, it looks like a draft media statement or something or other in part of a document the Treasurer produced. It states —

“Western Australia will be better off by \$2 billion over the first ten years of operation of the Commonwealth Government's tax reform arrangements”, Premier Richard Court said today.

It goes through various assessments, but it goes on to make this point —

Mr Court said this outcome had been modelled by Treasury on the basis of a personal undertaking given by the Prime Minister that no State would be worse off from the introduction of the proposed reforms ...

Of course, that never happened.

**Dr M.D. Nahan:** It was in the agreement.

**Mr B.S. WYATT:** That is even worse, Treasurer. “It was in the agreement”, the Treasurer says, yet the Liberal Party still muddle-headedly went ahead and signed up. Now the Treasurer finds himself in the position of having to scramble around desperately hoping for some sort of fix. From what we can gather, all we may have is an offset of the \$500 million that Abbott took from us when he first became Prime Minister, and that is just from looking at the media. I do not know, because ultimately I am not privy to the budget preparations or the personal undertakings given between Tony Abbott and Colin Barnett, but I hope that is the case.

The GST has been a singularly embarrassing failure for the Treasurer, given his past carry-on in here during question time about how wonderful it was going to be when Tony Abbott became Prime Minister: “I'm off to Canberra to give Joe Hockey the what-for”, and still we wait. I dare say there will be no change in respect of a floor to the GST until every state is above that floor; I dare say that is probably the reality.

We can take a step back and say, “Okay, the Liberal Party's GST duded Western Australia and continues to dud Western Australia”, but let us look at what the entire revenue of the state has done. It is fairly easy to do a comparison amongst the states. Western Australia has enjoyed the highest revenue per capita of all the states every year since 2003–04, and that includes projecting out. It will be interesting to see. When I put the figures in

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for the new budget framing, I dare say it will probably still be the case, but I do not know. However, every year, Western Australia has had the highest revenue per capita, yet the Treasurer points at other states and accuses them of failure. They managed their finances within their revenue, and he did not.

**Dr M.D. Nahan:** Queensland?

**Mr B.S. WYATT:** The Treasurer had more revenue than Queensland; it is extraordinary, is it not? I agree, Treasurer: is it not the amazing that we had quite considerably more revenue than Queensland? I find that unbelievable. I would have thought, from what I am hearing from Queensland, that for some reason Western Australia had shockingly less revenue than Queensland, but we have had more every year per capita since 2003–04 than Queensland, Tasmania, South Australia, Victoria and New South Wales. I keep making this point: revenue has been strong. The government may have wished it to be stronger and begged for it to be stronger, but it has to spend according to the revenue it actually has, not the revenue it wished it had, or what it would have had if it had actually sorted out this GST stuff when it was rushing to sign up to it. That is not how a government manages its finances, yet the Treasurer gets up with his froth and bubble every single time and talks about all the wonderful things he has done. The government has taken strong revenue growth and a strong balance sheet and blown it. That is what it has done.

During question time today I asked the Premier why he said on 4 September 2010 —

In reality you don't have to pay back the debt, what you have to do is make sure the debt is (under) control and as a guide I'm intending to keeping our total level of net below \$20 billion ...

He responded to a completely different question; somebody else must have asked a question at the same time. He said that he always wanted debt in the low twenties, which is, of course, very different from what he originally said. The day after he made that original statement, I came in here and asked him that question. He was the Treasurer at the time; it was one of those many, many occasions on which the Treasurer had been sacked and the Premier had had to take over as Treasurer. I said to him that I had noted the statement and asked him to elaborate, and he got up and said that that was what he wanted. He said in fact that he had mentioned it to Treasury “the other day”. Unfortunately, mentioning it to Treasury was all that happened.

When we look at the current state debt levels under the 2014–15 midyear review projection, there is \$25 billion on its way to \$31 billion by 2017–18. I thought: but the Premier when he was Treasurer said that it was going to be under \$20 billion. Something dramatic must have happened, so I went and looked at the 2009–10 budget and the expected revenue for the budget year four years out and three years' post-budget year, and then I looked at the annual report and wondered what had happened. Had the revenue that the Premier expected when he made that \$20 billion commitment come in under, as we might expect, considering that our debt has gone over? No. In fact, the actual revenue that the state government received compared with what Mr Barnett expected when he made that commitment was an extra \$6.5 billion.

I think that highlights the point that there has never been a consistent hand on the financial tiller and that there has never been in this state government cabinet a consistent voice, a consistent plan or a consistent strategy to say, “These are the parameters that we will stick with and that will guide how much we spend from one year to the next.” That is why we heard such inflammatory rhetoric from Standard and Poor's—first when we lost the AAA credit rating and then when we were put on negative watch again. Standard and Poor's said there was a lack of political will. The fiscal action plan from Mr Buswell's 2013–14 budget was abandoned, and explained by the current Treasurer as “Some come, some go”. Is it any wonder that the credit ratings agencies do not believe the government anymore?

Continuing comments about revenue to the state, I was interested to note a document published earlier this year by the Parliamentary Budget Office, which is a new and useful agency of the commonwealth government, called “National fiscal trends”. Shane Wright wrote a lengthy article about it the other day, and it is a very useful document. If members want to compare state with state, it is worth reading because it goes through in graph form—for those who do not like to read, perhaps—where we have been between 2003 and 2013. It reveals that Western Australia has enjoyed the highest annual revenue growth of all the states. It was good to know that the work that the opposition has done in looking at all the other state budgets has been confirmed by the Parliamentary Budget Office. It also unfortunately shows that Western Australia has the highest total spend, and therein lies the problem. Total revenue growth is at eight per cent a year, and total spending is at 8.9 per cent a year. That is not a consistent way of managing the finances.

During debate on the matter of public interest today, one of the Treasurer's responses made reference to the government's wages policy. He said that the government had had to pay the highest wages to get teachers into classrooms et cetera, but that was not the policy; the government's policy was wage growth at consumer price index or up to wages price index. That was the policy. I spent a lot of time in this chamber with former Treasurer

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Troy Buswell asking questions about how he was going with meeting that policy, and I distinctly remember, as many on this side remember, that in the caretaker period of government during the 2013 election campaign, Peter Conran—I still do not understand the basis upon which he acted; perhaps one day the Public Sector Commissioner might inform me—made an offer to the nurses of 14 per cent. And good on the nurses; they got a good deal. I was surprised at the time because under the wages policy that Troy Buswell talked about at length, they were entitled to only 8.5 per cent, from memory. That was a very big difference. I remember the opposition calling Mr Conran—that well-known neutral player in this game—to ask, “Mr Conran, can we get a briefing on the cost? What is all this?” I remember, he sent this young fella down—I cannot remember his name now; I think I have it in my notebook and I will have to have a look. I sat there with a couple of my colleagues and asked, “Can you tell us what has happened, what is this?” He said, “Well, um, Mr Conran has made an offer to the nurses to settle the enterprise bargaining agreement negotiations.” I asked what the cost was and he said he did not know. I then asked when it came in and he said he did not know. I asked, “What are the annual rises?”, and again he said, “I don’t know.” As members can imagine, it was a useful briefing for the opposition during caretaker period of government! It was not until after the election that I had the chance to ask the then Treasurer Troy Buswell about his role in this and how this could happen during the caretaker period of government. I was interested and wanted to know, so during budget estimates on 21 August 2013 I asked Mr Buswell about the nurses EBA negotiation. Mr Buswell said —

That particular EBA, though, is still in arbitration around a range of conditions, and that is still being worked through. There is actually a risk that the arbitrated settlement of the dispute around some of those conditions may further inflate the totality of that wages outcome, so that is something that is still being worked on. That is just part of the process we are working through.

I was intrigued by that, as the Acting Speaker would appreciate, because the Treasurer did not appear to know the cost, so I asked what role Treasury played in this because it is a significant cost to the taxpayer. Mr Buswell responded —

My understanding is that Treasury certainly did not play the lead agency role in that ...

My question to Mr Buswell was —

When did Treasury find out about the 14 per cent offer from Peter Conran?

Mr Buswell responded —

I could not say exactly when, but —

I then interjected —

Was Treasury at least involved in the costing of the offer from Peter Conran before it was made?

Mr Buswell answered, “Not entirely.” The conversation deteriorated somewhat after that during the budget estimates, as the Acting Speaker would appreciate. This is the problem. We all know, because I have quoted at length the Langoulant letter—I might have a crack at it again later during my contribution tonight—that the Premier had a bruising relationship with Treasury during the Court government years. When, in the most unlikely of circumstances, Colin Barnett became Premier, he decided this was his chance to make decisions free from the confusion of Treasury involvement, and away he went. How many times have we asked him about forward estimates and he has said, “Don’t worry about the forward estimates, they mean nothing.” They do. It means exactly why we are now debating an urgency motion on another Loan Bill; that is what it means. I had hoped Treasury would have a bigger influence than it had on the previous six Loan Bills. We have not had Treasury front and centre in this process. At least we had an understanding of what Peter Conran was running around and binding the state to during the caretaker period of government. I make this point because we are now seeing the flow-on effects that are still impacting on the finances. We have seen the Health Services Union quite rightly trumpeting a decision of the Industrial Relations Commission. Mr Gareth Parker’s article from 24 April this year states —

... pay rise for 16,000 allied health, administrative, clerical and technical staff in the public hospital system—in breach of the strict wages policy.

That decision is still flowing through the finances today. I note that the point was made in a statement from the Barnett government that no extra money will be given and that the health department has to find it internally. Because of the government’s inability to manage its policy in its first term it is now, in effect, saying that the Department of Health has to wear that cut. The government could not do it, so the health department can do it. The health department is going to adopt the cut due to the incompetence of the Barnett government and its inability to implement its wages policy in its first term. That is the reality. These things all have consequences, as I said—chaos has consequences. That is why today we are dealing with the Loan Bill 2015.

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk; Mr David Templeman; Mr John Day

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The Treasurer, as does the Premier, talks about the decline in the iron ore price as though it was a great shock. I accept that the rate at which the iron ore price came down surprised pretty much everyone. I accept that and am not going to dispute that point. However, I do not accept for a minute the government's position that assumes it will stay high forever. Not just in budget year but in the forward estimates. In 2012–13, the Treasurer took a more aggressive decision in the mid-year review of 2012–13 to change the way it forecasts the price of iron ore. We have now got to this position in which no-one could have predicted this decline. As I keep saying, I beg people to go and read the statement of risks in every budget paper No 3. Go and read it, because that is where all sorts of interesting things are hidden away. I am going to read a few of them here just to make the point that Treasury, out in the wasteland somewhere, keeps sticking this in. Page 40 of the 2009–10 *Economic and Fiscal Outlook* states —

The revenue estimates are sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore and crude oil), employment and wages growth.

The same budget paper from 2010–11 states on page 51 —

The revenue estimates are sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore) ...

In this case, Treasury have gotten rid of oil and is saying, “ergh, ergh, ergh, iron ore, governments.” That is in 2010–11. Page 62 of the *Economic and Fiscal Outlook* for 2011–12 states —

The revenue estimates are sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore) ...

Page 36 of the 2012–13 *Economic and Fiscal Outlook* has a specific paragraph on iron prices, which states —

... despite the improvement to the forecasting methodology, —

This is when Treasury changed it and apparently improved it —

iron ore prices remain subject to considerable uncertainty. Large variations in iron ore prices across forecasters often reflect divergent views on prospects for economic development, steel demand in China and global iron ore supply, which are key determinants of iron ore demand.

The language changes slightly again in the 2014–15 budget. Page 74 of the *Economic and Fiscal Outlook* states —

The revenue estimates are —

Not just sensitive, but in this case —

highly sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore) ...

I do not know how clearer it could be that the finances are sensitive to the movements in the price of iron ore. They are highly sensitive—no doubt the addition of the word “highly” kept a bunch of bureaucrats up for days. By then they knew what was going on. The government has assumed the high record iron ore price and assumed it was going to stay there across the forward estimates. Not only that, it did not account for a buffer—that is, a surplus—in case the price came down. I accept the Treasurer's point about how quickly the iron ore price came down. No-one expected that. However, everyone expected that the iron ore price would decline. That is why I made the point today that the Treasurer misunderstood by quoting from Rio Tinto's most recent annual report. I will quote that again, because looking at Rio Tinto and BHP Billiton is interesting. They are two companies that are hugely reliant on their revenue from iron ore, as is the Western Australian government. It could be asked whether those two companies adopted a similar financial strategy to the Western Australian government—that is, spend and increase debt dramatically for when the prices decline. I think that is the Barnett government's strategy as far as I can tell. I quote page 8 of Rio Tinto's annual report of 2014. Under the heading “Balance sheet strength”, it states —

In a cyclical and capital intensive industry such as mining, a strong balance sheet is essential in order to preserve optionality and generate shareholder wealth at all points in the cycle.

It goes on to state —

This positions us favourably to withstand current industry pressures, —

I say as an aside, low prices —

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protect shareholders and seize on any opportunities these market conditions create.

In a little table on page 10 of the Rio annual report the following point is made —

What we said we would do in 2014

Balance sheet strength

Pay down debt to a more sustainable level

That is what Rio did —

Reduced net debt from US\$22.1 billion in June 2013 to US\$12.5 billion at 31 December 2014.

That is what Rio did. It knew it could not rely on the high prices, so it adopted a fiscal strategy accordingly—“pay down debt to a more sustainable level”. Rio knew; the prime beneficiaries of the high iron ore price knew it was not sustainable. BHP said something similar at page 16 of its annual report of 2014 under the heading “A strong balance sheet”. It states —

The Group’s balance sheet continued to strengthen during FY2014. As at 30 June 2014, net debt was US\$25.8 billion, a decrease of US\$1.7 billion compared to the net debt position at 30 June 2013.

It goes on to discuss what was done to achieve that. Therefore, BHP and Rio, who I daresay are more reliant on iron ore prices than the state government, were repairing their balance sheets because they knew that the price could not stay at those levels. On the other hand, the Western Australian government took the view that the price could stay at those levels and it would assume that all the assumed revenue across the forward estimates could be allocated to be spent. Hence, when the government took a three per cent hit to revenue from last financial year as at the midyear review—from the comments the Treasurer made today it sounds as though it will be more than that—it plunges into a deficit of \$1.3 billion. The government has left the finances vulnerable to small changes, which is why it is now rushing through, having declared it urgent, this \$8 billion loan bill. It all kind of comes together, colleagues; it all adds up. One thing impacts on others. The government can talk about spending things—that is fine; I would expect a government to do that—but it will have to wear the financial consequences. That is what it will have to do.

This being general debate, I want to make some comments on another issue before coming back to make some concluding comments about finances. There has been much discussion about remote Aboriginal communities. I have not been in Parliament as long as the Premier—I think he has been here over 20 years and I have been here nine years—but this is perhaps the worst way I have seen the government treat a portion of its citizens, in respect to those Aboriginal people living in those communities. Just by way of background, the Abbott government cut its funding to remote communities. It decided that it was out of there and that remote communities were essentially a municipal services space. The Abbott government said it would give two years’ notice and two years’ funding and then it would be gone. We know this discussion has been on and off for a long time. I have no problem with the federal government setting a deadline because I think it kind of has to. I think it is odd that the federal government is funding this space, but the reality is that it has done so for decades. However, in the duty of care that it owes its citizens, it should have been more realistic in the time it took to walk away. I wrote to Warren Mundine and every member of the national Indigenous Advisory Council and said they needed to take this issue up. I think five years is a reasonable time frame by which time the state can respond and take things up. Then we heard that speech from the Premier in which he said the government was closing 150 communities because it could not afford to provide those services. He said, “I’ve blown the books and we can’t afford to provide those services to those citizens living in remote Aboriginal communities.” We challenged him on that, so he got up in here and said that it was because those communities were riddled with child abuse and sexually transmitted diseases, using, incorrectly, some statistics around gonorrhoea. I challenged him on that. It demeaned everybody living in a remote community. So, the rhetoric has changed again and is now about mutual responsibility. However, I doubt there will be any meaningful engagement from the Aboriginal community. When the government has already said these things and already has an agenda, how will it get a sensible, proper engagement from Aboriginal people living in those communities?

I was totally taken aback when the police commissioner, Karl O’Callaghan, entered the debate with his opinion piece in *The West Australian* on 30 March, and *The West* was good enough to allow me to respond to that the day after. The police commissioner is an independent and very powerful political operator in his own right, as I assume are all police commissioners around the country. He is a very influential, powerful, independent political operator. He made a couple of points I was interested in. I will quote part of his opinion piece. It states —

The Australian Institute of Family Studies has estimated that up to 90 per cent of sexual abuse in these communities is under-reported.

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I was interested in that, so I went to the website of the Australian Institute of Family Studies to find that document; it was obviously an interesting document that I wanted to read. I do not know whether I found the document he was referring to because he did not provide a reference to it in his opinion piece, but I found a document titled “Family violence and sexual assault in Indigenous communities: walking the talk: Briefing No 4, September 2004”, which is by Monique Keel. It is quite a detailed document. The website has literally dozens, if not hundreds, of documents on it. I will quote from that document, which I assume may be what the police commissioner was referring to. It states —

While the under-reporting of rape and other forms of sexual assault is common in all cultures and communities, Carter (1987) found that as many as 88 per cent of people she surveyed who were raped did not report the rape to the police.

I do not know, but I think that may be the statistic related to under-reporting that the police commissioner was referring to. I do not know, because, of course, it is unrelated to child sexual abuse, and I am sure the police commissioner would have referred specifically to a statistic related to child sexual abuse that I could not find. Therefore, I wrote to the police commissioner. He entered the debate, as he was entitled to do and should do on these sorts of issues. His opinion piece was written on 30 March and I wrote to him on 1 April. I quote my letter, which is only one page long. It states —

Dear Commissioner,

I refer to your Opinion piece published in the West Australian on 30 March 2015 titled ‘Reality of Aboriginal child abuse far worse’.

I am interested in some of the statistics and comments that you made in your article and would very much appreciate it if you could provide me with some further information on a two particular comments that you made:

1. You stated that ‘the Australian Institute of Family Studies has estimated that up to 90 per cent of sexual abuse in these communities is under-reported’. I have attempted to source this statistic, but as you are probably aware this site is large and I have not been able to find the source of this statistic. Are you able to direct me to the document on the website of the Australian Institute of Family Studies that confirms statistic?
2. You also stated that ‘[t]he facilitation of contraceptive implants in girls as young as 11 or 12 when requested by a parents or guardian resident in these communities or recommended by a health worker is not uncommon’. Commissioner, do you know in what circumstances such a recommendation would be made by a health worker? Further, how common is ‘not uncommon’? Are you able to provide me with any statistics around this statement? As you can appreciated I was, to be frank, alarmed by this and am very keen to pursue this particular issue further.

I very much appreciate your consideration of my requests and look forward to your response. As you can appreciate, I am keen to ensure that the discussion that takes place in the public debate around the future of remote communities is respectful and well informed. Your contribution is of course extremely important and your clarification of these issues will be of significance.

I look forward to hearing from you.

That was my letter to the police commissioner—one that I would have thought was not unreasonable—seeking clarification on two points: the two key issues the police commissioner raised in his opinion piece and went on radio that day to talk about in the media.

**Mr R.H. Cook:** And the fundamental basis for his argument.

**Mr B.S. WYATT:** Yes. I am worried because the only mention of 90 per cent under-reporting I can find and see does not relate to child sexual abuse. I am sure the police commissioner would not use statistics incorrectly, so I am keen to get the information from the police commissioner. Can my colleagues imagine my disappointment when the response I got from the independent, politically powerful police commissioner, dated 7 April, is as follows —

Dear Mr Wyatt

I acknowledge receipt of your correspondence dated 01 April 2015 requesting clarification on statistics and comments published in the West Australian newspaper 30 March 2015.

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In line with current Ministerial protocol, any contact by a Member of Parliament with a government agency should be referred through the appropriate Minister. This policy ensures that Ministers are kept informed of issues relating to their portfolios.

Accordingly, your correspondence has been forwarded to the Minister for Police; Road Safety; Training and Workforce Development; and Women's Interests for consideration and direction.

Yours sincerely

V HUSSEY  
INSPECTOR  
STAFF OFFICER TO THE  
COMMISSIONER OF POLICE

Let me make a couple of points here because although I have great respect for the police commissioner, he made the decision to enter this debate. I heard the Premier say on radio or TV, "I didn't know the police commissioner was going to do this." The police commissioner did this of his own accord, as he is entitled to do as an independent officer—that of the Commissioner of Police. If he is going to quote statistics, go on radio and talk about them in a public debate, he has to expect questions from people engaged in the public debate. I do not accept the police commissioner's position of hiding behind the coat-tails of the Minister for Police once he was questioned on the statistics he used. I hope the police minister will write to the police commissioner and say, "You're a big player and you've entered the debate of your own accord. Respond, make your own case and tell the member for Victoria Park where these statistics come from." I could not find evidence on the issue around the under-reporting being 90 per cent, and I have some doubts about the implants.

I made a few calls because this is an area outside my brief. I do not know how, as the police commissioner said, it is not uncommon for girls as young as 11 or 12 to have contraceptive implants. I made a few calls to Aboriginal sexual health workers in the Kimberley and to some government doctors, who were very helpful. No-one seemed to know how this happens. It is effectively a procedure; it cannot happen without documentation or statistics being compiled. No-one can provide me with any information about this. I called a couple of long-term Aboriginal sexual health workers in the Kimberley. One was aware of one case, and Department for Child Protection and Family Support was involved with that. I am trying to get to the bottom of statements made by the police commissioner. They are significant statements in this debate, but I get the response, "I'm not allowed to respond to you, you have to go to the minister." Heavens above! I hope, now that the Premier has decided it is not about everything he said in the past and it is about responsibility —

**Ms R. Saffioti:** Nothing has changed.

**Mr B.S. WYATT:** Yes. I hope that the debate will get a bit more rational and be a bit more respectful. I, for one, am angry that the police commissioner responded in that way. He took it upon himself to enter into the debate; he was not forced into it. The Premier said, "I didn't ask him to, but I'm glad he did." He should therefore be prepared to continue the dialogue, particularly with members of Parliament who are interested in the discussion.

**Ms M.M. Quirk:** Even if those figures are correct, doesn't that reflect poorly on the police because of lack of trust between community members and police?

**Mr B.S. WYATT:** That is it. Thank you, member for Girrawheen. Let us have the conversation about why there is under-reporting to police. As I did in my response to Karl O'Callaghan, I refer again to the Gordon report, which is familiar to many people. One of its key recommendations was to try to deal with that and is why multifunction police facilities were constructed in remote parts of Western Australia to try to break down the barrier to reporting these sorts of things. All I say to the police commissioner is: I hope I get a response to that—some clarification—because this will arise again. This debate is not over and I look forward to the police commissioner's involvement in that.

I will make some concluding remarks to bring us back to the finances. I think I am the only person genuinely worried about them.

**Ms R. Saffioti** interjected.

**Mr B.S. WYATT:** I am sorry. Let me say that again: I think it is only this side of the house that is fretting about the finances.

**Mrs G.J. Godfrey:** That's unfair.

**Mr B.S. WYATT:** I heard the member for Belmont's contribution today. She talked about all the wonderful things that are being built in her electorate, but I never once heard her say how the government will pay for them

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or when they will be paid for. It suggested to me that she is interested only in that side of things. I dare say that the first thing whoever is elected in 2017 will have to do is rush in another Loan Bill, assuming this one makes it to 30 June 2017, which the Treasurer could not guarantee today. I find myself sometimes surprised, colleagues, that all the predictions in speeches I have been making here since I moved to this side of the house in 2008 are coming true. I warned the government it would lose its AAA credit rating and it lost the AAA credit rating. We warned it that debt would beat \$20 billion and it is beating \$20 billion. We warned the government that it was not running big enough surpluses to allow for fluctuations and it did not run big enough surpluses to allow for the inevitable fluctuations. I find myself surprised—the opposition got it right—but not the member for West Swan.

**Ms R. Saffioti** interjected.

**Mr B.S. WYATT:** Not the member for West Swan. I find it stunning, but no-one on that side seems to get it, yet nothing was more stark than the response from the government today to our matter of public interest—a fairly reasonable MPI. I accept that members opposite would not accept the condemnation but the request for a long-term financial projection and outline of when debt will peak and decline, as Troy Buswell and Christian Porter used to say, were not even addressed. All we heard about was all the wonderful things the government is spending money on. As I said, I agree with the government; it is spending a lot of money. I know that because we are debating the third Loan Bill, which will bring borrowings to \$21 billion in the general government sector, as I reflected on earlier. I feel as though there is a certain inevitability here.

**Mr W.J. Johnston:** A parallel universe.

**Mr B.S. WYATT:** Sorry; there is a parallel universe, whereby we were heavily critiqued by Treasurer Troy Buswell inside and outside this place for running large surpluses and keeping debt low. Now the government is furiously defending its right to blow out debt to above \$30 billion and run the largest deficit in the state's history. It is a parallel universe. I do not know which sliding door I have walked through but it is starting to freak me out. Until the government understands that the problem it finds itself in is not the fault of the commonwealth government, of the South Australian or Tasmanian governments, nor that of the iron ore price, but is based on the government's decisions around financial management, and it admits that it is responsible for those decisions, we will be back here before 30 June 2017 dealing with another Loan Bill.

My final comment to those members, other than the member for Cottesloe, is that the Premier has got them to where they are. I understand that he does not listen to many of them. If they have any regard for the next 10 to 20 years, they will have to pull him back. They will have to take control of the Liberal Party. He will not care; he will be gone. Ultimately, all these things that the Liberal Party builds will be forgotten, but we will still be dealing with the finances for a long time to come.

I say to my colleagues that, ultimately, we will not oppose the Loan Bill. We do not do that; we have never done that. But we will certainly critique the government's performance as financial managers all the way through this debate. Because the debate on the Loan Bill is a general debate, I look forward to more members of the government backbench talking about all the wonderful things that they are building. I look forward to that because I want to hear some more of that.

This is the third Loan Bill. It is the "Not So Fully Funded, Fully Costed Election Promise Loan Bill". It is somewhat odd that the left of centre party in this chamber finds itself arguing for sensible, strong financial management of the state, which has simply been abandoned by the Liberal government.

**MS R. SAFFIOTI (West Swan)** [5.21 pm]: That was another significant contribution to Parliament from the member for Victoria Park.

Several members interjected.

**Ms R. SAFFIOTI:** Not that much support, guys; cool it!

**Mr W.J. Johnston:** We're just waiting for your contribution.

**Ms R. SAFFIOTI:** Thank you.

I was really pleased to hear the interjection from the member for Belmont. Apparently, someone on the other side of the chamber cares about the state of the finances.

**Mrs G.J. Godfrey:** I was talking about children's health in remote communities. I take offence that you think we don't care about the health of children in remote communities. That is what the member for Victoria Park said.

Several members interjected.

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk; Mr David Templeman; Mr John Day

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**The ACTING SPEAKER (Ms J.M. Freeman):** Members, that is enough! The member for West Swan is on her feet. She will resume her speech and that will be it. Lots of members are on three warnings, so let us just hear the member for West Swan.

**Ms R. SAFFIOTI:** I thank the member for Belmont for her very passionate contribution to the earlier debate, but she has to look at it from our side. As the Premier has made this issue a political football from day one and has said the things that he has said, I hope she stands up to him in the party room, because what he has done is disgraceful. I think the member for Victoria Park made some very key points. Of course, the member for Kimberley also has made some significant points on this issue. The member should not criticise the member for Victoria Park for his comments when she let the Premier make disgraceful comments.

However, I get back to the point of the Loan Bill.

**Mrs G.J. Godfrey:** Hallelujah, brother!

**The ACTING SPEAKER:** Member for Belmont!

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

**The ACTING SPEAKER:** Member for Mandurah, I am on my feet. You seem to have avoided being called.

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

**The ACTING SPEAKER:** Member for Mandurah, you have been called once. If you do not be quiet while I am on my feet, you will be called for a third time. You have now been called twice. Member for Belmont, you have been called once.

**Ms R. SAFFIOTI:** I will go through not only some of the key comments made today by government members during debate earlier, but also who made the comments. I am no expert on the electorate pendulum, but it was interesting to see who made comments today—the member for Perth, the member for Belmont and the member for Forrestfield. I am no expert on the electorate pendulum, but I suspect that getting those three members to stand up shows which areas the government is worried about at the next election. I am sure that we will hear contributions from those three members over the next two years.

On the issue of the Loan Bill, I want to go through some of the key points that have been made in this debate and, in particular, during debate earlier today. The Treasurer was quite instructive during today's debate when he said that we have all the infrastructure we need. That is basically what he said. He said that we do not need to build as many power stations and distribution systems and that the Water Corporation does not need to invest in as much infrastructure. He basically said that we have done all the infrastructure and we will not need as much anymore. That is absolutely wrong. On Friday, the Department of Planning released its vision for a population of 3.5 million by 2050. To deal with that population growth, we need significant infrastructure; we need roads, public transport infrastructure and Water Corporation and Western Power investment. We need all that investment. This government is limiting our ability to fund the necessary infrastructure for future generations. It has increased debt at such a rate, and debt is now at such a level, that it will limit the ability of future governments to fund the necessary infrastructure. It has thrown billions of dollars out the door in a number of years and said that it has built hospitals and some schools. Of course that is what governments should do. Of course governments should build schools, hospitals and roads. That is what they are there for. The idea that the government can say that it has done all this and it will not need to do as much in the future is wrong. But, again, it goes to the short-termism of this government and the fact that it does not care about the future. If any government has acted in a short-term political way, it is this government. In decision after decision, it has been about getting through the next election. The government has mortgaged our children's future.

Today the Treasurer basically outlined that the government has done all this infrastructure so it will not need to invest in as much Water Corporation and Western Power infrastructure in the future, and it will not need as many schools or as many hospitals. That is just wrong. There are many areas that are experiencing growth, and I talk in particular about the north east corridor, but I know that there is massive growth in Yanchep, Baldvis and Byford. There is an enormous need for infrastructure. By blowing the boom, the government has limited the ability to deliver that infrastructure in the future. It is wrong for the government to reflect on the past and say that it built some schools so it will not need as many in the future. We know the pressure that our suburbs are under. The government has basically blown the boom.

Let us just say what this bill is about. This bill is about borrowing money for some assets, but also for recurrent expenditure. The Premier said that it was done in the early 1990s. He is comparing himself with the post-WA Inc days. Frankly, the outcome is the same. The government is borrowing for everyday expenditure. I have said that

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it is like borrowing to put milk in the fridge—people just would not do it if they were genuinely concerned about the future of their children. That is what this government is doing; it is borrowing to put milk in the fridge.

We heard the amazing contributions from the members for Perth, Belmont and Forrestfield. As I said, it was an interesting choice if we look at that pendulum. The government should mix it up a bit and not make it so obvious next time. The three members talked about projects that are not included in the current level of debt or in the additional \$8 billion. They said that they are proud that these projects are finished or underway, but they are not even included in the current level of debt, let alone in the \$8 billion. They are included in other funds that the government does not even have yet. The contributions were to basically go out there and say that all these good things are happening. Honestly, the government is treating the electorate like idiots. Does it really think that every person the member for Perth meets says, “Oh wow, isn’t this significant infrastructure really good for job creation and for the future?” Everyone is worried about the future. They are worried about the state of the economy and now they are worried about the state of the finances. I have done some research, as I like to do. I found another article. I ask: who said this? I will read out a few paragraphs —

**Mr P.B. Watson:** When was it?

**Ms R. SAFFIOTI:** It was in 2007. It states —

WA is like a rudderless ship drifting on a Chinese current. While this is working well now, if China slows or changes direction the State’s economy will be left adrift.

Even if China continues to pull us along, there are host impediments that must be avoided if we are to reap and sustain the wealth and opportunity on offer.

Unfortunately we lost the vision and drive to maximise our potential.

Now there is no shortage of grand visions or visionaries; indeed WA is replete with them.

Some seek to use the benefits of the boom to build temples to Gaia, the god of environmentalism.

Others seek to use the State’s new-found wealth to transform its North into Asia’s food bowl and Perth’s waterhole. Still others seek to use it to build palaces of fun, such as stadiums or new social monuments, such as hospitals.

While the competing visions have merits, albeit some more than others, they focus far too much on consuming rather than sustaining the benefits of the boom.

The problem, however, lies not with the visionaries, but with the State’s political and bureaucratic elite who are in the main content to just muddling along, benefiting from the boom, reacting day-to-day.

Who said that? Any guesses?

**Mr W.J. Johnston:** The Treasurer!

**Ms R. SAFFIOTI:** It was.

**Dr M.D. Nahan:** A very good statement; well written. That is why we have not sat on our hands like you did. Remember, name three things that you did?

**Ms R. SAFFIOTI:** Honestly!

**Dr M.D. Nahan:** You sat on your hands and did nothing. No vision; no idea.

**Ms R. SAFFIOTI:** The Treasurer was accusing the Labor Party of building social monuments such as hospitals! That is what the Treasurer said, “social monuments such as hospitals”. The Treasurer wants to borrow \$8 billion. Members of the government’s backbench have stood to talk about all those monuments that the Treasurer so heavily criticised, which shows the Treasurer’s inability to self-reflect. I can see it in the way he debates because he never actually looks at the opposition. He feels like he is still writing in the newspaper; he can say anything and he keeps moving along. This Treasurer hates being questioned and he hates being challenged. He hates being questioned and challenged because he thinks he is an economic commentator who can say anything —

**Mr P.B. Watson** interjected.

**The ACTING SPEAKER:** Member for Albany, you are on three calls.

**Ms R. SAFFIOTI:** The Treasurer thinks he can say anything in here and we will not challenge him, compare what he has said or how he judges others all the time. He comes into this place and defends the \$8 billion as though it is the ordinary course of government. It is the ordinary course of maybe this government, but not of previous governments. The government borrowed \$8.3 billion a few months after an election and it borrowed

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk; Mr David Templeman; Mr John Day

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another \$5 billion in the midst of new Treasurers. Finance is getting completely off track. Now it wants to borrow \$8 billion for another two years. It is not for trading enterprises and it is not for asset investment; it is actually to buy milk to put in the fridge. It is to buy the pens and paper and to fund salaries. There is no bigger financial crime that the Treasurer could perpetrate on the Western Australian public—no bigger financial crime. That the Treasurer can sit there and laugh it off shows that he is a person who likes commentating and likes making comments but does not like being challenged.

**Dr M.D. Nahan:** I love it when it has substance!

**Ms R. SAFFIOTI:** He does not like being challenged. That comment shows —  
Several members interjected.

**The ACTING SPEAKER:** Members! The member for West Swan is on her feet.

**Mr R.H. Cook** interjected.

**The ACTING SPEAKER:** Member for Kwinana and Premier, you are both on one call.

**Mr R.H. Cook:** I'm not.

**The ACTING SPEAKER:** You are not; thank you. I am on my feet, member for Kwinana, so I am having a look. I ask that the member for West Swan be heard in silence.

**Ms R. SAFFIOTI:** I am looking forward to the contribution from the Premier on this debate. He did not stand and take the opportunity today during the matter of public interest when his government is borrowing \$8 billion —

**Mr B.S. Wyatt:** Another \$8 billion!

**Ms R. SAFFIOTI:** His government is borrowing another \$8 billion to fund recurrent expenditure. The Premier did not stand and justify that. I look forward to the Premier standing and debating this in Parliament today. It is a significant issue. It is an issue that this government has created. There has been a revenue boom in this state. This government has received and collected record revenue. It simply has not managed the finances properly. It is as simple as that. It cannot blame anything else. As the member for Victoria Park highlighted, there was warning after warning by the state Treasury department. There was warning after warning that the government cannot rely on incredibly high iron ore prices. In fact another contribution made by the then head of the Institute of Public Affairs was that royalty revenue should not be treated as recurrent revenue. It was an interesting article. It said that royalty revenue is the selling of an asset; therefore, it should be seen as capital revenue and used to fund capital purchases.

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

**The ACTING SPEAKER:** I do not think there was a request for an interjection there, Treasurer. On that basis, I will call you for a second time. Can we let the member for West Swan be heard in silence, please.

**Ms R. SAFFIOTI:** Not only did this government not do that, it spent the royalty revenue to the nth degree. I would have thought, sitting around a cabinet table at a time when there was massive royalty revenue, two things could have been done to be financially prudent. Firstly, it could have separated some of that bonus royalty revenue into a different revenue stream or different source and explicitly stated that that was, in a sense, boom revenue, and it may have been applied differently. Secondly, it could have run bigger surpluses. That is what, eight Treasurers ago, Hon Eric Ripper did. The previous Labor government ran very big surpluses.

I will let members know one key aspect. The Labor government was heavily criticised at the time, but what used to happen is the expenditure was done first and the revenue forecasts were given by Treasury late in the piece. The Treasurer did that at the time for a specific reason; that is, if everyone around the cabinet table is shown how much revenue there is, it will all be spent. To be honest, that is exactly what happened. There was a natural conservatism built into the process. Of course it used to upset a lot of people at each budget process, in particular when the headline numbers came out and the surpluses were a lot bigger than anticipated, but it created a natural buffer and a conservatism in the process.

My feeling is that this government would have done away with that conservatism from day one. It spent to the nth degree. It spent the total revenue. In 2009, the Labor Party said that there was a structural change in the budget. This government oversaw a structural change way back then.

[Member's time extended.]

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk;  
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**Ms R. SAFFIOTI:** That was covered while this massive revenue was coming through the door, but as soon as something changed, it left not only the government, but also the state, exposed. We can prove again and again that there was no revenue problem. The GST was not a GST shock. The government constantly knew what the GST numbers were. The government was advised constantly by Treasury that this change in policy, particularly to iron ore royalties, would have a significant impact on the redistribution effect. We knew that. The government knew that. As I said, the iron ore price was a bit of a shock, but again the government did not create any buffer during the good times. The government therefore basically created this problem. It has spent the past couple of weeks trying to blame everybody else for it, but I do not think that the electorate buys it. Western Australians do not buy it. Western Australians know about all the glossy brochures and billboards claiming that WA can afford everything. “We are going to use the proceeds of the boom” was the comment made. But the government did not use the proceeds of the boom; it actually borrowed heavily. It is not as though we are sitting in this place saying, “Okay, sure, your revenue came in, you used it all but you didn’t increase debt and now you’ve got a deficit.” I think we could all have copped that. We could have said, “Okay, you are building some stuff and you used it all but you didn’t have to increase debt.” The government did not do that. We could have copped the deficit if the government did not have this big debt gorilla hanging over us. If the government had not unleashed the debt monster on Western Australia, we could have copped the deficit. But no, the government has given us both. It is the first deficit in 15 years, the most significant deficit in the state’s history, and the government has created this debt problem. The government did not use the benefits of the boom; it actually borrowed against the future. In the good times, the government borrowed against the future and now the economy is in a bit of trouble.

There are two key impacts here: the construction period in our resources sector is starting to slow down. That was always going to happen unless the government got new projects in the pipeline, which it has failed to get.

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

**The ACTING SPEAKER:** Premier! The member for West Swan has the floor.

**Ms R. SAFFIOTI:** The government could have had some new big projects. The Browse and Oakajee projects were promised but they are not happening. There is either a slowdown or construction is coming off its peak. At the same time there has been the impact on commodity prices, particularly iron ore. That has had a double-whammy effect on the economy. This government has not diversified or taken any interest in other sectors of the economy. The finances are in such a state that the government should be doing something about it now. Now is the time for pump-priming but it cannot do it.

**Mr C.J. Barnett:** Look at the skyline!

**The ACTING SPEAKER:** Premier, the member for West Swan has the floor.

**Ms R. SAFFIOTI:** The Premier can stand and contribute to the debate; that is all I can say.

The government cannot have a significant impact on the capital works budget, for example, doubling the capital works budget, because it has spent too much. The government cannot cut taxes to encourage activity, which other economic theory would suggest it could do as the economy slows. The government is increasing taxes because it has ruined the state’s finances. That is what the government has done. As I said, if the government had spent every cent of the good times and we were going into deficit, we could all have copped it. However, it not only spent every cent, but also borrowed another \$20 billion during the good times. Now we have a slowing state economy and the first deficit in 15 years that is so big that it is probably a record deficit in the state’s history. Now the government is increasing taxes, and I suspect the total infrastructure spend will also be reducing because basically it cannot increase it. That is what the government has done. It has created the worst possible outcome for the state’s finances and the state economy. How everyone can just stand up in a pollyanna-ish way and say that it is all okay —

**Mr P. Papalia:** Everyone on that side.

**Ms R. SAFFIOTI:** — on that side, is beyond me.

We wanted a proper debate about the state’s finances. If government members had read the motion today, they would see that it asks whether there is a 20-year or 40-year plan on debt and what it is. How did this government treat the motion? It treated it with arrogance.

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

**The ACTING SPEAKER:** Premier! The member for West Swan is not asking for interjections. You have been called once. Can we please just allow the member for West Swan to have the floor in silence.

**Ms R. SAFFIOTI:** The government has left the state in the worst possible scenario with little capacity. The Premier said that net debt does not impact on recurrent expenditure. How much are we paying in interest bills

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now? We are paying about \$400 million interest in the general government sector alone, and up to about \$1 billion interest in the total public sector. We have therefore in a sense also built a \$400 million cost each year into our recurrent side that we must meet before we pay anything else. We have to pay \$400 million in interest payments before we can run our hospitals and our schools because of the debt created by this government.

I again want to refer to what the Minister for Planning said in answer to a dorothy dixer today when he talked about this planning document. I have gone through most of it; it is an interesting read. I urge all members to read about the requirements for infrastructure; all the rail and road projects required and that Ellenbrook will become a major activity area. Can members believe that? It also said that there should be a rail line.

Several members interjected.

**Ms R. SAFFIOTI:** Yes; go figure! The document includes all these ideas and the massive expenditure required by the Water Corporation and Western Power to allow infill. Frankly, infill is needed but it is costly. We have to get the government trading enterprises focused on infill to get the density, but without the capacity to do that we are limited. This is again what the government is doing. It has impacted on our ability to manage the day-to-day finances. It is also limiting our ability to fund the future growth of Perth.

The Treasurer stands in this place and says that we ask for everything. He continually says that we want everything and we continually say that we do not. I will refer to the election campaign again. We said that we would not build the new stadium at Burswood.

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

**The ACTING SPEAKER:** Treasurer! Member for West Swan, you have the floor. Direct your comments to me.

**Ms R. SAFFIOTI:** We had a study of comparisons that was headed by John Langoulant. He did the comparisons on not only the full stadium cost but also operating costs. That is because, as we know, stadiums are very expensive things to run and to hold onto. That financial analysis was very detailed and it informed the government decision. Research was done and analysis was undertaken, and that informed the government decision. The stadium decision is an example of how this government has blown the finances. If we take away the subject matter itself, how did the government make a decision to build a stadium at Burswood? The Premier drove past Belmont and said, "That looks like a good spot. Oh, hang on, we don't own that. It's freehold, owned by somebody else. Let's put it on the other side of the Graham Farmer Freeway on Orrong Road. Let's put it on the other side." That is how the decision was made.

**Mr C.J. Barnett:** How do you know that?

**Mr P. Papalia:** Because you told us. You said you were driving past, you looked out the window and you saw the site.

**Ms R. SAFFIOTI:** The Premier told us.

**The ACTING SPEAKER:** Member for West Swan!

**Ms R. SAFFIOTI:** I am happy to prepare and table the analysis done on different sites before the decision was made. We have estimates hearings coming up and I will ask for the detailed analysis that compared capital costs, operating costs, ownership issues and subsidy issues with the football clubs. I am happy for that analysis to be tabled, predated from before the decision was made. I would be happy to see that analysis and I look forward to seeing it. We still have not seen the actual business case and we still do not know what it will cost per annum to run this thing. We are not clear on the financing model. Government members are smiling; they do not care, because they will not be here when future governments have to grapple with not only massive capital costs, but also ongoing operating costs. How will a future government deal with that and try to fund the operating costs of the stadium when it also will have health and education costs and the Abbott government ripping money out of its health system? I can see that the government does not care; it is not going to be here, but we do care, and we take this very seriously.

As I say, when we remove the subject matter from that decision and look at the process, the process does not stack up. I know the Premier thinks we are obsessed with process; yes, we love process. I want a government that actually carries out analyses and makes the best choices for taxpayers. That is what I want, and that is what a Labor —

**Mrs G.J. Godfrey** interjected.

**The ACTING SPEAKER:** Member for Belmont! You are on one call.

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**Mr P. Papalia** interjected.

**The ACTING SPEAKER:** Member for Warnbro, let us not get into a cross-debate.

**Ms R. SAFFIOTI:** I will take the interjection: \$1.6 billion to deliver 80 kilometres of track, including how many train stations? About 14 train stations, a train line to Mandurah, an extension to Thornlie and an extension to Clarkson, plus new railcars. Does the member for Belmont know what her government is delivering for \$2.2 billion? Eight kilometres of track. Do not tell me that is a cost-benefit analysis. Honestly! Eighty kilometres for \$1.6 billion, and the member for Belmont criticises that. Give me a break!

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

**Ms R. SAFFIOTI:** The Premier should stand and make a contribution to this debate; he should stand and talk about debt. Take this seriously.

**Mr C.J. Barnett:** You're getting shrill again.

**Ms R. SAFFIOTI:** I do not care what I am getting. Stand and make a contribution. The Premier's government has blown the finances: \$8 billion, and he does not care. Look at you. You do not care.

**Mr C.J. Barnett:** "Look at you"?

**Ms R. SAFFIOTI:** Yes, look at you. You do not care.

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

**The ACTING SPEAKER:** Premier, I am asking that the member for West Swan be given the floor. You are interacting. Member for West Swan, you have one minute left and you have the floor. No more interjections.

**Ms R. SAFFIOTI:** This is a government that does not care. Members opposite laugh at this, because they are not going to be around to see the consequences of having to stabilise debt to pay off the debt, and the ongoing costs of decisions they have made without proper analysis and research, again and again. This is a government that is not even willing to stand up and defend its debt binge.

Several members interjected.

**The ACTING SPEAKER:** Members! The member for Warnbro has the floor.

**Mr B.S. Wyatt** interjected.

**The ACTING SPEAKER:** Member for Victoria Park, I am on my feet and you are called for a second time.

**MR P. PAPALIA (Warnbro)** [5.53 pm]: I think we have come to the nub of the matter of the Loan Bill 2015. We have seen the sensitivity of the Premier when his profligacy is exposed to the world. He is incapable of standing and contributing to the debate because he has nothing to say in his defence. This man has trashed the best set of books in the history of this state and has taken them to their worst position in the history of this state. He has no plan to deliver us out of the mess he has created for the people of Western Australia —

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

**The ACTING SPEAKER:** Premier, please let members speak without interjection. I call you for the second time.

**Mr P. PAPALIA:** That is demonstrated by his inability to stand and defend himself in this debate. If he had the courage to do that and the honesty to confront his own failures, we might treat him with a little more respect, but we have no respect for what he has done and we have no respect for him because of the way he has behaved. He has treated the Parliament and the people of Western Australia with utter contempt. He has taken the best set of books in the history of Western Australia and trashed them, and he has given this and future generations of Western Australians debt that will be very, very difficult to address. I cannot see how we will possibly be able to do it in the near future. The shadow Treasurer has identified that at least the next two governments are probably going to be confronted with escalating debt. At the very best, if we win office at the next election we at least will try to tackle it and come up with a plan to deliver what we asked for in today's matter of public interest motion—a means of plateauing debt and eventually trying to reduce it to return the state to surplus.

I heard the Premier on the radio earlier this week doing what he normally does; it is his great strength. He looked someone—in this case, a radio journalist—in the eye and deceived them and, by extension, the people listening to the radio. He looked the people of Western Australia in the eye and told them a blatant falsehood. He said that debt would be sorted within the next couple of years, that GST would be organised and that there would be better returns for Western Australia, that the iron ore price would probably be up again and that debt would be going down. He suggested that it would all be under control within the next two years. The truth is, however, that in

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March 2017 there will be a state election. The Premier is hoping to try to get to that point through this enormous debt bill, the Loan Bill 2015. He is hoping that the people of Western Australia, who he treats with utter contempt, will forget about the debt he has imposed upon them and future generations and forget about the services that will be cut as a consequence of that massive increasing debt, and re-elect his government despite the fact that he will be going into a third election in a row on false promises. We are talking about serious broken promises over the last two elections. He got away with it the first and second times, but I am hopeful that the people of Western Australia are onto him and that he will not get away with it for a third time, because I am pretty certain we cannot afford it. We cannot afford what he has done already, so we certainly cannot afford what he is going to do if he gets another term.

I think the reality is that the Premier has already decided that he is leaving. He has told people that he is going, win, lose or draw; he just has not defined exactly when. Every time he imposes a decision on the state and upon his gormless cabinet, and every time he increases debt for future generations of Western Australians, he is doing so in the full knowledge that he cares little about what happens after the next election. It is all about his ego; he wants to try to get that third election victory under his belt just so he can tell everyone how wonderful he is, but beyond that, he does not care. There is no plan because he will not be there. There is no plan because most of the members currently in the cabinet probably will not be there either. In the event that the Labor Party wins the next election, those current members of cabinet will not have to face the music either when we display to the world the real state of the books after the next election.

That is why at the end of the member for West Swan's contribution to the debate we witnessed such abuse, arrogance and disdainful behaviour from the Premier, because she cut to the bone over the current situation. She identified the failures of the previous government. The legacy of the Barnett government will not be a stadium, it will not be Elizabeth Quay and it will not be the things that the last federal Labor government paid for out at the airport or in the centre of the city. Those things will not be the legacies of this government that people talk about. The legacy of the Barnett government and everyone involved in it will be the intergenerational debt that future governments will have to contend with. My children will be angry with this government about the debt that they will inherit; in fact, I am worried that their children's children will be angry. I hope that, with good grace, we will be able to remove this government from office in 2017 and set about repairing its damage, but even so it is going to be a very difficult job.

I will provide an example. The member for West Swan identified why it was so tragic that the Premier spent beyond all the revenue in the good times; that is the truth. He spent more than what we were getting at record levels. Why is that so bad? We heard the member for West Swan refer to the interest bill and to the fact that it means we could not prime the pump were we so inclined. If we wanted to pursue Keynesian economics and get people working in public sector projects, we would be unable to do so because we have no money. However, it is worse than that. We cannot diversify the economy now with one of the prime levers that state governments have.

*Sitting suspended from 6.00 to 7.00 pm*

**Mr P. PAPALIA:** In the absence of the benefit of a prepared speech—unlike members of the backbench opposite who obviously had theirs delivered to them and were able to keep track of where they were in their delivery despite interjections—I am confronted with the challenge of connecting to the speech I was making prior to the dinner break. I will have a crack at it. I think at that time I was referring to the few levers available to state governments to respond to the sort of thing we confront, which is a serious situation. This was identified by Shane Wright in yesterday's *The West Australian* in a good opinion piece in which he made commentary about federal and state budgets and made the observation that it is all the government's doing. That has been reiterated tonight by the members for Victoria Park and West Swan, and during the day in the course of the motions moved against the government. It is all of the government's making. There are no sudden shocks here. Yes, iron ore prices fell a little more rapidly than anticipated, but it was always anticipated that they would fall. Changes in revenue from GST was never a shock. I will quote from where Mr Wright discusses the report of the Parliamentary Budget Office, which went through the finances of the commonwealth in every state and territory. Mr Wright made observations regarding that report —

The PBO's report also contained further confirmation of the self-created problems within the WA Budget.

While the Barnett Government complains about its falling share of GST (a legitimate gripe) —

This has been acknowledged because it was a bad deal signed up to by a government of which the current Premier was a key member when the deal was signed. Continuing —

it —

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The deal —

tends to ignore the State's other sources of income.

According to the Budget office, WA enjoyed the single biggest increase in revenue of any State or Territory over the past decade.

The shadow Treasurer told us that. Shane Wright continues —

Revenues lifted 8 per cent a year. The next best was Queensland, where revenues were up 7.5 per cent.

By contrast, in those economic basket cases of South Australia and Tasmania, revenues were up 4.9 per cent and 4.7 per cent per annum.

So the complaint that WA has not had enough money, again, fails to stand up to scrutiny.

This is yet another independent observer who has made this observation. The opposition has been saying this for years now, but it is confirmed by anyone who takes the time to sit down and analyse what has happened. There is no excuse. We had record revenues. The only reason that we confront this problem is that we have had massive expenditure growth, and that is entirely down to the government. I like what Mr Wright said, so I will read the rest of the article —

It doesn't take a fiscal genius to see the problem. If your revenues are growing slower than your outgoings, then you are going to run into financial trouble.

The people of Western Australia know that. The suggestion by the Premier that they will be so silly as to buy this argument yet again that it is not his fault, is just a little too hopeful on his behalf. The fact that the rest of the cabinet and the backbench in the government accept that that is all they will offer the people of Western Australia is very sad because it demonstrates that either they have not bothered to do that fundamental analysis that Mr Wright identified does not take a financial genius to work out—that the government is spending more than it is getting in revenue, which means it is in trouble—or they are incapable of doing that or they just do not care. The only thing they care about is signing up to even more expenditure growth, even more borrowings, and even greater debt for the simple, selfish purpose of trying to save their skins at the next election. I do not think it will work because at the next election, finally, there will be a reckoning. The government will be held to account. At the last election when Labor made the commitment to not run with a number of key infrastructure projects so it would not go into the debt this government and all of us now confront as a result of this government's over-commitments, we were ridiculed by the government. We were told that everything was fully funded and fully costed, and it has all been demonstrated to be patently untrue. By the next election, people will have started to suffer the loss of services as a result of the cuts imposed. They will have seen that there is no end in sight to the debt and they will be asking more serious questions of anyone, no matter what political party they are from, about how they will fund their commitments.

Before the dinner break, I was getting to the problem that at a state level we do not have many opportunities to respond to the challenging environment we now confront. One thing that this Barnett Government could have done but has not done throughout its tenure is seek to diversify the economy; it has not been done. In fact, it has almost been benign neglect with respect to most sectors other than mining. This government has just assumed that the mining sector will take care of itself and that the government will be able to ride on the coat-tails of the biggest mining boom this state ever experienced and there will be no problem. Clearly, one of the sectors that this government has neglected is manufacturing. For years in this place the member for Cockburn has fought on behalf of the local steel fabrication industry, particularly around Henderson, for a share of that massive growth in the construction phase of the mining and offshore industry sector up north, and we were met with ridicule. The suggestion that government could drive local content and that there should be a focus on building local content was ridiculed, yet, as a result, the share of local manufacturers in that boom were diminished to the extent that many of them have gone out of business, and, very sadly, a large number of the workforces in some of those businesses have been treated very shoddily as assets were stripped out of the companies before they went into receivership. That is one consequence.

There are very few sectors that state governments can invest in that result in an immediate, potentially measurable outcome for the state, but tourism is one such sector. I share the view of Evan Hall and Manny Papadoulis of the Western Australian Tourism Council that tourism has the potential to return around \$19.50 for every dollar of expenditure on destination marketing by the state. Of course, the problem is that it is difficult to measure because the revenue does not return to Treasury coffers; it returns to the state in the form of businesses operating the tourism sector. However, there are returns and a good attempt has been made by Evan and the Tourism Council and other players in the sector to measure those returns. If we spent an increased amount of our budget on destination marketing to draw visitors to Western Australia at this time when we need

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to diversify the economy, there is the potential to grow that sector and grow the return for the state. It can be measured and we can make the assumption that for every dollar by which we increase the budget in that field, as long as it is done in a professional and focused fashion and in a targeted way with evidence-based analysis behind where to spend the money, we could get a return of around \$20. I assume that the problem we would have is that the government would find it pretty hard to increase the tourism spend at this time, thanks to its appalling mismanagement of the budget to date. We do not have lots of the money sitting around that we can throw at destination marketing. But do members know who has?

[Member's time extended.]

**Mr P. PAPALIA:** Do members know who will spend additional money?

[Quorum formed.]

**Mr P. PAPALIA:** What a relief!

Every one of our primary direct competitors in the visitor economy market—Queensland, New South Wales and Victoria—recently had elections, as we are all aware. Every one of the winning parties in those elections promised tens of millions of dollars in extra expenditure on destination marketing and events in the course of the election campaigns. At the same time that we are confronted with diminishing opportunity, diminishing revenue and diminishing funds to focus on trying to diversify our economy and build our visitor economy, our primary competitors on the east coast—Queensland, New South Wales and Victoria—will be ramping up their spending because they are about to throw tens of millions of dollars into the market to draw away overseas and interstate visitors from Western Australia's tourism sector. The winning party in Queensland promised to pump an extra \$40 million into the tourism industry over four years. The winning party in New South Wales promised even more—this is extraordinary—by committing an additional \$123.35 million, a 25 per cent increase in the budget, that will be aimed at not only destination marketing, but also the events market. It will engage in direct competition with Victoria for significant events. The winning party in Victoria did not specify an amount of additional money, but it made a promise to commit more. The Victorian government has created a visitor economy taskforce and it will commit more to building that part of its economy. Obviously Victoria will increase its own expenditure in response to the New South Wales government ramping up by 25 per cent its tourism budget in an effort to steal events.

The three major markets with which we compete to draw visitors from Asia, Europe and America are about to spend tens of millions of dollars extra on destination marketing and events for the tourism sector to diversify their economies and boost revenue opportunities and jobs for the states. At the same time, what will we be confronted with? The Treasurer said that we whine and complain, but I hope that some of the \$8 billion that he will put on the credit card will be used for destination marketing and tourism in addition to what we are already spending. The government broke a promise it made at the last election—yet another one—about destination marketing. At the last election, the Barnett government said that it would increase funding for destination marketing for tourism by an additional \$24 million. What did it do once it got back into office? It increased it by \$9.29 million. It broke its promise and it is already underspending. In addition, it has also imposed an efficiency dividend cut on Tourism Western Australia. The one and only sector within which the state has an opportunity to invest with reasonable certainty to receive a return in the near term of set amount of revenue, a ratio that is pretty well documented, has already been cut and now we are confronted with whether the government has the capacity to increase expenditure when it is desperately needed—and it is desperately needed.

Anyone who is watching the Western Australian hospitality sector knows that we are about to be confronted with a glut of hotel rooms. There has been a downturn in visitation as a result of the mining industry downturn. There is a lot less business travel and a lot of vacancies as a consequence. There was good work by the sector in building up the state's stocks and it cannot be denied that the government went out of its way to offer handouts in the way of land to facilitate new hotel rooms being brought to the market—that is true. However, it will be to no avail in the event that we do not have the capacity to fill those hotel rooms because we are not able to match our key competitors on the east coast. That is one of the key outcomes and one of the negative consequences of the chaos to which the shadow Treasurer referred earlier. One consequence, in a field that we might not even consider on the face of it, is that we will be constrained in our ability to match what is being done on the east coast at a time when those states are ramping up. The states on the east coast have greater growing revenue because of the housing market. What is happening in Western Australia? The expectation by analysts is that Western Australian housing market is collapsing; indeed, it will not look very good at all by the end of the year. People in the industry are fearful about what will happen by the end of the year. Western Australia will not receive the revenue streams that will be received in New South Wales and Victoria as a consequence of their

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housing boom. We will be more reliant than ever on tourism, but we may not have the ability to respond as consequence of this government's bad management.

I am interested in another area of the \$8 billion that the government will add to the state's debt. A significant component of the government's borrowing—I think it is about 40 per cent—is to be used to pay for operating costs for recurrent expenditure for paper and pens, as the member for West Swan stated earlier. Is some of that money in anticipation of the additional bill that the government has imposed on the people of Western Australia by changing the three-strikes laws on burglary? The last budget identified that there was a risk. I refer members to budget paper No 3 for 2014–15. Page 79 refers to spending risks but page 81, under the heading “Law and Order”, reads —

The Criminal Law Amendment (Home Burglary and Other Offences) Bill 2014 was introduced to Parliament on 12 March 2014. There is a risk that enactment of the proposed legislation will result in an increase to the State's custodial population, due to increased sentence lengths for applicable adult and juvenile offenders ...

I know that is true, because I pursued the matter in estimates. No specific or identifiable number was given for the projected increased costs to the state as a result of the legislation, but we pursued the matter in the course of estimates. This was reported in a number of media around the nation, but *The Guardian* published a piece on 24 February by Calla Wahlquist. The Commissioner of Corrective Services, James McMahon, revealed to the estimates committee —

... the proposed legislation would put an extra 206 adults and 60 juveniles behind bars within four years, at a cost of about \$93 m. That cost was not included in the 2014–2015 budget.

As I stated, it was not included. During estimates, it was revealed by the commissioner that it could add about \$93 million. I am sceptical that that is too generous to the government. I think that is a very conservative figure. Subsequently, we had the *2014–15 Government Mid-year Financial Projections Statement*. On page 46 of the midyear financial review, the risk was again referred to under the heading “Law and Order Spending”, subheading “Daily Average Prisoner Population”. The Criminal Law Amendment (Home Burglary and Other Offences) Bill 2014 was again referred to, but, again, the government shied away from putting a figure in there. Even though it had been confirmed by the Commissioner of Corrective Services that there is an accurate figure—at least a projection—of \$93 million over three years, the government did not feel capable of adding that into the books, even in the midyear financial review. We are about to come to another budget. I expect that by now some solid work has been done to identify projections and to solidify those projections that the Commissioner of Corrective Services has already publicly stated in *Hansard* and that they have been included in the budget in the out years as planning to accommodate the cost of this legislation introduced by the government. If not; that is irresponsible. It is also untruthful, because the government has the capacity to tell the people of the state what the cost of this law is or is anticipated to be and where that money is coming from.

I have questions for the Treasurer right now: Is part of the \$8 billion Loan Bill that we are debating today to pay for the \$93 million anticipated cost of the government's new burglary law, the changes to the three-strikes law and the 206 adults and 60 juveniles anticipated to go into prison as a consequence of that? Are we borrowing on the credit card to lock these people up? If the government is doing so, it must also know that that process does not work. Juveniles who go into our detention facilities for three strikes for burglary or whatever reoffend when they are adults at a rate of 33 per cent. One in three juveniles reoffend when they leave the juvenile detention facility and become an adult. They reoffend in such a way that they enter the adult prison system. It fails for one in every three juveniles who we put into that system. If the offenders are Aboriginal—currently most juvenile detainees are Aboriginal, as at least 70 per cent, but often as high as 85 or 90 per cent are Aboriginal—and they end up as one of the three who go into the system that fail to change their behaviour and they go on to reoffend in the adult system in such a way that they are incarcerated there, we know that their recidivism rate is 70 per cent after two years. The government is effectively borrowing almost \$100 million—if that is what the government is doing—to fund a failed system that turns people into lifelong criminals. That is an interesting approach. I would hope that a lot more work has been done on that legislation and its consequences, to such an extent that the Treasurer of the state is capable of including it in the next budget. If the Treasurer just repeats the same lines in the midyear financial review and in the budget before that in identifying the risk, but overlooking the extent of that risk, that is just unprofessional—and it is also being untruthful to the people of WA. The Treasurer knows or he should know—if he does not know, it is just absolute incompetence—but I think the Treasurer knows. The Commissioner of Corrective Services claims to know, and I cannot see why it would not be in the budget.

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**MR F.M. LOGAN (Cockburn)** [7.25 pm]: I rise to say a few words about the Loan Bill 2015. This is the fourth loan bill that has come before this house since 2003. The first was introduced into the house by Hon Eric Ripper on 4 June 2003. That Loan Bill sought approval from the house for the borrowing of \$250 million, which was roundly criticised by the then opposition. Remember, we were borrowing the money to overcome many of the economic faults and problems that we had inherited from the previous Court administration over eight years. That government ran mostly deficits. I think they ran two surpluses over eight years. The next Loan Bill was brought into the house on 14 May 2009 for the borrowing of \$8.3 billion. The third Loan Bill in the last 12 years introduced into this house was on 15 August 2012 and that was for \$5 billion. Consequently, we have the bill before the house for \$8 billion. Therefore, \$23.1 billion over a period of nearly six years has been the order of the day for the current government, and for the Labor administration over the previous eight years, one loan bill sought a loan of \$250 million. I think we can let the house work out which side of the political system is the better economic manager.

Nevertheless, as I pointed out, the simple fact that Hon Eric Ripper walked into this chamber with a Loan Bill for \$250 million did not stop the then opposition expounding a huge amount of vitriol on Labor's ability to manage the economy at the time. If that was the case, what should we say about the \$21 billion worth of loan requests this house has received from the Liberal–National government over the past six years? What does the government expect us to say—well done? The government's budget has nearly run the state's economy into the ground over the past six years. Well done. Of course the government will be criticised, and so it should be criticised. A simple comparison of the reasons for loan bills is an example of why the government should be criticised.

I want to go to some of the reasons for the need for the Loan Bill 2015. Members have heard the Treasurer talk at length in the chamber. He certainly spoke about the reasons for the need to borrow \$8 billion during his second reading speech when he introduced the bill into the house. He also spoke at length on this during question time and he spoke to the media about it. In fact, it is highlighted in the media statement put out by the Premier and the Treasurer on, I think, 5 May—today.

The impact of the \$5 billion revenue hit experienced by the government is its reason for introducing this Loan Bill to the house. The Treasurer has mentioned many times that one of the reasons for that revenue hit is the dramatic reduction in the iron ore price. In a media release the Treasurer stated that the state budget was under significant pressure with —

... a fall of more than 40 per cent in the iron ore price since the 2014–15 Budget estimates were finalised which will result in a drop of \$7.1 billion in royalty revenue.

In defending the bill and his position against the opposition's criticism, the Treasurer asked who could have predicted that iron ore prices would have fallen as they did. A number of people did indicate there would be a likely softening in demand and the Treasurer would have been aware of that had he looked more closely at the economy of the number one purchaser of iron ore from Western Australia, because the statistics that the iron ore industry, the steel industry and finance houses use are based on the figures that come out of the Chinese economy. In 2012, those figures started to show clearly not just a softening in the demand for iron ore but the likelihood that it was going to drop off a cliff. Iron ore is used for only one thing: the production of steel. Unlike gold, lead, nickel and zinc, which are used in a series of different industries for different reasons, iron ore produces only one outcome: it makes steel.

If the Treasurer had looked at the demand for steel globally from 2008–09 to 2012, he would have had some idea of the likely demand for iron ore in the future. The Treasurer should not simply look at the spot price in China for an indication of the future demand for iron ore. He should look at the end result of what that iron ore is being used for, which is the production of steel. Iron ore's only purpose is that it is converted into steel.

I was very lucky to have a presentation from the Arrium–OneSteel group last year about the impact of the downturn in the iron ore price and its assessment of where the price is going to go in the future and whether people saw the drop in the iron ore price coming. I will go through a few statistics just to prove my point. These statistics were provided courtesy of OneSteel under the title of "Global and National Economic Outlook" for 2014 forward. Let us look at the gross domestic product of China since 1999. The high point in gross domestic product was reached in 2007, dropping away very rapidly after 2008 with the financial crisis and picking up again only in 2010 to just under 11 per cent per annum; it has now dropped away to where it stands at just under seven per cent currently. At its high point, the Chinese GDP was running at 14 per cent per annum, so members will understand that that drop has been significant and continual since 2007. The argument from OneSteel and its economist is that, effectively, China is transitioning to consumption-led growth as opposed to industrial production. That is evidenced by the Chinese industrial production figures, which hit their high points back in

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2008 when industrial production was growing at 20 per cent per annum but has since dropped to now less than 10 per cent per annum; it has dropped by 50 per cent from its high point in 2007, similar to the Chinese GDP. It started to fall away in 2007 and did not recover; it simply continued on a downward path. Similarly, between April 2009 and August 2014, investment in Chinese fixed assets, which reached nearly 35 per cent per annum, is down to 15 per cent per annum. As the Arrium group has argued, China has a history of acting to maintain GDP growth at target levels, but with the infrastructure lever already pulled, there is less available to the government to offset an easing in property construction growth and consequent investment in fixed assets. Those are clear indicators that the demand for iron ore that was driving the construction boom, particularly in industrial production in China, was already being transformed back in 2008–09, specifically after the global financial crisis, but it was already changing before that.

If we look forward to global steel production to 2025, there are significantly different views about China. OneSteel presented four different forecasts to Chinese steel growth in 2025. Its first forecast argued that there would be a growth of 200 million tonnes over that period. The second forecast said that demand would be negative seven million tonnes and the third and fourth forecasts indicated 200 million tonnes and 325 million tonnes growth respectively. The view from all of those forecasts is that although there might still be a level of growth in the demand for and production of Chinese steel, it is much lower than it has been in the past. That will come as a result of the number of steel mills that are operating in China. During the early 2000s there was a massive investment in China in steel production, particularly provincial China, where provinces were competing against one another for economic growth. They chose to become steel producers, and they chose Australia as their source of iron ore supply and, therefore, invested heavily in steel production. World steel production capacity reached 83.9 per cent in March 2011. As a consequence that was reflected in the profitability of Chinese steel mills, the cash margins of which were \$US90 per tonne of steel produced. That was a high point and a reflection of the massive investment over a significant period of time in Chinese steel production, because the supply was there, the demand was there, and they were getting a good cash return—a good cash margin—at those steel mills. In 2011 those steel mills were still getting \$US90 a tonne, but the problem was that Russia, Turkey and Brazil were also heavily investing in steel as well. Combined, we ended up with a huge overcapacity in global steel production. As a result of the huge overcapacity and the continuing downturn in the United States and Europe as a result of the global financial crisis, there was a drop-off in demand for steel in those areas and, therefore, a drop-off in utilisation of that capacity also, such that the 80 per cent utilisation rate, which are the normal production levels experienced by steel mills around the world for many years, has not been reached since 2009.

[Member's time extended.]

**Mr F.M. LOGAN:** Arrium–OneSteel economists are predicting that into the future an 80 per cent utilisation rate will not be reached any time soon. Cash margins at Chinese steel mills are now down to about \$US27 per tonne of steel produced, from a high of \$US90 a tonne. All of that reflects back to two things: firstly, the fallout from the global financial crisis and the downturn in the demand for steel products in Europe and China, and, secondly and more importantly, the transition that has been happening in China since 2007 from industrial production investment to consumer-led growth. That had been going on since 2007, and, therefore, the peak in the benefit of iron ore prices for Western Australia occurred in 2012. However, economists, particularly those involved in the steel industry, because it is looking forward—it is their livelihood; the signals that give them an idea of whether to invest or not and to look at the forward demands in both iron ore and coal pricing and steel demand—could see that the heat had come out of China, and that the demand for iron ore and coal would be a victim as a result of the transformation of the Chinese economy. That could be seen as far back as 2007, if people had chosen to look at what the majority of coal and iron ore was used for—that is, for the production of steel. If we had looked at the demand for the production of steel and at the supply of production of steel, we would have had an idea of exactly what volumes of iron ore were needed in the future. That clearly was not done. Had that been done, we would have had some idea of the impact of iron ore prices on the state's economy, which brings me back to the Loan Bill.

The Treasurer told this house that we could not have predicted that. That is not absolutely true. Many people around the world had a clear idea that the peak of iron ore pricing was coming between 2010 and 2012. It was even reflected in real estate prices. If members were to talk to real estate agents in the north west, they would learn that house prices in Karratha and Port Hedland peaked in 2012. When did demand for real estate start coming off? It was in 2012. Why was that? It was because there was already a slowdown in the production of, and demand for, iron ore. We hear the argument that this could not have been foreseen and that, therefore, we have been king hit by the drop-off in the iron ore price—we hear that constantly not only in this house but also from Joe Hockey, who for some reason has used the decline in the iron ore price for everything that seems to be going wrong in his budget. The worst part of that excuse, that we did not see it coming, is that it is not true.

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I guarantee that Rio Tinto and BHP Billiton absolutely saw it coming. They would have used economists very similar to the economists whom Arrium–OneSteel used and they would have seen it coming. They invested heavily, as the Premier knows, in their production capacity because they wanted to take advantage of the market, because it was still growing until 2012. Post-2012, however, they put themselves in a situation where they became the lowest cost producer in not only the whole of the Pilbara but also the whole world. That is the reason those companies put such massive investment in their capacity to produce.

That now brings me back to the whole reasoning for the \$8 billion that is required by this house. As I say, this is not the first time this has happened. In 2012 the Loan Bill was for \$5 billion and in 2009 the Loan Bill was for \$8.3 billion. That happens because that need is not directly related to the income stream; it is directly related to government expenditure. The government has had a number of projects on its books and now it has to pay for the projects it promised at every election and even in between elections. As the Treasurer knows, not all investments in infrastructure projects are good. Today the Premier told the house, as a way of explaining why these things are great: “Look at the number of cranes on the skyline in Perth. Isn’t that a good thing? It shows you that everything is going well. The economy is going well. The government is right in its infrastructure investment program.” As the Treasurer knows, and the Premier knows, because he has been here long enough, Treasury bureaucrats will say very clearly that investment in infrastructure such as the Water Corporation is good. Infrastructure in poles and wires is great investment, and if it comes to billions of dollars, that is no problem. That is good. Infrastructure in ports and other associated infrastructure is good investment. Infrastructure investment in Elizabeth Quay is bad investment. Investment in the Northbridge Link is bad. Infrastructure investment in Perth Stadium is possibly bad. Why is that? It is because some infrastructure investment makes money, will pay for itself and will be a good asset on the government’s books, and other investment simply burns money. They are social investments. One form of investment is a good investment on the asset sheet of the government, particularly because of the revenue that it generates; the others are vanity projects that will simply burn cash.

**Mr J.H.D. Day:** What about Perth City Link?

**Mr F.M. LOGAN:** It is a vanity project at the end of the day. The government will not make money out of it. These are vanity projects. I do not need to stand here and tell the government that; it knows that. Treasury bureaucrats will tell the government that. They have told the government that but it does not listen.

I said that Perth Stadium is possibly a bad investment because it may well pay for itself, but over a much longer period. I do not know what other add-ons in the Perth Stadium could generate money, such as parking or whatever. As the initiator of the Perth Arena, I know that when I put the proposal to cabinet to replace the old Perth Entertainment Centre with the Perth Arena, it was endorsed but then Treasury did not like it. Why did it not like it? Because it would not make any money. We needed to dig a bloody great hole underneath it so it could be used as a city car park and money could be made out of that so we could get a return on the investment a lot faster. At the time I pointed out to Treasury—it is not known for its geological engineering skills—that the land underneath where we proposed to build Perth Arena was a former wetland. It is very difficult to build a multistorey car park on land that, if we drill down six feet, is full of water. Nevertheless, that is what Treasury wanted and eventually that is what it got and that is why the project blew out, even though it was warned over and again that the cost would blow out because a car park cannot be built in a lake. That is what Treasury wanted to do and it did it. Why? Because we wanted to get a faster return on the investment in Perth Arena. The rest is history, thank goodness, because it is a fantastic facility and will be there for many years, entertaining people.

I draw that comparison because there is good investment and there is bad investment. On top of good investments, such as hospitals and schools, unfortunately, for the last two terms, the government has continually made very expensive investments in vanity projects and bad investments when it comes to the fiscal control of the budget in Western Australia. Consequently, once again, it is asking for more money to run government over the next couple of years because it has maxed out the credit card and gone into deficit. That is the reason we are here.

**Dr K.D. Hames:** What did you say about Elizabeth Quay?

**Mr F.M. LOGAN:** I said it was a bad investment. Elizabeth Quay, the Northbridge Link and the Perth Stadium are bad investments.

I repeat: if we look at the period when Labor was in government, we came to this house with one Loan Bill requesting \$250 million and we were criticised by the then opposition as if we were going to kill somebody. Over the last six years the current government has walked into this house with \$21.3 billion worth of loan bills, and it does not expect us to criticise it? I do not think so. The government has been a bad manager and it shows in the debate on this Loan Bill.

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**MR P.C. TINLEY (Willagee)** [7.55 pm]: It is really important that each and every one of us put our views on the record of the house. At the risk of repeating the comments of other members, we bring to this chamber for the benefit of our electors the enormity and gravity of the issue. The level of debt that has been driven up and delivered by this government is nothing short of shameful. I find it extremely ironic that the fiscal conservatives of this Parliament are on this side of the chamber and the tax-and-spend members of the house are on the other side with the conservatives. It really is an upside-down world.

The Loan Bill 2015 that we are debating tonight that was introduced by the Treasurer is required to accommodate the record borrowings of this government, including corporations such as Western Power, Synergy and the Water Corporation. We have heard the numbers before but tracking expected growth towards \$30.8 billion by June 2018 is astounding. The more important aspect of this issue is that we have been shown no fiscal plan, unless there is a secret plan somewhere. So much of what this government does is not transparent. If there is a secret plan that will bring that debt under control, we are all ears. We are particularly keen to hear from the Treasurer and the government about its plan to bring back this debt blowout to something approximating normality and an opportunity that will not have an intergenerational transfer of disadvantage that successive citizens of Western Australia will have to pay off. We cannot imagine the issues that go on inside the government as it tries to put some sort of vision or structure around the debt and the spend that is going on. It simply continues to come to Parliament and put its credit card into the ATM and have it spew out more cash. As the Treasurer has already said, the government's expectation that this cash will fund its requirements through to June 2017 is instructive by itself because it tells us that this is the opportunity for an \$8 billion spend between now and the next election campaign and beyond. One would be tempted to speculate that this government has no intention to be transparent with the people of Western Australia about how it will show fiscal restraint and come up with an action plan that survives any sort of scrutiny that can deliver some sort of balance to the budget or some rebalancing to the spend of this government leading up to the next election. I challenge the Premier, hopefully this year but certainly through 2016 as we go towards Christmas 2016, to articulate a plan that will identify when we will at least flatten out on debt, let alone repay the debt.

It is really important that debt projections are somehow put into a context that ordinary Western Australians can understand. We note that the government's first Loan Bill was introduced in 2009 for \$8.3 billion, and the second Loan Bill in 2012 was for a further \$5 billion, which, as stated at the time, was supposed to be enough to fund debt through to June 2016. We have already maxed out the card. We are already going back to the ATM to see how much more we can get. We will look with great interest at the forthcoming budget to see where our \$8 billion will be spent. It is particularly important that I report back to the people of Willagee that the hard-earned money of the taxpayers of Western Australia will go into something that might generate good economic growth with a sound business plan for them and their children to ensure some sort of job security or job prospects in the future.

As the member for Cockburn and other members have already said, the former Labor government raised only one Loan Bill. It is quite interesting that this government, with a massive revenue hike, has had to bring in three loan bills just to paper over the cracks and get us through to the next election but the previous Labor government brought in one Loan Bill for \$250 million in 2004. I do not want to trawl through ancient history because I was not here but other members of the house were and they knew what was funded and what was preserved out of a windfall from stamp duty that the previous government enjoyed. It was certainly not to the scale that this government has enjoyed from the royalties it has received for commodities, but it was something that the previous government was able to manage and deliver and preserve cash for capital works. In retrospect, we wonder whether using the current government's methodology was wise. Maybe we should have simply spent the dough and handed over in 2008 an enormous deficit that this government would have spent two years trying to rein back in.

**Mr C.J. Barnett:** Don't forget you got back 100 cents in the dollar in GST over that period.

**Mr P.C. TINLEY:** It is really important that we understand people's positions on fiscal responsibility and the share of the GST. I note from the Premier's commentary that he was happy to blame the federal government and the Commonwealth Grants Commission for a range of problems of his own making. In fact, whilst nobody on this side of the Parliament disagrees with the idea of putting a floor under the share of the GST we receive, we want to bring members back to the debate in 1998 about the government's position on the GST, which argued that it was all fine. When the Premier was a member of a previous Liberal-National government, he commented in this place that this was a simple replacement of state taxes and charges when the methodology itself had not even been identified. When we trawl through history—I am not one to be retrospective—and look at some of the Premier's previous media statements from when he was the Leader of the Opposition and the shadow Treasurer,

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we see that he talked about the same things that we are talking about. I find it ironic that the Premier did not even take some of his own advice from a statement in March 2002 when he said —

A reduction in expected Federal Government grants funding is no justification for increasing state taxes and charges, ...

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

**Mr P.C. TINLEY:** So the Premier is happy to follow the Labor Party when it does something like that, but he is happy to condemn us —

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

**Mr P.C. TINLEY:** That is fine. What about payroll tax, Premier?

**Mr C.J. Barnett:** The Gallop government increased that too.

**Mr P.C. TINLEY:** So the Premier is happy to take our lead on things such as payroll tax when he commented at the time that it was entirely unacceptable? Really, the Premier cannot have it both ways.

**Mr C.J. Barnett:** I can.

**Mr P.C. TINLEY:** Really—because what you say is word?

**Mr C.J. Barnett:** Because the Gallop government was not facing financial difficulties being that there was massive increases in all major taxation areas.

Several members interjected.

**Mr P.C. TINLEY:** Has the Premier not had a massive windfall?

Let us talk about the general ideas that I started my commentary around and which side of Parliament has a genuine commitment to fiscal responsibility. In the Premier's contribution in 2002 on the then Gallop Labor government's full fiscal year, he said —

It has had a full fiscal year in government, yet it continues to blame —

This is in reference to the Australian Labor Party —

every financial difficulty it faces on either the Commonwealth Government or the previous coalition Government. Surely time has moved on and surely this Premier and this Treasurer should start to accept responsibility for the financial affairs of the State of Western Australia.

What about that does not ring ironically for the Premier? He needs to look at it and think that maybe he does need to consider this and come clean with the people of Western Australia and identify a pathway to which we can bring some sort of fiscal balance into Western Australia's books.

The Premier goes on to say —

I turn now to the debt position ... At the end of the day, what matters in state finance is the level of state debt, because it is on the level of state debt that the Government must pay interest, and presumably it should also seek to ultimately repay the capital.

When it comes to that, I, the house and the people of Willagee would dearly love to know at what point will we reach peak debt and at what time will it flatten out? What is the Premier and the Treasurer's plan through to 2017 when this Loan Bill expires to find a pathway to bring some sort of normality? It is not acceptable at this point that the Premier is simply pointing his finger to the east and identifying the mean and nasty Abbott government and its lack of fairness in its treatment of the way Western Australians are considered before the Commonwealth Grants Commission.

In 1998 a range of things were said in here about the GST. We all acknowledged that the state was a recipient of funds under the CGC arrangements prior to the GST and the Premier did not see any reason why the mining royalties or growth potential that some of the other states had would unfairly diminish our capacity. It is instructive that suddenly the Premier wants to rewrite history and compare the previous Labor government's revenue windfalls and tax increases with what the Premier has done. The Premier's position is very clear on the record on things such as payroll tax, yet he seems to be walking away from that now in a simple attempt to say that it never happened on his watch. As Leader of the Opposition, the Premier released a media statement about revenue raising that was supposedly undertaken by the previous Labor government. The statement is titled "Labor cuts spending in core areas and hits the economy with taxes". The irony of those words hang thick in the air. It states —

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“The increase in payroll tax, worth about \$100 million a year, is quite simply a tax on jobs,” ...

How on earth can the Premier correlate that with the payroll tax increases that this chamber dealt with? That is plain and simple—I have not edited it. That is a statement by itself. The Premier goes on to say —

“It will inevitably see some of the State’s major employers forced to cut back on employment ...

What has changed from 2001 when the Premier made this statement to 2015 when the Premier’s actions are completely different from his words?

**Mr C.J. Barnett:** This government has given two rebates to small business on payroll tax and we have also made a commitment to raising the threshold in successive years.

**Mr P.C. TINLEY:** The government made a commitment; however, it made commitments in 2008 that it walked away from. Has the Premier delivered on those commitments?

**Mr C.J. Barnett:** Two years of rebates.

**Mr P.C. TINLEY:** The Premier was very quick when he was shadow Treasurer and Leader of the Opposition in 2005 making statements under the heading “WA debt set to skyrocket under Labor.” Really—one Loan Bill for \$250 million in eight years and that is what we get from the then Leader of the Opposition? The statement reads —

“If the Labor Government cannot keep debt in check when times are good as they are now, then the State will be in real financial trouble if the economy slows.”

These words are being played back to the Premier at a time when the economy is slowing and global growth is below two per cent, and has been for a long time. He identified the fact that it was a bad idea not to keep debt in check through the first term in government. The media release continues —

Mr Barnett said maintaining debt at a responsible level was vital to keep interest repayments down and ensure the retention of the AAA credit rating — an important factor in attracting investment to Western Australia.

The Premier is damned by his own words, because this is not a commentary for him, actually; it is a commentary for the people of Willagee—the people of Western Australia who I represent—and his own backbench. The problem here, colleagues, is that the issue is not whether this government has no fiscal plan to bring debt under control, it is not whether we have any idea about how we are going to run proper, responsible business cases for the allocation of capital and have a proper understanding of the impact on families and disadvantaged people of the cuts to services such as education that the government is undertaking; it is really very much about the member for Cottesloe. To backbench members I say their biggest problem is the member for Cottesloe. The Treasurer knows it. The Treasurer has to deal with it. The Treasurer has all sorts of trouble in relation to his own philosophical basis for participation in this place and in his current role; he is the one who has to sit in the Economic and Expenditure Reform Committee and identify more and more cuts to services and the hollowing out of the services that make a real difference for the people of Western Australia. He is the one who needs to gather the forces around the cabinet table to put this Premier in check. I have a sneaking suspicion that come the next election, it will not be the member for Cottesloe who will have to explain himself to the people of Western Australia and make the case for re-election for a third term of a Liberal-National government, but in fact it will be some other poor mug who the backbench will all have to back up. It is a real problem for the Liberal-National Parties—the so-called fiscal conservatives—of this Parliament.

[Member’s time extended.]

**Mr P.C. TINLEY:** I would not want it recorded at all that we did not have some sympathy for the arrangements under the goods and services tax that the Premier so quickly uses to paper over the reasons he did not do his homework in the first term to identify where the level of debt should be and then stick to his own fiscal plan of the time. I would not want it identified here that we did not have some sympathy for the idea of a floor underneath the GST, and the vertical fiscal equalisation arrangements that the Commonwealth Grants Commission identified. But there is a whole range of other things that the CGC needs to attend to to ensure that Western Australia is not disadvantaged, not the least of which is geography. As the state with the single largest land mass, the disadvantage of the delivery of services into our more remote regions is that it is increasingly expensive and increasingly difficult as the sophistication and expectations of electors of the nature and level of services that should accrue to them need to be met, including things such as internet, enhanced and advanced medical services and faster and better education services. The CGC seems to adopt, in its 2015 report, a bizarre concept of distance, and distance from capital cities seems to be a real problem. The 2015 review report is very light on and has been given a light touch in the use of geography. Hobart now, I understand—if I read the report

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correctly—is no longer considered a capital city. For the purposes of the CGC’s calculation for the delivery of services, its population of 215 000 is below the 250 000 required level that identifies it as a capital. So where is Tasmania’s capital city for the purposes of the calculation of GST? It is Melbourne. A similar argument is made for Darwin; it falls below the 250 000 population threshold, so its capital city for the purposes of the calculation of the delivery of services under the CGC is Adelaide. That cannot be sustained; that is not a fiscal federation if they are the arrangements that are considered appropriate. We have all talked about and know about the revenue raised by the east coast states that have pokies and enjoy the full benefit of that, although I would like to see the cost of social services for gambling and issues related to gambling. We can contrast that with somewhere like Broome in Western Australia, the distance of which from Perth is some 2 400 kilometres. The calculations in relation to the CGC’s application of its own formula leave Western Australia, on many levels, worse off.

It is particularly interesting because if we go further afield, the job of delivering services into Wyndham, for example, at 3 300-odd kilometres from Perth—let alone all the remote communities—is made a whole lot harder if we are not getting any recognition of that in comparison with places such as Tasmania; in terms of land mass and the sorts of things we need to attend to in Western Australia there is no comparison whatsoever. Places such as Wyndham do really need the help. There was a fight on last year to keep a childcare centre open. The majority of people in the town who had small children and wanted to participate in the economy and/or the community would not have had an option for child care because it was going to be closed. It was run by the local government. These are all things that tally up and add to the complexity of remote life that needs to be attended to. The problems we have with the CGC and its calculations do not stop there. There is no concession applied to Western Australia, and it really is a genuine equity issue that the Premier, I am sure, and the Treasurer, I do trust, have taken up in far more detail than I can attend to in 30 minutes on my feet in this chamber.

So here we have it: the fiscal action plan is missing in action. The intention of this government, leading up to the 2017 election, seems to be couched all in one big final visit to the automatic teller machine for \$8 billion—it is its third trip to the ATM—in order to get over the hump until March 2017. It is saying, “Damn everything else. We’ll just get through the next election, and if we are so lucky as to be able to hoodwink the people of Western Australia, then good luck to us and we will worry about that on the other side of the bridge.” It is a real challenge.

I turn my attention to what is the obvious point that a lot of people make, and the Premier himself has made in various public forums and in this chamber—I do not quote him here—that the post-boom world or economy of Western Australia needs to identify those things that are working and move to a diversified economy or strengthen the diversification of the economy. Indeed, the Premier, I do recall, when at the In the Zone conference on Friday at the University of Western Australia, made a contribution as the host to that international forum and talked about the very need to make sure we take the benefits of the boom in terms of the intellectual property, the knowledge economy and the skilled services sector. Those are my words, not necessarily the Premier’s, but the intent was the same. It was about building on what has been achieved through this period of boom, and making sure we apply and export that. That requires a significant plan. When we look for information this government might have to its identified plan for regional engagement or trade engagement or the way we are going to assist industry to project ourselves and export the skilled services sector and knowledge economy that resides here, it is just missing. There is no cogent, transparent, published plan. There may well be a secret plan that will suddenly be rolled out that will bring all the threads together for this so-called amorphous thing called the “knowledge economy” or the “skilled services sector”, but we have not seen it and we look forward to the idea. There are some people doing some serious work in this area. The “Smart Power” paper released by the USAsia Centre; the Murdoch commission report of 2013, produced by Murdoch University on what I call a proxy response; and the 2010 federal government white paper “Australia in the Asian Century”, all give clues and pointers as to where Western Australia can go. The latest iteration is the report produced by the Knowledge Society called “State of Mind”, which was also launched prior to the In the Zone conference held last Friday. It is a very good read because it is giving, through a range of snapshot statistics, as it states, “a status of the knowledge economy in Western Australia.” I think it is a very important thing. What it does as it works through innovation and things like soft-power capital is it produces some good case studies about what is actually going on. Of course, it identifies those more high-profile ones that we know like the CETO wave energy project et cetera. They are all just indicators of what exists. The Murdoch commission report, the State of Mind project, the USAsia centre’s various reports, and even the Committee for Perth, show that there are enough well-intentioned, smart-minded, active people in this state who are identifying the comparative advantages of every sector of Western Australia. However, what we do not have is a unifying plan that brings those threads together and applies them with a laser-like intensity—because we are only a small economy—through a methodology that targets the markets that we want to approach and get into.

The Premier made India a point of his speech on Friday in relation to inexplicably, low two-way. That is fine, but what is our plan? How are we going to pick up the agricultural business and the agricultural sector and

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export, not just bulk commodities, but knowledge? What are the opportunities for attracting financial support and international investment to Western Australian businesses that innovate? That is what is missing from this government, and my call to the members of the backbench is that they have a voice. I urge them, for the good of all Western Australians, this side and that, to put upon the members of the frontbench the desire for an idea, a vision and a plan that not only delivers fiscal responsibility, but also concerns the upside of the possibility of post-boom—and I use the word “boom” advisedly—economy that will benefit successive generations as we try to work out how we will pay down the debt and keep everybody employed in a very low interest rate environment. Let us face relativities; we all lived through 1987 when most of us had a mortgage at that time at 17-odd per cent, and that does bite. The relativities, because there is more cash in the system, would put that somewhere down in the single digits. We will not need too much of a tweak to put households under significant stress with climbing unemployment and poor fiscal management from a government that has shown no particular regard for responsibility and that will put them under more stress than they need to be.

**MR P.B. WATSON (Albany)** [8.24 pm]: It gives me great pleasure to talk on the Loan Bill 2015. I just cannot get over the fact that we are not only getting a bill like this for the third time, but also it is an urgent bill right before the budget. The government is seeking authorisation to borrow \$8 billion to meet the planned general government purposes borrowing requirements until 30 June 2017. It is the third loan bill introduced by the Barnett government. The first was the Loan Bill 2009 that sought authorisation to borrow \$8.3 billion until 30 June 2013 and the second was the Loan Bill 2012 that sought authorisation to borrow \$5 billion until 20 June 2016.

I remember sitting on the other side of the house—I have been lucky enough to sit on both sides—hearing the Premier say, “Labor won’t be able to run the government. You’ll go into record debt and Labor can’t be trusted.” He kept saying it all the time. When I first came into Parliament, the Premier used to get up on this side of the house and talk and talk and talk, and I thought, “Gee, that bloke knows a lot.” Now that I have been here for a while, I believe that he just makes a lot of it up as he goes along. Listening to him tonight when he talks to people who are giving him facts about issues, he responds, “No, it’s not that way; you don’t understand.” I think the Premier has got to sit back sometimes and listen to other people. I know the Premier does not take any notice of his backbenchers, but some of these people have got some pretty good ideas. He can shake his head and think that he knows everything, but it is going to bring him down in a big way. He is going to be remembered —

**Mr C.J. Barnett:** Make a speech about the finance. If you just want to come in here to have a go at me, then go for your life.

**Mr P.B. WATSON:** Leave the chamber, sooky. The Premier is going to give my grandchildren a debt that they are going to be paying off until their grandchildren. Does the Premier think that is a good idea?

**Mr C.J. Barnett:** And they will happily pay for the new Albany Hospital.

**Mr P.B. WATSON:** Here we go. Every time you talk about it; you have done one thing down there.

Several members interjected.

**The ACTING SPEAKER (Mr N.W. Morton):** Members! Member for Albany. I am on my feet. There are interjections flying across the chamber. I do not want the house to descend into that. The Member for Albany has the call.

**Mr P.B. WATSON:** Every time I get up you mention the hospital. We appreciate the hospital, but there are some issues with the hospital that I have been very careful —

**The ACTING SPEAKER:** Member for Albany, if you could direct your comments through the Chair it may reduce the number of interjections you receive.

**Mr P.B. WATSON:** I want to have a crack at him; I reckon he is doing a useless job! Anyway, thank you Mr Acting Speaker.

As I said, I sat on that side of the house and I heard the Premier attack Eric Ripper all the time. Eric Ripper was a very good Treasurer and he looks even better compared with the Treasurer we have now. We had only one Loan Bill in that time, and it was for \$250 million. When we consider that the Premier used to say Eric Ripper was a terrible Treasurer, I think the longer he has been away, people will look at him and say that he did a tremendous job. I have had some friends of mine look at the state’s debt. They are saying that WA taxpayers are currently paying over \$2.6 million per day in interest alone just to cover the Barnett Liberal government’s debt. While I am on my feet for half an hour tonight we are paying \$54 000 in interest on our debt. If I am allowed to talk for an hour, it will be \$108 000. People in the community do not realise what the current government has done and the interest that we are paying. I know there has to be some debt but the government

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could halve that amount to \$1.3 million a day. In the next half an hour, I will probably explain where some of that money can go to.

Let us get to the Albany gas pipeline. During two elections, the Premier has come out and said, “Oh, yes, we are going to do the Albany gas pipeline as our big ticket item.” What I would like to do is lay on the table once again the picture I am holding of the big trailer that went around Albany right throughout the election. A sign on the trailer reads “The Liberals will build the gas pipeline to Albany, Labor won’t.” I would like to place this picture on the table, Mr Acting Speaker, for the rest of the day’s sittings because this keeps on coming up.

[The paper was tabled for the information of members.]

**Mr P.B. WATSON:** It was very good during the election because Labor got a bigger sign than Liberals. The Liberals had a little sign up and Labor had a sign right along the bottom, so it was very advantageous to us.

**Mr C.J. Barnett:** So do you support the pipeline?

**Mr P.B. WATSON:** No, we do not, because it is not going to happen. The Premier should go to the next election and again misinform my constituents. The Treasurer got up today and said, “Oh, it’s a miracle I keep winning.” They do not like the Premier. He comes down to Albany and makes promises and does not deliver. The Premier should come down to the Albany Town Hall, and I will debate him any day of the week, because they do not like him.

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

**The ACTING SPEAKER:** Premier, you are on two calls. I have asked to hear the member for Albany in silence. The member is directing his comments to me, and I ask him to continue.

**Mr P.B. WATSON:** I will go through a couple of press releases, although I was told today that we cannot believe what they say. On 21 January 2013, an article in *The West Australian* stated —

Albany’s long wait for connection to the State’s main gas supply appears over, with a coalition of energy giants firming as the backers of the \$135 million, 350km pipeline to the former whaling town.

The figure of \$135 million can be doubled and probably even tripled. Mr Barnett is quoted as saying —

“The problem with the Albany pipeline is that there is no one big customer.

“So it is intended that Verve will build a 30 or 40 megawatt gas plant there at some stage so that would become a customer.

I will get rid of that one. The next media release, from the Premier’s office, is dated 29 October 2012. It states —

Premier and State Development Minister Colin Barnett and Regional Development Minister Brendon Grylls today announced the Bunbury to Albany gas pipeline would service Manjimup and towns along the corridor, including Donnybrook, Bridgetown and Mount Barker.

“The Bunbury to Albany gas pipeline will deliver secure, reliable and safe energy to support future economic and population growth in the South-West and Great Southern regions,” Mr Barnett said.

“As well as making reticulated natural gas schemes possible for householders along the pipeline route, it will create new opportunities for existing industries and attract new investment.”

At that stage, Grange Resources was coming onto the grid, and a lot of people thought it was going to happen. Mr Grylls made an offer to Grange that it could not refuse, or he thought it could not refuse. He said Grange would have to take the gas from the new pipeline. Unfortunately for the minister, Grange said it would not do so. All sorts of threats were made, but Grange just walked away and said that it would do what it wanted to do. We were told that the pipeline would be 350 kilometres long and would carry 12 terajoules of gas per day. The preferred route would service more than 100 000 south west and great southern residents. This was all announced on 18 September 2013. It was all going to happen, but what has happened? Absolutely nothing, and the government wonders why Labor keeps winning Albany. We have a Premier who does not give a stuff about people in regional areas. I admire the National Party. I voted for 25 per cent of royalties for regions in WA, not 12.5 per cent. If that 12.5 per cent that has gone back into the government’s coffers had been spent in the way that we voted for in Parliament, imagine what the debt would be now, if that money had gone where it was supposed to go. It was done in Parliament; we voted on it and both sides of the house agreed to it, and then, by a sudden twist or by magic, 12.5 per cent was gone. Imagine if the Treasurer did not have that to work with. That would have been a bonus.

**Dr M.D. Nahan:** Are you suggesting that we would have spent another 12.5 per cent on rural areas?

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**Mr P.B. WATSON:** I am being serious here. I am saying that 25 per cent was what we voted on in Parliament here, and now it is 12.5 per cent.

**Mr C.J. Barnett:** But there was a \$1 billion cap.

**Mr P.B. WATSON:** Was that there at the start?

**Mr C.J. Barnett:** Yes.

**Mr P.B. WATSON:** Okay, I apologise.

**Mr C.J. Barnett:** Just a minor slip-up.

**Mr P.B. WATSON:** Yes, we all make mistakes, but I admit to mine, unlike the Premier.

Then we were going to get the gas-fired power station. When the Premier came to town, he said that we would have a gas-fired power station to go with the gas pipeline and all that. Can I just ask the Premier, across the chamber, what has happened with the gas-fired power station?

**Mr C.J. Barnett:** That was not committed to. There are two issues in Albany. First, the current gas system is far from ideal in distribution.

**Mr P.B. WATSON:** We told the government that.

Several members interjected.

**Mr P.B. WATSON:** The Premier is leaving the chamber. He was saying naughty things to me.

We have an issue in Albany with the Lions Community Care Centre. It has had over 280 admissions over the past 12 months, and has provided short-term respite accommodation since 2010, with initial funding provided by the state government. I congratulate Minister Redman for getting that funding. However, the centre is going to have to close in the next couple of months. It provides 43 000 hours of care a year, and has been 90 per cent full over the past three years. The federal government has knocked it back for funding. The centre needs continuous funding, and we all know how hard that is. However, when we look at where royalties for regions funds are spent, it is mainly in National Party seats, which might be fair enough for the National Party, but with something like this, where people come in from the regions for respite care, I thought that at least the National Party would have found some money from royalties for regions. I hope it can still do so, and I intend to have a meeting with the minister, because this is very important. It is a bit different in Perth, where all the families and facilities are together, but people in regional areas, on farms or outside of towns, who are looking after someone 24 hours a day, need that break. These sorts of things bind the communities together, and if we lose them it will be a huge loss to our community.

We have two hotel sites in Albany. There is one down at Middleton Beach, which is the most expensive sandpit in the world, and another next to the Albany Entertainment Centre on the foreshore. Before the last election, the then Minister for Regional Development, Hon Brendon Grylls, came down and said that the government had a proponent and that everything was going to happen. Three years after he made that announcement, there is still a car park there. It is a sandpit. We had an opportunity, with the Anzac commemorations, with all these people coming into town. I think it was planned that there would be 60 000 people, and we got 40 000 people, but there was nowhere to put them. We had to put them on the Centennial oval and in caravan parks, and people opened up their farms. We are a regional city, and tourism is the way to go in Albany, but not if we cannot get hotels, or at least one of them. I congratulate the government on buying the site at Middleton Beach. At the moment LandCorp is asking developers all over Western Australia what they want to do. A lot of the hoteliers are saying that they will not build in regional areas. However, if the government had done something when it first got in, when it promised, it might have been different. It was during the boom, but the government just went to sleep. It is a huge issue in my electorate. Since the Anzac commemorations in November, a lot of people have come to town. We have the flow-on effect, but there is still nowhere for people to stay. We had the celebration of 100 years since the Gallipoli landing two weeks ago, and the town was absolutely packed. I had a guest tonight who went down to the entertainment centre at two o'clock in the morning, and all the buses were full. Anyone who went down there at two o'clock in the morning did not get up onto the hill. It was said that at three o'clock in the morning, 1 000 people were waiting there for the buses, and they could not get on because the buses had already gone. We must look at better ways to find accommodation, and better facilities, but I congratulate the state government, the federal government and the City of Albany on doing a great job with the Anzac commemorations.

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We have had some tragedies at Salmon Holes. I was down on the beach on the Saturday morning when the two boys went in. I was walking along the beach, funnily enough, and talking to the head of the Albany Surf Life Saving Club. We were just talking about how horrendous the surf was and how a person would not want to go in when he got a phone call telling him that two guys had gone in. He went back to the surf club and two surf club guys—I will mention them later—went out on jet skis in this mountainous sea to get around to The Gap. There was one body there and they were in recovery mode. I have seen photos taken on the day where the rescue boats, which are big, big boats, went up onto the top of the wave and then down the other side, and they were out there just to recover a body. I do not think people realise, especially in regional areas, the amount of work that these guys do; they put their lives on the line. Just last week a young girl was fishing at Casey's Beach. She went down to throw a fish back in, she fell over, hit the rock and went into the water. The boyfriend went in and tried to save her but he could not, so the boys from the surf club had to stop their day job and come around again and try to resuscitate the young girl.

[Member's time extended.]

**Mr P.B. WATSON:** The sad thing is that the young girl worked at the same shop as the young boy who got taken by a shark at Cheynes Beach. The tragedy involving the girl itself was terrible, but it was made worse by the fact that the mother and father who run the shop had lost their son and then lost this young girl. In a place like Albany where everybody knows everybody, it is a heartbreaking thing for the town. We have recently lost not only two locals, but also visitors. I do not know what the answer is at Salmon Holes. I would not fish there on a calm day. Anyone who catches a salmon knows that it pulls and jumps. The fish has to be pulled up over the rocks and to do that, a person has to lean over the rocks, so they have a bit of rope on their back. The big problem with king waves is not with the wave that comes in from the front, but the wave that goes up the rock and comes around the back and washes a person in. I remember my younger days spent in Denmark. I was fishing there one night and this old fisher guy who taught me to fish out there said, "Always put a rock in front of you." I was standing there with the keys, the wallet and everything in my pockets. The next thing, I got banged against the rock—fishing line, keys, wallet and everything went in the water. If that rock had not been there, I do not know where I would be now. The south coast is not like the west coast; it is all rock, so nine times out of 10 when a person goes into the water, they will hit their head or damage themselves as they go in. Most people try to swim back to the rocks, but if ever a person finds themselves in that situation, they need to swim out. The surf lifesavers tell us to swim out, tread water and someone will try to get to us, but most people try to swim in and go up the rocks. In Albany we have safety vests for people. A person can go to the local fishing shop on Stirling Terrace and get a life vest for nothing. If a person puts it on and ends up going in the water, there is a chance they can be saved. I cannot believe what some people wear when they go fishing—big boots and everything. People should just wear sneakers and have a rock in front of them, but never, ever fish on the south coast in such a position so that when they lean over, bang, they are gone. There has been some suggestion that we close Salmon Holes. We have lost 12 people from Salmon Holes—it is just unbelievable—even though there are signs everywhere. I do not know whether the signs are wrong, but there are signs at Salmon Holes that say "dangerous on the rocks". There is great debate in Albany about what we should do.

For the 100-year commemorations, 40 000 people visited Albany for the centenary of the convoy's departure for war. On Anzac Day this year, 4 000 people attended the dawn service, and probably 3 000 were still down the bottom. However, on the day before, 2 000 young people marched down York Street. It was absolutely magnificent. A combined schools choir of 60 children sang hymns. Air Chief Marshal Sir Angus Houston was present—what a great man he is. He just blended in and talked to everyone as though he was one of the boys. He was a special guest and was very moved and impressed with the way the young people read their poems and told stories. The students laid wreaths, and read speeches and poems while the combined schools choir of 60 children sang hymns. Some students who did their schools proud in the roles they played were: Casey Willmore, Michael Taylor and Carl Evers from Albany Senior High School; Tahliah Dimer from Great Southern Grammar; Asha Healy from North Albany Senior High School; Charlize van der Mescht from Bethel Christian School; Joreinel Abarca from St Joseph's College; Clayton Bransby from Spencer Park Primary School; Xavier Brenton-Reid from Mount Lockyer Primary School; Olivia Steel from Yakamia Primary School; Louane Grove from Albany Primary School; and Asha Wiegele from Flinders Park Primary School. The confidence that these young people had in getting up, making speeches and reading poems was unbelievable—there was not a dry eye in the house. Congratulations to all the schools and students from the great southern who were involved in putting on this unique event. We saw 2 000 students from right throughout our region march down the street and then go through a guard of honour formed by the Returned and Services League of Australia guys, which is what they do in Albany. As the children marched through, the guys doffed their hats. It was an amazing day and an amazing thing that those young people did.

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Just talking about the budget, the road trauma trust account has \$90 million in it. We have huge issues with our roads in regional areas. There are passing lanes between Perth and Albany, which is great because it makes it a lot easier for drivers, but we were promised funding for the South Coast Highway and the road on the other side to Manypeaks. It is so dangerous driving out to the Cheynes Beach turn-off. A couple of trucks have rolled over there—it is a very dangerous road and it is a real through road for people going to Esperance. With so much money sitting in the road trauma fund, many people have asked me why it is not used for that purpose.

Before I forget, members should not forget that the last Friday in May this year is National Post-Traumatic Stress Disorder Awareness Day. The Minister for Veterans and I brought in a motion for creating this day that got bipartisan support. PTSD affects not only police, but also Army personnel, the people who go out in ambulances and members of all the special services. It is just amazing to think that this is happening to people, and that they can get some help. Many people with PTSD think that they are alone and that nobody else has it. With the number of people we are losing to suicide and issues like that, we have to do something about it.

We were talking about some of the money that has not been spent. In Albany we have a real issue with the ring-road. When we were in government, the first stage of the ring-road was built; we can thank Hon Alannah MacTiernan for that. It is a real issue because the top roundabout in Albany is an accident waiting to happen. Cars come in from Albany Highway, Chester Pass Road and South Coast Highway—all those areas—and it is very dangerous. Money was put aside by the federal Labor government, and also when Hon Troy Buswell was the minister, but I do not know what has happened to that money. It was supposed to have been spent on planning and buying up the land.

We are very lucky to have our Albany Health Campus; the Premier and I have a crack about it, but we are very lucky to have it down there. But there are a couple of issues and I will just explain one. A lady came to see me and said that her husband had spontaneous pneumothorax—he had a collapsed lung. He went to the hospital and a surgeon came to see him and told him he would get him on the next day's flying doctor service to Perth and have him admitted to Sir Charles Gairdner Hospital. The man's wife went home and decided to ring Sir Charles Gairdner Hospital to find out what happens there. When she rang she was told that the hospital did not know anything about it. She went back to the hospital and spoke to the surgeon who told her he wanted her husband to go to Sir Charles Gairdner Hospital. When the surgeon rang the hospital, he was told that the patient would have to go into the new Fiona Stanley Hospital. The surgeon replied that the specialist he wanted was at Sir Charles Gairdner Hospital, but again he was told no. When I asked the health department about it, I was told that that does not happen. I have heard of two other cases of the same thing—people want to go to Sir Charles Gairdner Hospital and they cannot. If someone comes from Albany, they have to go to the new hospital. People coming to a Perth hospital from a region have enough issues against them as it is. They have to get to Perth and have to find somewhere to stay. Even though the patient assisted travel scheme is good, when I first started in this job I could get a hotel for 100 bucks a night. If anyone can get one for anything under \$300 a night in Perth now, they are very, very lucky. People can sponge off family for accommodation, but it is a huge issue when there are all these extra things. It is the same problem when people go to Perth to see a surgeon and the surgeon tells them he cannot see them today and to come back tomorrow. The patient says they are from Albany, 450 kilometres away, and the surgeon just tells them to stay somewhere overnight and come back tomorrow. That might be alright for the surgeon, but there is just no education for surgeons and hospitals about how hard it is for people in the regions. I know some people do not like the regions, or royalties for regions money going out, but it is so important. If someone from Perth goes to hospital, they go there and their family can come to see them and then go home. When someone has to travel 450 kilometres, or 900 kilometres return, and they need someone near them, it is very, very hard.

Finally, we are talking about having to borrow all this extra money. The government paid Serco \$118.8 million to run a hospital that had no patients, so that would have been a good saving. It then handed another \$16.7 million over because of continual delays and bungled management at the new Fiona Stanley Hospital. Member for West Swan, how much was paid to get out of the contract for Perth Stadium?

**Ms R. Saffioti:** To Allia?

**Mr P.B. WATSON:** Yes, to Allia.

**Ms R. Saffioti:** It was \$11 million.

**Mr P.B. WATSON:** It was \$11 million. There has been a lot of incompetence. I just have to find my notes about interest paid on a daily basis. They must have been that good, I threw them away! It cost \$2.6 million today in interest alone. That figure could be up or down by a few hundred thousand dollars, but \$8 billion is being borrowed just before a budget. I used to read great articles written by the Treasurer and it was a bit like with the

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Premier; I believed everything he said. I do not blame him. There are other people. Everybody knows who now runs the government. I just feel that borrowing this money will put a burden on my children, my grandchildren and their grandchildren for a long time, just to set up the ego of the Premier.

**MR P. ABETZ (Southern River)** [8.55 pm]: I will make a brief contribution to this debate on the Loan Bill 2015. I have listened to the tirades—how else can I describe them—from the opposition side of the house and I just want to add a few things to put some perspective on this whole issue of debt, because the question is: what kind of debt is it when the government is rebuilding a lot of things that needed rebuilding? One of the things I have used in my electorate is this chart I am holding, which shows net debt at 30 June 2014. Where is the debt? Electricity was \$8.6 billion —

**Mr P.B. Watson** interjected.

**The ACTING SPEAKER (Mr N.W. Morton)**: Order, member! Member for Albany, that is two calls.

**Mr P. ABETZ**: Electricity was \$8.6 billion and we can consider that since we came into government we have replaced something like 40 per cent of the wooden power poles in the state, if I am not mistaken, because they were in such a state of disrepair. We needed to do that because if we did not, there would be more bushfires and all the issues that go with that. Given that the wooden poles last about 60 years, I think the fact that we borrowed money to do some of that work was appropriate and a good investment. I certainly do not mind my grandchildren paying some of that debt in the years to come, because they will get the benefits from that asset —

Several members interjected.

**The ACTING SPEAKER**: Members, enough interjections. Member for Albany, I have cautioned you a couple of times. You are on two calls.

**Mr P. ABETZ**: The issue is: what is the debt being used for? It is being used for things that last a very long time. Nearly \$5.5 billion of debt is for water infrastructure. The desalination plant in Binningup cost \$1.5 billion and I do not mind my grandchildren paying some of that off, because they will get the benefit from it.

Several members interjected.

**The ACTING SPEAKER**: Member for Armadale!

**Mr P. Papalia** interjected.

**The ACTING SPEAKER**: I am on my feet, member for Warnbro. Member for Armadale, I call you to order—it is a long list; bear with me—for the second time. The member for Southern River has the call and I would like to hear the member for Southern River in silence.

**Mr P. ABETZ**: I would like to hear myself in silence as well, so that is great! The issue of debt needs to be kept in perspective and we certainly do not want debt running up beyond what we can service adequately, but the point is —

**Mr P. Papalia** interjected.

**The ACTING SPEAKER**: Member for Warnbro!

**Mr P. ABETZ**: I am not asking for interjections.

**Mr P.B. Watson** interjected.

**The ACTING SPEAKER**: Member for Albany!

**Mr P. ABETZ**: The question is: can we service our debt with the income level we have in the same way as an individual?

Several members interjected.

**The ACTING SPEAKER**: The member has indicated that he is not taking interjections. Member for Warnbro, I call you to order for the third time. Members, please, I will continue to call members to order. I do not want to throw anyone out.

**Mr J.R. Quigley** interjected.

**The ACTING SPEAKER**: Member for Butler, I am on my feet.

**Mr J.R. Quigley** interjected.

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**The ACTING SPEAKER:** I am still on my feet, member for Butler. Member for Warnbro, I call you for the third time. I am listening to the member for Southern River and I want to hear him in silence.

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

**The ACTING SPEAKER:** Member for Mandurah!

**Mr P. ABETZ:** The question is the proportion of debt to income in the same way as a young couple, say, buying a house. How much do they borrow?

**Ms L.L. Baker** interjected.

**The ACTING SPEAKER:** Member for Maylands!

**Mr P. ABETZ:** And how long do they save before they borrow money to buy a house? We have probably all made those sorts of decisions, and as a government, we need to look at that. I believe the things we have invested in are things we definitely needed as a state. The new Fiona Stanley Hospital, for example, was very, very needed, that makes —

**Ms L.L. Baker** interjected.

**The ACTING SPEAKER:** Member for Maylands!

**Mr P. ABETZ:** Fiona Stanley Hospital on 30 June 2014 constituted \$1.5 billion of the \$22 billion debt. All these items that we built or are in the process of building are things that have a very long lifespan and therefore to pay them off over time is certainly appropriate.

With the migration of people into the state, Western Australia has had a massive increase in the number of students in its schools compared with, say, Tasmania, which has had a decline in the number of students enrolled in its state schools because the total number of children is declining. Western Australia is building roughly four new primary schools and a new high school every year, which costs money. The opposition cannot expect the government to say that it will build those schools in five years and tell people, “Too bad; your kids can’t go to school for the next five years because we haven’t got a school.” That is absolute nonsense.

Several members interjected.

**Mr P. ABETZ:** When we came into government, the previous Labor government was spending \$1.3 billion on subsidising electricity prices for rich and poor alike. Had the Labor government invested that money into a replacement program for wooden poles and charged the people what it really cost to generate electricity, we would not have a huge part on our debt that is due to the wooden pole replacement program. The government has engaged in an enormous amount of capital works, and that will stand WA in good stead in the years to come. Sure, we have a challenge with the deficit coming up, but that is due to a large degree to the deferral effect of the GST. I was in Tasmania visiting family last week. When talking to a senator there, I was told that Tasmanians realise that in three years they are going to be in deep trouble because Western Australia will receive much more GST. The Premier has been asking for more than 30 cents in the dollar. WA’s share of the GST is now 38c and, basically, if the commonwealth brings that forward to 30c, people in Tasmania realise that that will destabilise their GST revenue. The senator in Tasmania said to me, “If the Premier of Tasmania comes to us in three years and says that Tasmania needs some help because it is not fair and we’re not getting enough GST, well, tough!” The Abbott government has said that it is not prepared to intervene and that it is up to the states to sort it out. The other state Premiers want the money now, but they will have the problem in three years, because in three years Western Australia’s GST take will be significantly higher because of the deferral of the impact of lower royalties. When that comes through, Western Australia will get a bigger share of GST, which will in a sense backfill—I do not know the figures, but I am sure the Treasurer will be able to speak to that—the deficit we anticipate we will have in the next couple of years with the decline in iron ore royalties. Western Australia can look forward to a greater level of income from GST in three years, which will allow it to pay back some of the money that has been borrowed at this time. It is true, as the member for West Swan said, that we will use some of that money to pay public servant salaries and for paperclips—I think the member made that comment. The increased GST revenue that will come to WA in three years will allow us to pay that back. That is something that members opposite need to look at in the long term.

The other thing that members need to recognise is that during the mining boom, for want of a better word, to attract teachers, nurses and police, we had to offer the highest wages in the country, otherwise we simply could not attract the staff needed for those services. We still have that high level of wages.

Several members interjected.

**Mr P. ABETZ:** Mr Acting Speaker, I seek your protection.

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**The ACTING SPEAKER (Mr I.M. Britza):** The member is quite correct. Members for West Swan and Warnbro, I was in the chamber when you were protected by the Speaker.

Several members interjected.

**The ACTING SPEAKER:** And you were protected by the Speaker! If you are going to continue to interrupt, I will call you. Member for Warnbro, you are on three calls. I will not hesitate at all. I am trying to look at the standing order for asking someone to leave the chamber. I want you to know that I am looking.

Several members interjected.

**The ACTING SPEAKER:** Member for Butler, do you think that is funny?

**Mr J.R. Quigley:** Yes.

**The ACTING SPEAKER:** I do not think that is funny.

**Mr J.R. Quigley** interjected.

**The ACTING SPEAKER:** I do not regard that in any way as humorous—no, I do not—and if you think it is, I will call you.

**Mr J.R. Quigley:** What for?

**The ACTING SPEAKER:** I call you for dissent of the Chair for the second time.

**Mr P. ABETZ:** Thank you, Mr Acting Speaker.

As I was saying, with the high wages offered by the mining sector when the mining and construction phase was in full swing and mines were coming into production, we needed to offer very much higher wages for police, teachers and health service workers than were offered in any other state. As a result, even today, our teachers, police and nurses are paid higher wages than those in any other state. I believe that people in those work areas need to recognise that their wages cannot continue to increase at CPI until wage levels in the other states catch up, because the boom, so to speak, is over and we now have to get back to reality.

It is all well and good for the opposition to ask why the Barnett government did not seek to diversify the economy during the boom. The problem is that it is exceedingly difficult to diversify during a boom because there is already a labour shortage and people are being brought in on 457 visas and so on to plug the gaps. For example, if the agriculture sector wants to develop new agricultural industries, unless it is a profitable industry that can compete for labour, it is not going to be in the race. The mining boom has come off the boil, so now is the time to start to work at that.

I have not seen mentioned in the media, although it may have been in the media, the fact that the Premier, as the Minister for Science—I am not sure of the technical term anymore—had a stocktake done of all the science research work and expertise in Western Australia. No-one had that information. The government has put that together and we know what is available and where the areas of expertise are.

Several members interjected.

**Mr P. ABETZ:** Mr Acting Speaker, I seek your protection again.

Several members interjected.

**The ACTING SPEAKER:** Member for Mandurah, I am on my feet.

**Mr P. ABETZ:** Thank you, Mr Acting Speaker.

We need to realise that we have a great resource in science in this state. Those of us who visited the Australian Society for Medical Research display this evening outside the Aboriginal People's Room and took the time to speak to some of the scientists who are doing this work will know that cutting-edge research is taking place in this state. We have world-leading research in a lot of medical fields. Those things can be developed further, but it takes money. It is something that I know the government is working on. I think it is a really good first step to get a stocktake of where we are at in science matters in this state. When it comes to the finances of the state, nobody wants to see debt increase any more than it needs to. We have just come out of a boom, yet Western Australia has to pay disproportionately higher wages to police, nurses and teachers in particular, than any other state, which makes up a big part of the state budget. As that comes back into line with other states and when the state's GST revenue increases considerably in three years' time, that will help backfill some of the borrowing that is needed to meet the state's running costs. Given that the bulk of the money that has been

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borrowed has been invested in valuable infrastructure-type projects, I for one have no great problem with the current level of state debt.

**MS L.L. BAKER (Maylands)** [9.12 pm]: Honestly, if that is the level of economic debate on the Loan Bill 2015 that this government can boast, no wonder it is trying to get \$8 billion on the credit card this week! The member for Southern River has just reinvented history. My memory of the teacher deal was that the Liberal–National parties did it at the eleventh hour to get elected to government in 2008. The Liberal–National government replicated that same pathway in the nurses’ deal. It was hung out to dry in the negotiations with the nurses and it had to make and close a deal very quickly. That is why the government is in trouble. Tim Marney, the former Under Treasurer, was dead right when he said in one of his media releases that the government was going to lose its AAA credit rating and that everything was going to go down the drain. It is no wonder, after listening to what has just come out of the member for Southern River’s mouth—I am absolutely stunned!

**Mr P.B. Watson** interjected.

**Ms L.L. BAKER:** I will keep on moving. As we have learned from previous speakers, this is in fact the third Loan Bill introduced by the Barnett government. The first one was in 2009, which asked for \$8.3 billion. We were all watching closely when that bill came down and was debated at length. The second Loan Bill came in 2012, and asked for another \$5 billion. The government should have learnt its lesson after those two attempts. But no, the Premier kept on spending. Is there anyone in government who has the capacity to rein in what the Premier has done? It is too late for Western Australia; we are in the manure. This state is in deep trouble. We have an enormous deficit, thanks to this conservative government.

Some of my colleagues have referred to very interesting comments made by senior experts on this matter. In fact, today I was sent a copy of a *Sydney Morning Herald* article, which I know was also sent to another colleague, written by Professor of Law at the University of New South Wales, George Williams, whom members would know. In that article he writes about Western Australia having the most to lose from non-cooperation over the GST share. I want to quote a couple of sentences from that article. Professor Williams states —

The talk in the west is not of golden opportunities, but of ballooning deficits. Treasurer Mike Nahan has even imposed a public sector hiring freeze and cancelled government advertising.

All of this was predictable. At some point, the WA boom would be followed by a bust, likely made worse by its GST revenue being calculated according to prior years. Rather than planning for this, such as by saving for difficult times, the state has spent its revenue. The result is a fiscal crisis.

These are the words of one of the most senior constitutional lawyers in Australia. The Treasurer might shake his head, but having heard some of his previous iterations and contributions to various Institute of Public Affairs documents, I would be very cautious about criticising other people in this field.

The article continues —

WA has responded by asking the Commonwealth Grants Commission to change the formula for allocating GST revenue. It wants its current circumstances to be factored into payment calculations in this and coming years. The commission has rightly rejected this, saying that it would run counter to the aim of providing equal infrastructure and services around the country. It has also pointed out the unfairness of such a change given that the existing formula has been highly favourable to WA over recent years.

The last paragraph I want to read states —

WA’s response has been to ramp up the rhetoric. Premier Colin Barnett has invoked the American Revolution in suggesting that the state is facing its “Boston Tea Party moment”. He has not openly called for secession, though his language certainly evokes that. Instead, he has said that WA will adopt a policy of disengagement and non-cooperation with the rest of the nation.

It beggars belief that we can be in this position. I spoke to Eric Ripper, who managed to run this state with a budget surplus for eight years in a Labor government. I know the common gossip is that Labor governments do not do a good job at managing the budget. Really? What more proof do people need? We have given the chequebook over to the Liberal and National parties and look at what has happened. Look at where we are after 2008 to 2015.

I do not think this matter is humorous or can be defended by the government even though the Premier has tried to defend the position the government has found itself in. I refer to the government’s media release that blames the fall in the iron ore price. Yes, that is fine. Then the government blames the fall in the oil price, the decline in the GST, the early termination of the national partnership agreements and other funding arrangements followed

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by moderating domestic economic conditions. Those are the excuses. The bottom line is that the government's revenue is down and its expenditure is up. By gosh, the government has certainly proven that what goes up must come down. Why did the government not listen to the advice of international experts from everywhere across this globe? Of course, iron ore prices were going to come down at some point in time. I am no expert on this, but the government just had to pick up some of the expert's information and read it. Unless the government is absolutely stupid, it would know that at some time those prices will fluctuate. What do we do when prices fluctuate? Where do we find the money if there is none stored away or we have not managed our expenditure better? We cut, and that is what the government is doing. The government is cutting services that will hit my electorate, and, for that, the government will not be forgiven.

Let me start by talking about CCTV cameras. A couple of weeks ago I heard the Minister for Police say that the \$8.5 million that was promised to coordinate CCTV will not be needed anymore. I was a bit concerned and I have yet to ask her what she meant in that interview. According to an article in *The West Australian*, she said that because of the advances in technology, we no longer need to coordinate CCTV in this state. The minister said —

“Instead of having a standalone structure, where we would have the feed of CCTV footage into ... Maylands, we have now found that by insisting that we have internet-based systems with an IP address we can equip police with the technology to access the IP addresses at a much cheaper cost ...

I understand that argument, but I do not understand what followed—that is, the new policy position she seems to have adopted that asks people to record on their smartphones videos of crimes when they are being committed. That is a very serious thing and I would absolutely not be telling any of my constituents to follow criminals around and use their phones to record what is going on. I hope that she did not say that and I will pursue that matter with her to get to the truth of the matter, but that is certainly what was reported.

In all of our electorates there is pressure on family budgets. It is not news to anyone that it is becoming more difficult for the average family to afford electricity. In 2015–16, the average family's power bill will be \$1 772. I think the promise that the government made at the time was to keep the increase in electricity prices at or around inflation. In 2013, the highest CPI was 2.7 per cent but electricity prices rose by four per cent. In 2014, the CPI was three per cent but electricity prices increased by 4.5 per cent. I have seen and read information that I assume has been leaked by the government. If not, somebody has certainly been talking about the potential for increases in public transport costs. We are expecting to see an increase of three per cent in the budget. People who make use of public transport will be paying an extra three per cent for that privilege. That certainly runs counter to the concept of getting people out of cars and onto public transport when the price of transport is being put up. The cost of living for people in my electorate and the electorates of all members will go up. The energy rebate, the cost-of-living assistance payment, is \$200 a year. We think that that will be reduced. If it is, it will be a huge impost on seniors in my electorate. While I was sitting outside this afternoon, somebody called me and asked me whether I would be prepared to sign their application for a Seniors Card. He had just turned 60. I said that he had better hurry to get his application in because in a couple of weeks, he will probably not be eligible for it because we think the government will put the eligibility criteria up to the age of 65. These increases in the cost of living are hitting the most vulnerable people in the community, as per usual. I must admit that the one thing that the government is consistent with is hitting where it hurts.

I have schools in my electorate, as we all do, that are attempting to cope with a massive range of cuts. When I walked into a function the other day, a Liberal Party branch member greeted me—they kind of cornered me. This person is a schoolteacher. They said, “I must tell you, Lisa, with what's going on in education, I've taken on the role of being the union organiser in the school.” I looked at him and said, “I am sorry?” He said, “I don't know what else to do. Colin Barnett is cutting the life out of my school. We can't survive. We're losing teachers.” He has taken on the role to try to help the teachers who are being replaced by lower paid teachers. There are a range of issues. The Treasurer might shake his head, but I am very happy to talk a bit more about what has come out of my schools specifically. We know that hundreds of teachers and education staff in the state have been given the choice of accepting a payout and quitting now or risk being forced out of their jobs. They have been told that they can take a payout now, but if they wait any more than a couple of weeks, that might not be available. If a teacher was told that, what would they think? If they do not take the payout now, they might think that they will be offered more in two weeks. No; it is a direct threat to their conditions and their exit provisions.

The State School Teachers' Union of WA is already warning of a massive cut in education funding when the Treasurer hands down his budget next week. We will be looking, as will all Western Australians —

**Dr M.D. Nahan:** Member, they've been saying that for the last seven years.

Dr Mike Nahan; Mr Ben Wyatt; Ms Rita Saffioti; Mr Paul Papalia; Mr Fran Logan; Mr Peter Tinley; Mr Peter Watson; Mr Peter Abetz; Ms Lisa Baker; Dr Tony Buti; Mr Bill Johnston; Mr Roger Cook; Ms Simone McGurk; Mr David Templeman; Mr John Day

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**Ms L.L. BAKER:** And the Treasurer has been cutting education for at least the last three years. I know that very well.

**Dr M.D. Nahan:** It's the second largest area. You can't complain about spending too much if you're also saying that we're spending too little.

**The ACTING SPEAKER (Mr I.M. Britza):** Are you taking it? I asked the member and she said that it is okay.

**Ms L.L. BAKER:** I heard what the Treasurer said.

The Minister for Education, Hon Peter Collier, has accused the teachers' union of scaremongering over claims that up to \$300 million will be cut from the sector in next week's state budget. I am told that some schools are going bankrupt. The Treasurer might laugh. He should just wait and see. What he is doing to education will put the children in this state back 10 to 15 years. I am sorry that he thinks it is so humorous, but in a couple of years he should look at the havoc he has wreaked on the education system. The funding model that he tried to bring in has been underfunded and has had a devastating effect on schools.

I do not know what land the Treasurer lives in but in Maylands, Bayswater Primary School has lost \$18 700 in funding. I will talk about Durham Road School in a bit more detail. It caters for students with intellectual disabilities; physical disabilities; sensory impairments, particularly vision and hearing; challenging behaviours; and autistic spectrum disorder. Enrolment figures grow every year at Durham Road School because it is the most fantastic school with dedicated staff and the most remarkable programs. I spoke with the parents and citizens association president this week. The comment was, "We have done okay. We have not suffered quite as many of the cuts that others have." The school's funding has been cut by \$65 835, but it is happy and it is laughing because it has been cut by only \$65 000. The school says to me that the real crunch comes from the programs that it can no longer run. These are children with extremely complex needs and the programs will be cut. There is nowhere else in the education system for these children to go. Some of them have problems regulating their body temperature; they have thermo control issues. They have to have refrigerated or split-system air conditioning in classrooms. The school has some new transportables that have that functionality. There are three demountables on site. Because of the increase in student numbers, new transportables have been brought in. The three old demountables desperately need this refrigerated system. One of the parents spoke to me at the beginning of the week. Her child is attending classes in one of those three demountables that need the split-system air conditioning. She said that her daughter was quite distressed when she came home from school a couple of weeks ago because the classroom is too hot. These children are in real danger of collapsing or something worse when the conditions cannot help them regulate their body temperature. I believe that the school has requested funding. I hope that out of \$8 billion, the Treasurer might be able to see his way clear to put an air-conditioning unit in three demountables in a school that serves the needs of the most vulnerable children in our community.

When I started to prepare for this debate, I was thinking of the other broken promises in my electorate. I could not go much further without scratching my leg because I have a few mozzie bites, obviously from having my leg out of the covers while I was sleeping the other night. At that point, I was stopped in my tracks because the concept of mosquito funding came up.

[Member's time extended.]

**Ms L.L. BAKER:** At the beginning of this government's current term, I remember the promises that it made going into the election to me and the member for Mandurah that it would kill all the mosquitoes. The electorate of Maylands would get \$1 million a year to get rid of mosquitoes. We can forget that; that all dried up and blew away with the last breeze. None of that funding came through.

Then we have the airport rail link—a golden opportunity. It is the best opportunity that my electorate will ever have of significantly improving the development of the retail and residential precincts of the Bayswater area. They are a mess. They are functional, but it is not easy. If a person tries to ride a bike from the Midland area to Perth and they ride through the Bayswater train station, they have to ride through the car park. I am sure that someone will die while doing this because the cyclists cannot be seen. They have to ride their bikes through the car park. With peak-hour parking, that is not a good idea. When students get off a train and cross the electorate to go to John Forrest Secondary College or whatever, they get off on one side of a major road and find that they have to cross a major road or go under a subway. It is a really messy environment.

When I was first elected more than seven years ago, I was very keen to find out what was happening with the Bayswater redevelopment because it needs it, and indeed the residents and retailers around there are really keen to see it go forward. I was told by the City of Bayswater and the state government at that time, "Oh no, this will have to wait for the airport rail link to come through in the future sometime. We're not going to spend money because if we spend a little money, it is a road to nowhere; we should actually wait and do the whole lot with the airport rail link." It made complete sense to me. Members can imagine my excitement when I heard an

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announcement about an airport rail link and willed myself out to the City of Bayswater's Embleton Room, I think it was, to have a look at the exhibition where the banners were and all the flashing lights and the sparkling bits that announced the rail link. I went along and had a look, along with lots of people from my electorate, and I was a bit surprised to see that the extent of the upgrade in Bayswater train station would be a disabled access ramp. No doubt we need one, but we were hoping for a redevelopment of the whole of the Bayswater area that would include the purchase of land, redefining where the shops are, moving the parking from the station and looking at more creative ways of developing the area. It is an ideal area for development. It is close to the Maylands area, which has had a real retail boost. It does not have to be a big retail centre, but it has to be a liveable area. It is right on a railway line, and it is an ideal part of the urban infill for this state's capital city. But we are missing the opportunity because the government is saying that at some point in time it will put an airport rail link in but it is not going to even bother touching Bayswater station and the precinct around it. The Metropolitan Redevelopment Authority, I think, should be given carriage, in conjunction with the City of Bayswater, of the redevelopment of Bayswater. It would be a criminal activity not to take advantage of the plans for the rail link at this moment. The City of Bayswater needs to get on board and do an activity plan and submit it to the Metropolitan Redevelopment Authority. We need some action, otherwise it is not ever going to happen and the residents of Bayswater will be living in, really, a township out of the 1950s or 1970s, not the twenty-first century.

There was, of course, also a promise to put the Metro Area Express light rail system in, I remember, which was going to reduce congestion on the Midland line. Good luck with that. I think MAX has left the building; we are not seeing much of MAX. My residents are not going to have any help with reducing congestion as the trains travel through Meltham, Maylands and Bayswater train stations.

One of the things I also find disturbing about this \$8 billion credit card debt that we are looking at is that there are some things in this state that we simply cannot say no to funding. One of the most important, from my perspective, is an appropriate and well-resourced reporting point for child abuse. I do not think this state can afford to sit back any longer and not tackle this issue. We had the Blaxell report into the Katanning hostel some four years ago now.

**Dr A.D. Buti:** Great work by the member for Albany.

**Ms L.L. BAKER:** It was great work by the member for Albany, and great work by Justice Blaxell also; it was a very good report.

I can say that I have looked at all these issues in extreme detail. The government has reviewed the Commissioner for Children and Young People Act 2006, which was due and a good thing. There have been a lot of merely mechanical changes, but one of the big issues is that Justice Blaxell identified that what we really need in this state is a place where children and adults feel comfortable and are confident in having an independent advocate who can work on their behalf. At the moment the reality is that when a report comes forward to police, they cannot be the advocate for the child; they have to be a little more balanced about what they do and they have to investigate. The existing mechanisms are not pure advocates for the child because they do not take the child's or adult's word for what has happened and simply move forward and look into this and they have to take a partisan view. What we need in this state—I just hope this happens sooner rather than later—is an independent voice in place to look solely at the child or adult who is reporting abuse. What happens when that is not around is detailed in the Katanning report. We have seen what happens. That was back in the 1970s, but it went through to the 1990s. We are not that far away from what happened in Katanning. Other developed countries around the world—I have not looked at this in developing countries—particularly European countries and the United Kingdom, are onto this. They understand what the threat is. They understand the threat to the future of children and their society, and they have moved, maybe not as quickly as we might have hoped, to give children a voice. They have based it on a framework of the rights of the child.

I think it is interesting that the conservative view of rights is one of a bit of reticence, because often the conservative political view is that rights bring with them a threat to a parent's control or a parent's voice in a situation. But I think that that is not quite as solid an argument as perhaps some might like us to believe. I tell members that from my experience of working with Hon Fred Chaney, Peter Carnley and Professor Colleen Hayward on human rights legislation for WA. We spent six months looking at this issue. It is true to say that when we went into villages and towns and held community meetings and asked questions about whether we need human rights legislation in Western Australia, there were lots of cries of outrage about the necessity for rights in legislation or in the Constitution, and a lot of concern about that. But we said to people that a range of responsibilities go with rights; they are not just unqualified rights. It is about this is what people are allowed to expect of their community and society, but it is only in certain situations with these conditions and

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this framework. Some are qualified and some are unqualified rights. But once people understood what was being proposed, they were not frightened and they did not think this would take away from a parent's or individual's responsibility. They actually really got it.

To have a fairly simplistic dismissal of the notion of a framework for child rights as a way we should work forward on child protection in this state is, I think, really underselling the intelligence of the community and parents in this state. But to not do something is criminal. If this government does not establish a strong, independent voice for children and adults who want to report abuse, it has let down more than just this community now; it has let down future generations. I think it is a very sad thing. So somewhere in the \$8 million credit account debt that the government is running up, I would hope that it is going to fund —

**Mr J.R. Quigley:** Billion.

**Ms L.L. BAKER:** I am sorry—billion. Did I say “million”? I would hope to see that some money is going to go into the protection of children in our community.

Just before I finish, I was trying to look at something positive that might come from having this level of debt. I scratched my head and had to think about it long and very hard, and purely from a WA Labor perspective can I say that I hope this level of debt actually has a positive outcome for us. I hope the community's misconception that only the Liberal Party or a conservative government can run a budget or an economy is completely blown out of the water. I hope people understand that managing a budget in surplus and managing the state's economy has been something that this party has had a very proud recent heritage of and we should be able to continue that. Indeed, I think we are going to have a very good chance of continuing that in the not-too-distant future.

**DR A.D. BUTI (Armada)** [9.41 pm]: I would like to add to some of the comments made during the outstanding contribution by the member for Maylands—she was talking about child protection—before I move onto the substance of my contribution to the second reading debate on the Loan Bill 2015. The member for Maylands was talking about the human dimension, and the ethical and human rights issues of child protection. However, there is also an economic cost associated with child abuse in Western Australia. It is estimated that the lifetime cost to the Western Australian community associated with children who were first abused in 2012 is \$1.93 billion. That has a major economic consequence. Child abuse and neglect places a heavy burden on government finances. In the five-year period between 2007–08 and 2011–12, Western Australian state government expenditure on child protection services increased by close to 90 per cent, to the tune of \$334 million. That is quite understandable, because if we break down the expenses, there is the issue of health costs associated with child abuse and expenditure on government child protection services, out-of-home care and intensive family support services. There are indirect costs, such as forgone tax revenue as a result of the child abuse victim being unable to participate fully in the economic system. There is the cost of crime and the known link between crime and child abuse. There are costs to the health system and the education system, and then overall productivity losses. The member for Maylands raised a very interesting point about child protection. It has a very significant economic cost, which is relevant to many of the issues we are debating with this bill.

If the member for Maylands made an outstanding contribution, the same could not be said for the member for Southern River. The member for Mandurah said that it was probably one of his worst contributions, and I would have to say that I agree. How dare he say that he does not mind that his grandchildren will have to repay the debt that this generation leaves? How would he know? Has he gone and asked his grandchildren whether they would mind repaying the debt resulting from the mismanagement of the Barnett government? Of course he has not. He is just assuming. I am sure —

**Mr P. Abetz** interjected.

**Dr A.D. BUTI:** No, I am not taking interjections from someone who cannot even make a proper contribution when he is speaking.

**Ms E. Evangel:** You've been interjecting the whole day, so I think it is appropriate that you accept interjections.

**Dr A.D. BUTI:** I thank the member for Perth for her advice, but I do not want to take it.

**Ms E. Evangel** interjected.

**Dr A.D. BUTI:** If the member for Perth continues this way, I will relay to the house some of the conversations she has had in the corridor with me, and then we will see who is showing a bit of hypocrisy. She should be careful.

**Ms E. Evangel** interjected.

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**The ACTING SPEAKER:** Member, are you taking interjections?

**Dr A.D. BUTI:** We will see. At the moment I am not taking interjections, but we will just see.

The member for Southern River mentioned that he went back to Tasmania and was having a discussion about the goods and services tax. I assume it was with his brother, Senator Eric Abetz. I am sure the conversation would have been contrary to the narrative that he is trying to espouse in this chamber about debt, because the narrative that the Abbott government is trying to espouse on debt is that we should not be leaving a debt for our grandchildren to repay. There must be tension in the Abetz family, because the member is saying that he does not mind his grandchildren having to repay the debt, but that is not what his brother's government believes. It is interesting to speculate on what the family conversation would have been about debt.

Let us move on to this Loan Bill that we have before us. The government is seeking to borrow \$8 billion. There was a forecast of about \$30 billion of debt in the midyear economic review in December. We will now be pushing towards a \$38 billion to \$40 billion debt. The impact that would have on the interest demands that our creditors will make is quite significant. If I recall correctly, in the midyear economic forecast, the forecast public debt interest was to be 4.3 per cent in 2017–18, but that was assuming no extra \$8 billion debt. With the extra \$8 billion debt that the government is now seeking, that 4.3 per cent that was forecast in December of last year, which is already double the 2.1 per cent that the Labor government left to the state when it lost office, will increase the amount of interest that is demanded by our creditors by, I would say, somewhere between 1.5 per cent and two per cent. The interest could rise to as much as six per cent. The forecast in December of last year was around 4.3 per cent for public debt interest. That is double the debt that the Labor government left in 2008. With the additional \$8 billion that the government is requesting through this bill, one could make the assumption that the public debt interest rate would jump to around six per cent. That is what the member for Southern River thinks is okay to leave to our grandchildren to pay.

**Ms R. Saffioti:** Maybe we should get just his grandchildren to pay.

**Dr A.D. BUTI:** Yes, maybe; it might take a while though!

We are talking about a \$40 billion debt. Imagine the repayment bill that that will impose on this state. If one equated whatever that repayment bill is with the number of education assistants, teachers or police officers we could employ, it would be quite significant. I am not sure whether the figures and the narrative of the member for Southern River actually add up. This additional \$8 billion, which will push the state debt up to between \$38 billion and \$40 billion, is a major shift of the goalposts. Any lingering goodwill that credit agencies such as Standard and Poor's and Moody's might have had to this state will be lost. It will be interesting to see whether, after the budget is handed down, these credit agencies impose another downgrade on Western Australia's credit rating. This will only increase the public debt interest repayments that everyone in this state will have to bear the cost of. Some people will say that it does not really matter what the credit rating is and that it is not the sole purpose of governments to ensure that they have a sound credit rating. However, it is actually very important because it has a bearing on the interest rate for the repayment of the debt. In any case, it is not good government or good business to rack up a debt of around \$38 billion to \$40 billion.

The member for West Swan put it very well today when she said that we should not be borrowing to put milk in the fridge. It is a very dangerous situation in our household budgets if we have to borrow to ensure that we can purchase milk. We are in a precarious position. If there are any major economic shockwaves, we will not have the capacity to cope with them. It is interesting that the member for West Swan should use that analogy, which I think is very good, because one of the champions of the conservative movement was Margaret Thatcher, who always related everything to the household budget. I must say that I do not think we should run a national economy based on the household budget methodology, but the question is whether it is run as strictly as Thatcher did, which I would not be advocating, but many members opposite have spent many years advocating the Margaret Thatcher way. We know that the Premier has not, because he has a history of being very relaxed, and one could say even negligent, about financial responsibility.

The member for West Swan mentioned the football stadium and the methodology or the process utilised to select the site. It was interesting that the Premier did not deny her description of the process behind that. All he said was, "How would you know?" From my understanding and my sources, a member in cabinet, whom I will not name, very strongly opposed the building of the football stadium where it is to be built now for a number of reasons. This is actually a cabinet minister whom we respect—I will say no more about that. The fact is that the process followed did not involve a strict business case analysis. The member for West Swan is correct: the Premier wanted the football stadium to go where Belmont Park Racecourse is. Perth Racing was silly not to take up the offer because the money would have been used to renovate Ascot Racecourse into an all-season track. But

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then the Premier said, “If I don’t get that, I’ll go just across the road”, which was not the way to govern such a major capital investment in Western Australia. There were a number of environmental challenges with that move, which increased the expense. I personally do not like the idea of the stadium being near a major casino. It will do nothing to alleviate the problems that we have with gambling, but that is just my personal view. However, the economics of it was that it did not match the recommendations in the Langouland inquiry into where the stadium should be. There is no economic case to be made for the stadium to be built where it will be built. One may argue that it will be a fantastic stadium and we will be proud of it et cetera, but it is like my 15-year-old son saying that he wants a new cricket bat, a new tennis racquet or a trip to New Zealand. Yes, he does want all those things but the budget does not allow him to have all those things. We have to make choices. The way in which the Premier has governed the finances of this state and a cabinet process shows us that he wants it all. Someone spoke earlier—it may have been the member for Albany or the member for Willagee—and said that the Premier wants it both ways, and he said, “Yes, I can have it both ways.” That is his problem; he thinks he can have everything.

**Mr P. Papalia:** He won’t be here to pay for it.

**Dr A.D. BUTI:** But his grandchildren might be. He cannot have everything. Economics is all about choices, and the Treasurer would know about this. The whole issue about economics is that we have limited resources and unlimited demand. We always want more than is available so we have to make choices. The problem is that the Premier has engaged in a massive capital investment on some dubious projects or some projects that had better alternatives, and now we are facing this current situation.

I will refer to some commentary that has appeared in the last 12 months, or even before that, about the finances of Western Australia. This first report found online at ABC News is dated 8 August 2013, just after the first budget was handed down after the last state election. The heading reads —

The WA Government concedes the state has a ‘problem with debt’, in handing down its first budget since the state election in March.

...

Treasurer Troy Buswell was frank on the issue of debt: “make no mistake, we have a problem with debt”.

Imagine if Troy Buswell were in this chamber today. He would probably have a heart attack if he knew that the government was seeking another loan of \$8 billion when, as other members have stated, this is the third Loan Bill in the life of the Barnett Government—2009 and 2013 were the other years—and the Treasurer cannot give any guarantee that this Loan Bill will carry us to the next election. We saw the last Loan Bill back in 2013 when debt was predicted to rise to \$22 billion. Bearing in mind that this report was written in 2013, it states —

The Barnett Government expects to post a surplus of \$386 million over the 2013/14 financial year, with debt predicted to rise to \$22 billion.

**The ACTING SPEAKER:** Excuse me, member; there is too much chatter in the chamber and I am finding it difficult to hear. Thank you, members.

**Dr A.D. BUTI:** The quote continues —

By the 2016/17 financial year, debt is expected to blow-out to \$28.4 billion.

That is very wrong. We are now heading towards a budget, if the Loan Bill 2015 goes through, of somewhere near the \$40 billion mark, which is quite incredible. It is not that the government has not been warned by a number of political and economic commentators. It was warned by this side of the house in December 2014 after the *Government Mid-year Financial Projections Statement* was released by the Treasurer. The Leader of the Opposition and the shadow Treasurer mentioned that the Barnett government had no excuses and could not hide behind the volatile iron ore price, and that it had a major financial problem on its hands, but that government members have shown no inclination to rein in some of the Premier’s pet projects.

[Member’s time extended.]

**Dr A.D. BUTI:** It was interesting to hear the member for Southern River talking about the GST. He made a valid point about what will happen in three years under the current system. However, the current system is actually something that his Premier is seeking to change.

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Jacob Greber wrote an article in *The Australian Financial Review* of 18 April 2015 headed, “WA’s big GST whinge all a bit rich as iron ore bust leaves governments exposed”. We do have a legitimate claim over the GST distribution for this year, but this article reads —

The spectre of a WA Premier demanding to be bailed out for mishandling the boom is not too far removed from Greeks expecting Germans to forgive their gargantuan debt because of the Second World War.

In the end, the Premier has to take responsibility for what he has created. Yes, there may be a GST issue, but he knew about this three years ago. I have been in this Parliament for about four and a half years and back then the Premier talked about the falling GST revenue. This year it may have fallen by more than expected, but the Premier knew it was happening and he did not do anything to address it. Yes, iron ore prices have fallen more greatly than one may have expected, but the law of gravity is what goes up must come down. We all knew that it was not going to remain at a high level; therefore, we have the plan in the boom periods to have enough in the kitty to be able to soak up the downturn. But the solution by this government is to bring in another Loan Bill to rack up further debt to the state, which has consequences for future generations. The member for Maylands referred to the George Williams article, so I will not go into that.

I have a publication here that should interest the Treasurer and is from the Institute of Public Affairs Australia. It comments on a number of book reviews and states —

A recent book written by French Canadian economist Pierre Lemieux titled, *The Public Debt Problem : A Comprehensive Guide*, serves as a most timely accompaniment for any taxpayer seeking to arrive at the answers to these pressing questions.

I quote the review. It states —

Firmly grounded in the public choice theoretical approach, *The Public Debt Problem* depicts the ruling political class as an emperor —

As an emperor —

who overspends and borrows, but who nonetheless does not realise that his inclination to raise debts with near impunity will eventually render him economically exposed. It is well known in the economics literature that increasing public sector debt will eventually crowd out private sector investments, in turn acting as a drag upon economic growth, whereas taxes raised to repay debts distort economic activities and hamper market processes.

I just want to repeat that because I think it is quite interesting —

Firmly grounded in the public choice theoretical approach *The Public Debt Problem* depicts the ruling political class as an emperor who overspends and borrows, but who nonetheless does not realise that his inclination to raise debts with near impunity will eventually render him economically exposed.

One could probably argue that is part of a biography of the current Premier. It could probably be the by-line used to sell the biography of the current Premier. He has overspent, borrowed, with near impunity, but we will see what happens in 2017 in respect to that. The current Treasurer, who is well versed in economics, would be well aware of economic literature on increasing public sector debt and the effect it has on private sector investment. He has written much about that, so he is very well aware of the problems that this increase in public debt will cause to this state.

Let us refocus here. We had a forecast last December of around \$30 billion of debt. We are now seeking the third Loan Bill in the life of the Barnett government, this one to \$8 billion, which will raise the debt to \$38 billion to \$40 billion. In December last year there was a forecast public debt interest rate of 4.3 per cent for 2017–18, which is double the interest rate that the Labor government left this state. That 4.3 per cent for 2017–18 was based on a debt of around \$30 billion; it will now be \$38 billion to \$40 billion, which one can conservatively estimate will result in our creditors seeking an extra 1.5 per cent to two per cent interest rate to cover their risks, so the interest rate to repay the debt becomes around six per cent. That is a phenomenal increase and I go back to the point. As the member for Southern River mentioned, yes, there has been an increase in population. There is a greater need for teachers, police et cetera. How many education assistants, teachers, police officers, or nurses needed at Fiona Stanley Hospital could the amount of just that repayment of our debt pay for? Our debt is increasing by another \$8 billion and, as I mentioned, in question time today in answer to the question from the member for Victoria Park, the Treasurer was not able to guarantee that this would be the last loan bill that comes before this house before we go to the polls. How many essential service workers could the amount of that increase in repayment of the debt allow us to employ? It is a significant number. Then, there was the issue of our

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AAA credit rating being downgraded and we have had two downgrades during the term of this government. I am not a betting person and I do not advocate gambling, as I think I mentioned in my earlier comment, but there would be a good bet to have that after the next budget is handed down in a week, some of the major credit agencies would downgrade our credit rating. It will only put further pressure on demand for higher interest rates on the repayment of a massive debt. We have a double whammy here. We have a debt that will increase significantly, so the amount we have to repay just in the absolute number will increase, plus the interest rate will more than likely increase. So, we will have a higher interest rate on a higher amount of debt to repay. That is a terrible situation to leave this generation, the next generation and the generation after.

We also have gone through a massive boom. Saul Eslake is a very well renowned and respected economist. He was once a member of the Young Liberals, but one could argue that he is non-partisan; he calls it as he sees it. He has mentioned that in the property boom in Melbourne in the late 1890s, which was then followed by a downturn, Melbourne was at least left with some beautiful, magnificent buildings. He asks what we will be left with. Eventually we will be left with a football stadium, and he did not favourably consider the Elizabeth Quay project. We could argue that we got the Elizabeth Quay project, the footy stadium —

**Dr M.D. Nahan:** Hospitals.

**Dr A.D. BUTI:** — and we got Fiona Stanley Hospital, but the debt —

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

**Dr A.D. BUTI:** I know the Treasurer has a job to do and he has to uphold the political position of government, but I have no doubt that if he had been Treasurer or Premier five or six years ago, he would have ensured that we were not in the situation we are in today, because it runs contrary to everything he has written and stood for throughout his professional life. I am sure the Treasurer has not had a transplant or undergone metamorphosis.

**Mr W.J. Johnston** interjected.

**Dr A.D. BUTI:** I actually believe that the Treasurer believed what he wrote was the truth.

**Mr W.J. Johnston:** I don't.

**Dr A.D. BUTI:** That would be an interesting debate, but that is why I do not necessarily believe that the Treasurer believes his argument today; I really do not, because it runs so contrary. It is one or the other, member for Cannington. Either he was not telling the truth then and is now upholding what he believes, or he believed before and he does not believe now. Of course, being a minister and enjoying the fruits of being a minister must be incredibly tempting. He is a team player, so he is upholding the mess that has been largely inflicted by the leadership of the Premier. I do not think it would have been inflicted by the Leader of the House.

**Mr P. Papalia:** Cabinet participated.

**Dr A.D. BUTI:** Yes, member for Warnbro, I understand it is a cabinet process and there is that responsibility, but we all know what happens in cabinet. I think the line I read from the book I mentioned has a great relevance to the way this government operates. What the Premier wants is generally upheld by the rest of the cabinet, and that is unfortunate because there are at least a couple of members of cabinet who are better economic managers and more responsible than the Premier. As I said, the Premier has a history from when he was education minister of lax fiscal responsibility with little concern about the finances of his portfolio back then or with the finances of the state now. We find ourselves in a dire situation and, unlike the member for Southern River, I do not assume to know that my grandchildren, who have not been born yet, would be happy to know that we are leaving them this debt. I think the member made an incredible assumption and his grandchildren may not be happy that we are leaving them with this debt. This is a debt after a massive boom and that is quite incredible.

**MR W.J. JOHNSTON (Cannington)** [10.10 pm]: I rise to participate in this general debate on the Loan Bill 2015. It is not often members get to participate in a general debate. I want firstly to draw the attention of the house to the plight of education support centres. As members know, the government moved this year to a system of funding schools per student rather than funding the schools themselves. This has presented many problems for schools. I am sure that Madam Deputy Speaker is aware of those issues, but I want to highlight the problems for education support centres. In the past, because education support centres operate within another school, they have not had to pay rent, electricity or other costs, but now the school that hosts them has to calculate, by some unknown formula, how much they need to charge the education support centres. The ESCs are told that the department has done that calculation, but the department will not share that with the schools. When the ESCs go to negotiate with their landlords, they do not have any basis on which to conduct that negotiation and they are left in the position of having this bucket of money but not knowing how much is supposed to be spent on their

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overheads. Every dollar the ESCs spend on overheads is a dollar they cannot spend on the students that desperately need support.

The point I raise here is that members on the government side need to understand what is happening because it does not appear from their contribution that there is a self-awareness of what is happening. We have a budget crisis and that budget crisis has been years in the making. What will happen now is that rather than in a responsible and reasoned way reducing spending to ensure that all the needs of government can be met, now there is a crisis and that crisis will be solved by brutal, undirected cuts to every government agency in the state, including the Department of Education. That is the consequence of poor management by the Liberal–National government. Government members boast and ask the opposition whether it wants to build schools and pay public servants. Of course we do, but it has to be done in a planned and sensible way. We know that the government does not have a plan because every time, for six long years, that the opposition has asked the government when debt will peak, how much it will be when it peaks and when will it start to be repaid, we cannot get the government to answer us—never, never, never. So that government members understand what that means, there will be cuts to all the services provided in their electorates by the state of Western Australia. There is now no alternative. Had the government listened to the opposition, we would not now be facing this crisis. There are things the government would not have done. It would not have wasted \$230 million on the world’s most expensive bus station in Northbridge. That is one example. The government would not have tried to do three complex land deals at the same time—Riverside East, the Northbridge Link and Elizabeth Quay. Nobody with a brain would try to do those three projects at the same time; they are competing with each other. I would not have thought that was particularly complex to understand, yet no-one on the government side has any understanding that that is what has happened. When members opposite go into the election in March 2017 explaining why there have been savage cuts in the education budget and the health budget, and in every budget in this state, that is why. It is because they have not been responsible in their party room with their leadership. I would like to remind those ministers who like to think that they are responsible and tell their mates, “Oh, that’s Barnett’s decision”, that they have a choice. If they do not agree with a decision of cabinet, there is a longstanding principle in the Westminster system that they resign. Government ministers have collectively done this; they cannot say they are not responsible. When the Premier resigns and leaves the mess in their lap, they cannot say, “That was the Premier and now this is us.” We all assume that the Premier will not lead the Liberal Party to the next election. He is the most unpopular Premier in the state’s history. On six occasions in a row he has been behind the opposition leader in a Newspoll. That is unprecedented. Nobody on the Labor side thinks the Premier will be the Premier on election day 2017. When ministers opposite say, “That was him and not us”, the opposition will say that it was them, and that is why we will hold them equally to account for the shambles this government is putting forward today.

I will read from a Treasury memo dated 22 December 2014 from Michael Barnes, the Acting Under Treasurer, headed “New Corrective Measure—Public Sector Workforce Renewal”, which reads —

Savings will be harvested from agencies’ salaries budgets on the basis of aggregate separations, providing flexibility to replace some employees who leave on a ‘like for like basis but by doing so, others may not be able to be replaced at all, or will need to be replaced with employees at a lower classification or on a part-time basis ...

When the Premier says that it is okay to give “Willie” Rowe a job as chief of staff on the same money as the person he replaced, because the \$154 000 saving does not have to come out of “Willie” Rowe’s pay, it has to come out of some other employee’s budget! Some other employee is going to be sacked because “Willie” Rowe is getting the same package as the person he replaces. In a school, when a person leaves, there will have to be “savings ... harvested”. Further down, the memo reads —

- for permanent separations of specified front-line employees (police officers, teachers, nurses, medical practitioners, fire fighters, train drivers and child protection workers), the harvested saving will be 10% of salaries.

If a schoolteacher resigns, the Department of Education is going to have to give 10 per cent of the wage of that teacher who resigns back to Treasury. Members opposite need to understand that is what they are doing. If a police officer separates, the police department has to give 10 per cent of that officer’s salary and on-costs back to Treasury. That is what is happening. This is called a crisis. Government members have done this. When those cuts happen right across Western Australia and members opposite want to know whose fault it is, and who is to blame, they need to get a mirror—it is their fault. Members opposite did it, and the reason they did it is that they are all weak. Members opposite do not accept the Westminster principles that we are supposed to be bound by: collective responsibility for decisions in cabinet; telling the truth in the chamber; answering questions when they are asked of ministers; and providing information. The government is now refusing to answer questions that it

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had previously answered. Routine questions about the administration of government are being refused an answer, even though two or three years ago the same government and the same ministers were answering these routine questions. This is a disgrace. Government ministers are undermining the fundamental actions of this chamber. The idea that a minister can come into the chamber and spin a story instead of answering a question is undermining the role of this Parliament. Let us understand what is being done here. This is about \$8 billion. Unlike the Treasurer, I can say that out loud—it is \$8 billion in only two years! No matter who wins the election in March 2017, the first piece of legislation to be debated in this chamber will be another Loan Bill, to borrow more money. This is impossible to deal with. The boasting of the government is extraordinary. I refer to *Hansard* of 26 December 2012, when the former Treasurer said —

If we do not target these sort of savings now, the Western Australian public sector will ultimately face more severe measures such as those we have seen in the commonwealth government, in Queensland and in New South Wales.

Guess what? That is exactly what is happening today with this government. I draw members' attention to budget paper No 3 for 2012–13, which has the forward estimates for the years 2014–15 and 2015–16, and to the midyear review. According to the midyear review, the net operating balance is now \$2 123 million down on what it was predicted to be at that time. The prediction was that there would be an \$836 million surplus, and it is now predicted to be a \$1 287 million deficit. The 2015–16 forward estimate for that year was for a \$1 404 million operating balance, and the midyear review predicts that as a minus \$907 million deficit—that is a \$2 311 million decline in the position of the balance. In terms of the cash balance, the current prediction for this financial year in the midyear review is a \$3 138 million net borrowing. That, by the way, is 11.6 per cent of revenue—Wayne Swan's last budget in 2013–14 was predicated on a 4.7 per cent cash deficit—and that is two and a half times higher than the cash deficit that was predicted for the federal budget of the last Labor federal government.

The cash position has declined by \$2 691 million for the current 2014–15 year and by \$1 985 million for the 2015–16 year. This is a crisis, and it is a crisis of the government's own making. I point out that the government was predicting in budget paper No 3 of 2012–13 that in the 2014–15 year the government would be paying \$363 million in net interest. The government is actually going to pay \$364 million—it is about the same—but for the next year the government has predicted \$372 million and it is actually going to pay \$450 million. That is \$7.8 million extra debt. Of course, we have had a significant fall in interest rates over that period since those predictions were made, but the government has done this to itself. This is about the government's incapacity to manage the budget. Let us make it clear: the government's revenue has never been higher. There has never been an occasion in which the state's revenue has been at such high levels.

I note that the expected revenue is less in this year's midyear review than was predicted, but members should look at the debate about the future fund in 2012 and note the warnings from this side of the chamber about this very problem. In the estimates committee on 30 May 2012, Hon Christian Porter was being challenged by the member for Victoria Park about the future royalties from iron ore. The member for Victoria Park says —

I am curious about that.

He was talking about future income. He continues —

Depending on which commodity house or investor boutique advisor we read, we get different medium to long-term views on iron ore, whether it is going to decline. Indeed, Costello —

Meaning the former Treasurer —

gave a speech last week saying he expected it to decline.

Christian Porter said, in part —

If the price decreases, the volumes go up and they mitigate each other.

The prediction was, “Don't worry about it. Everything is going to be all right.” That is the position that the government took.

I will happily go through and point out what I said in the debate. I specifically predicted the problems of this financial year on the basis of the GST problem. I point out that on 18 September 2012, I said —

... I think we are probably going to end up short on the estimates for income, which probably means that 2013–14 and 2014–15 are going to be trouble for the state.

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If I could work it out, and everybody on the other side thinks I am an idiot, what is wrong with government members? If I can predict what is going to go wrong, why is it that the government did not know what was going to go wrong? How come I can work it out and the government cannot? It does not make any sense.

**Mr P. Papalia** interjected.

**Mr W.J. JOHNSTON:** No, I do not have a PhD. I have a year 12 certificate and nothing else.

I point out that on 8 November 2012, the Premier said, talking about Oakajee —

The third and probably most important factor was the fall in iron ore prices.

In 2012, the Oakajee project was being delayed because of the fall in iron ore prices and yet there was no prediction from this government that revenue would go down from iron ore royalties. That is unbelievable.

[Member's time extended.]

**Mr W.J. JOHNSTON:** If government members were working in the private sector, they would all get sacked. Not a single person who sits around that cabinet table would still have their job—none. It is either absolute and utter incompetence—I think there are a couple of ministers who fit that category—or total and utter dereliction of duty. There is no other excuse for the outrageous behaviour of this government. I point out again that in the 2013–14 *Economic and Fiscal Outlook*, budget paper No 3, there was a great little table setting out the long-term financial projections for the fiscal action plan comparison. It was predicting only a year ahead to this current financial year. The prediction was \$24 295 million of total public sector net debt. It is actually, according to the midyear economic review, \$25 375 million. It goes on over the years; for example in 2016–17 it is \$28 389 million. Its current prediction is \$29 407 million. There has not been a single year that the Liberal–National government has been able to get the budget right.

Then there is the deep embarrassment of 28 000 jobs that the Treasurer claims will offset the fall in construction. The Treasurer set out, in answer to the question, all these jobs including 8 000 construction jobs for the new Perth Children's Hospital. That would be an interesting figure to verify—8 000 jobs during the construction phase of the new Perth Children's Hospital.

**Mr R.H. Cook:** That is not indirect jobs?

**Mr W.J. JOHNSTON:** It is the “Total direct workforce for duration of the project funded by state government”. I point out that of the \$750 million for the Children's Hospital, \$500 million was paid for by Rio Tinto and BHP Billiton; that is \$250 million each. The government did not pay for that. When people say that net debt went up because the government built the Children's Hospital, \$500 million was paid for by those two companies. People say that the debt went up because the government built Fiona Stanley Hospital; \$1.4 billion out of \$1.7 billion was in a trust account left by the Labor government. It was one of the cash assets that was handed on. Remember that when the Labor Party was in government, the general government sector had assets; now the government has only liabilities.

As to the embarrassment of the member for Southern River saying that the government needs this \$8 billion to give to Western Power, Western Power does not borrow through the loan bill; it borrows separately. It does not get authorised; it is a government trading enterprise. It is not covered by the Loan Bill. The member obviously sat there and took careful notes in the party room but he did not understand what he was being told.

**Mr R.H. Cook:** Don't also forget that there was \$180 million from the feds for Midland hospital and \$250 million from the federal Labor government for the rehabilitation hospital at Fiona Stanley.

**Mr W.J. JOHNSTON:** Indeed, on this list, member, is the Gateway WA project, for which the government is claiming 7 000 direct jobs, 80 per cent of which was paid for by the federal Labor government.

**Mr P. Papalia** interjected.

**Mr W.J. JOHNSTON:** They must be. The government says that there are 2 000 jobs for the Riverside project in East Perth. I go past the Riverside project most mornings when I am either dropping off my son at school or coming up here to work. There are not 2 000 people there. Most days there is nobody. All the sand had to be dumped to let the soil compact because everybody knows that it is a wetland. As my son said, when the apartments are built, he is never parking in the basement because everybody knows how wet that spot is. All the sand had to be built up next to Trinity College. Nobody has been there for the past 12 months. Maybe somebody turns up once a week to do something. Over the last couple of weeks, some bulldozers have been pushing stuff around. The idea that 2 000 workers are down there working on the project is simply not true.

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There are supposed to be 2 000 direct workers on the Forrestfield–Airport Link project. The project has not started. A bit of planning money has been spent but nothing has been done. Would it not have been great if the government had saved some money during its time, like the Labor government had done, so when the inevitable downturn arrived at the end of the boom, it would have had the cash to spend on more projects. Members should remember that these projects are part of the current predictions of extra debt. If we want to build anything more after those projects are completed, there is no money available to build anything else. What will the government do? Exactly when will it start repaying the debt? How long does the government intend to keep borrowing? That is the fundamental question.

The government somehow got blindsided by the fall in the iron ore price. In the 2014–15 budget, which is still on foot, the Department of Treasury said on page 114 of budget paper No 3 —

In 2013–14 to date, the daily benchmark iron ore price has fluctuated between a maximum of \$US142.8 per tonne in August 2013 and a low of \$US104.7 per tonne in March 2014.

We would love to have a price of \$US104.7 now. It goes on about the high volatility. Then the department makes the point that its assumption is not a price assumption; it is about predictions for the budget. It goes on to state, under the heading “Price Outlook” on page 116 —

In the short-run, prices are expected to remain volatile ... There is likely to be some price volatility in the short-term as the sector adjusts to meet these challenges.

Over the long-run, iron ore prices are expected to gradually ease as additional low-cost output from Australia and Brazil comes on stream. On balance, Western Australia’s increasing share of Chinese imports and expanding global demand are predicted to have a positive impact on royalty returns from iron ore over the foreseeable future.

That was a bold assessment and one of the reasons the government is in trouble. If it had taken a much more conservative approach and gone back to the old system of predicting iron ore prices—that is, that it would return to the long-run average over time—it would have predicted it to be a much lower price. Let me get it straight; nobody I know thought the iron ore price would fall as low as it has but everybody knew it would fall. The point is that the government did not plan for it to fall; it planned for it to stay up. The government’s prediction last year was that it would be \$122.70 in 2014–15, \$120.10 in 2015–16, \$117.60 in 2016–17 and \$115 in 2017–18. The government would have therefore built in its revenue forecast. Okay, the crash happened sooner than anybody thought and it is deeper than we all thought, but if the government had built in large budget surpluses during the boom, we would not be in crisis. Yes, it would have had to say no to some people over the past six years, but it would have been able to do that in a planned way. Instead of taking 10 per cent of the salary of every resigning teacher in Western Australia and giving it back to the Treasurer, which is what the government is seeking to do, it would not be in this crisis. That is what the government has done to itself. When the State School Teachers’ Union of WA, the Australian Nursing Federation, United Voice, the Western Australian Police Union, the Hospital Salaried Officers Association and all these other unions come and say, “We don’t agree with what you’re doing”, do not look at us for help. This is the government’s problem; it created the problem. It created the problem by not telling people the inevitable consequences of what it was doing.

I want to also point out that there is no money in the Western Australian Future Fund—no money at all. I asked the Treasurer in written question on notice 3757 to specify the public bank account balances on a series of dates that I listed from 1 July 2008 to 1 July 2014. On 1 July 2008, there was \$3 994 million in the public bank account and on 1 July 2014 there was \$4 013 million—that is a \$19 million increase. Remember, every single cent of the future fund is held in the public bank account. It means over that entire period of six years, only \$19 million has been added to that account. Go back and read the debate about the future fund. As I said before, future Western Australians are going to be really embarrassed by what happened there. We are going to leave them with \$30 billion of debt and \$4 billion in the future fund. We here did not do what Norway did. Norway restrained its expenditure. It did not spend the income from its royalties to create its sovereign wealth fund. I am not advocating doing that. There is a range of reasons, not the least being the Liberal Party GST process that takes our revenue and gives it away to other states.

By the way, Deputy Speaker, knowing that you are a member of the National Party, I point out that the Liberal Party, in advertising in Tasmania at the last federal election, boasted about the fact that Tasmania would be protected by the federal Liberal government. There were front-page ads in Tasmania on that issue. It is hardly a surprise, therefore, that there has been this impact of the GST, but that is what happens to the GST. I am not specifically advocating that, but the point I want to make is that if we want a future fund, we have to spend less today and save for tomorrow. We have to save only from our surplus. In fact, we should have a cash surplus and only save out of our cash surplus, but certainly we have to have a recurrent surplus and save only out of the

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recurrent surplus. If we continue to borrow, then the future fund will be dysfunctional. It will have no impact over the long period. Think about it. We will end up with a \$4 billion theoretical asset and debt that is 10, 20 or 30 times higher than that. At some point in time the Liberal Party in Western Australia is going to have to tell the truth. It is not a good thing that it will take out 10 per cent of the salary of every teacher who resigns from the education department and give it back to Treasury. It is not good that it will take out 10 per cent of the salary of every nurse in Western Australia who resigns and give it back to the Treasury department. It is not good that it will take out 10 per cent of every resigning police officer and give it back to the Treasury department. They are not good things, but they are the inevitable consequences of the incredible incompetence on the other side of this chamber. They are tax and spend Liberals. They have demonstrated no capacity to understand that this is what they have done—not the GST, nothing else, just themselves.

**MR R.H. COOK (Kwinana — Deputy Leader of the Opposition)** [10.40 pm]: So, member for Cannington, 10 per cent for every nurse and doctor who resigns will be given back to the Treasurer as a result of this government's policies. We have come to this. We have come to the situation that years of undisciplined and unwise decision-making have led to this utterly predictable crisis of the state government's budget. What the Premier and the Treasurer would have us believe is that everything—every financial problem that besets the government at this stage—was entirely unpredictable, and it is a crisis not of their making but is simply something that is a result of the fact that they have been the victims of an unfair war waged on them by the federal government over the goods and services tax deal, and that they are the victims of a plummeting iron ore price they could have never have predicted or prepared for. But of course none of that is true. The blunt budgetary measures we have before us in the Loan Bill 2015 are a result of a complete lack, in the past, of careful, disciplined and detailed budget management. Now we have reached the point of this budgetary crisis that the government has introduced these blunt, crass mechanisms as some sort of way to scramble, crawl and claw back some of the out-of-control revenue expenditure that we are now witnessing.

This whole scenario is a result of the fool's paradise that has become the economic leadership of this state. Despite the fact that we have had an extraordinary increase in revenue, despite the fact that we have enjoyed the most incredible period of prosperity, and despite the fact that we have had a fundamentally predictable financial outlook, we now have this situation of the government asking us for authorisation to borrow \$8 billion to, as the member for West Swan calls it, pay for paper and pencils; to pay for the everyday business of government. How is it that all of a sudden we are staring at a situation of all that money having gone? The taxpayers of today, tomorrow and the next day will look back at this period and say, "What happened to all that money?" If we look at Kalgoorlie and the extravagance of the past, we say, "That was the gold rush." What would people look to as a sign of the prosperity of our period?

**Dr M.D. Nahan:** The children's hospital.

**Mr R.H. COOK:** The new Perth Children's Hospital, as the member for Cannington just pointed out, was fundamentally paid for by a one-off, quick, sugar injection of royalties. Fiona Stanley Hospital, as the member for Cannington just pointed out, was as a result of the money put aside by the WA Labor government.

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

**Mr R.H. COOK:** The budget for Busselton Hospital was already set in the forward estimates because we were, at that point, planning the new Vasse hospital. So, fundamentally, that was business as usual. The Liberal Party was the beneficiary of federal government funding for capital works in hospitals and so forth that no other state government was.

**Dr M.D. Nahan:** If all the money came from Canberra, why did we borrow for these things? What did we spend the money on?

**Mr R.H. COOK:** The government had to put \$180 million into Midland Public Hospital, before it gave it away to St John of God Health Care; it had to borrow for that. The government was the recipient of extraordinary streams of revenue, yet somehow it managed to blow it. Somehow the government has managed to put us in this situation of coming to us, the members of Parliament, to say, "Can we please borrow to pay for the everyday expenses of government?" I am sure that when the member for Riverton entered Parliament, having come down from the lofty heights of academia as he did at the time, he never thought he would be in the position of having to defend some of the most incompetent economic policies that have ever been brought to bear in this state's history. I bet the Treasurer never thought he would have to stand here to defend some of the most idiotic economic decisions that have ever been made. I bet he never thought he would be in the position of having to defend a spend, spend and spend strategy. That is despite the fact that he knew as well as Hon Troy Buswell that

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the GST revenue was going to plummet in the future. That was an entirely predictable outcome. The Treasurer knew that ultimately the iron ore price would reduce. He might not have predicted the levels that it went to —

**Dr M.D. Nahan:** I'm glad you guys are so good at predicting! You should change your jobs and go out as commodity traders. You're such good experts at iron ore price forecasts!

**Mr R.H. COOK:** We were, I guess, reading the predictions from all the other agencies, and the other government predictions that were going on around the time —

**Dr M.D. Nahan:** They were the same.

**Mr R.H. COOK:** No, they were not. They were towards \$100, or around \$100, whereas the Treasurer was predicting that we would get \$111 per tonne.

**Mr W.J. Johnston:** It is an observation, but that is the whole point. Given that you cannot predict the future, you build in the facts so that if things go wrong, you can get out of it. The problem is that the incompetent fools did not run large surpluses.

**The DEPUTY SPEAKER:** Order! Member, watch your language, please.

**Mr R.H. COOK:** Indeed. Thank you, member for Cannington. So we have come to this now entirely predictable state of affairs. Under the economic modelling that the honourable member would have undertaken as an economist in his previous life, he would have advised strongly against any government that simply spends, spends and spends at a time of high revenue, rather than actually making provision for the future, particularly a future that was built on such a fragile income base. As the member for Victoria Park pointed out to us today in the matter of public importance, that fragile and tenuous revenue situation was pointed out by Treasury itself year after year in budget after budget, saying that the state's revenues are highly sensitive to the price of iron ore and the unpredictability associated with that price. But what did we see from this government? We saw the most extraordinary orgy of spending, and a lack of discipline, which has really now brought us to this state of affairs.

In some respects, there is good that will come from this. There are lessons that can be learnt from this. There are lessons that can be learnt from a government that has done just about everything wrong in terms of economic management. I was contemplating today what might be some of those lessons, and I came up with about 10 cardinal sins that a government should never commit in relation to the economic leadership that it provides for the state. First, the government must exercise political discipline over political expediency. What we saw in the lead-up to the 2013 election is nothing short of extraordinary ill-discipline in relation to the wages claim at that time by the nurses' union. The government was under no pressure from us, from the media, or from anyone other than the nurses' union, to go out and make an extraordinary offer to the nurses' union in the context of the election and in the context of the caretaker provisions. But against every convention in the Westminster system, that is precisely what the government did. It offered the nurses a 14 per cent wage deal. That was a fantastic outcome. It was terrific that nurses got such a great and generous outcome. But there are consequences to that. What we actually see, therefore, is a knock-on effect. The doctors said, "If it is good enough for the nurses to get 14 per cent, it must be good enough for us to have somewhere in that vicinity", and they settled at 12 per cent. They are reasonable people. They did not want to make the government too embarrassed by asking for the same 14 per cent deal, and they got 12 per cent. This is all before the axe of the government's wages policy came down, denying other members of the health sector similarly comfortable wage offers. Now we see the further consequences, in that members of the Health Services Union, under an Industrial Relations Commission ruling, are being offered a similar wages outcome. The kernel of those two outcomes, for the AMA and the HSU, is back in the 2013 election, when the government made the decision, against all conventions and all wisdom, and under no pressure at all, to make that offer to the nurses. It was an exercise of extreme political indiscipline to gain political expediency. The lack of oversight of the wages policy must be another mortal sin that governments should never commit. They should not lack this oversight, because the moment the government takes its eye off the ball, as in this politically expedient deal with the nurses, all of a sudden there are all kinds of other consequences, in expense and other claims under wages policy. We saw a blowout in wages, which were supposed to be kept at the consumer price index in the previous term. We actually saw public sector wages go well beyond the CPI.

It is not as if this government has been flayed by a series of issues over which it has had no control. The first two sins—lacking political discipline and lacking oversight—have brought about this circumstance. Returning for a moment to the doctors' and nurses' wages outcome, the only way the Minister for Health now has to place downward pressure on the overall wages component of the health budget is to cut staff. We have seen a blowout in the cost per full-time equivalent. If the cost per FTE goes up, the only option the minister then has is to reduce the number of FTEs. The moment FTEs are reduced, the impact on health services starts. That cost has been

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passed on to other nursing and doctor staff, and to the patients, because now fewer health staff are spread across the same range of service outcomes.

The third sin is the structural inadequacy of the budgetary process, which has brought about ongoing bleeding in the budget. As the member for Victoria Park has often pointed out, the whole Economic and Expenditure Reform Committee secretariat is driven out of the Department of the Premier and Cabinet. The minister responsible for the Department of the Premier and Cabinet is the biggest sinner in budget management. Rather than having the Department of Treasury in control of the EERC process, the Department of the Premier and Cabinet is in control, and that is the department from which the budgetary process needs the most protecting. Perhaps if the EERC process was driven by the Department of Treasury, we might have had better budgetary management, because then those people, in whose blood the culture of the department is ingrained, would have been driving the review and deliberations on the budget.

The fourth sin of the government's economic leadership must be budgetary discipline. Time and again we have seen the Premier stand in this place and talk about forward estimates as if they do not exist and do not matter, and that is just extraordinary. We know the role that forward estimates play. They allow us to see predicted cost outcomes of the future against predicted revenue outcomes of the future. They allow government departments, economic observers and regulators to observe the plans of the government in advance. However, while we have a head of government who is simply dismissive of forward estimates and says that they do not exist and do not matter, it is no wonder that we have such a lack of budgetary discipline. We know why the Premier does not believe in forward estimates; it is not because intellectually he does not believe in them, but because politically he does not want them because they prevent him from changing his tune on a day-to-day basis in order to cut his political narrative to the political cloth of the day. Forward estimates put a restriction on his decisions and a discipline upon his budgetary outlook that he is not prepared to accept.

The fifth sin of the government's economic leadership is the constructed ignorance around the price of iron ore, which has been absolutely extraordinary. As the member for Cannington said just a short while ago, predictions around the extent to which the price of iron ore fell were perhaps beyond the scope of the government's predictions.

[Member's time extended.]

**Mr R.H. COOK:** However, understanding that ultimately the price of iron ore would fall, what decisions did the government make and what did it do to prepare the state's economy for that? I refer to an answer given by the Premier to a question from the Leader of the Opposition in June 2014. The Leader of the Opposition asked what the state's financial position would be given that the forecasting of the average price of iron ore was down to \$100 per tonne against the Premier's budget price of \$111 per tonne. The Premier said that he did not think the price would go up to the \$160 of three years earlier, but that maybe in the range of around \$110 to \$115 was where we could normally expect it to be. He said that while it was a fact that the price was down and that that was of concern, the volumes were at record levels and that rising volumes would basically compensate in terms of revenue for Treasury. The Premier was trying to say that, even though we were having a slight prediction, we should not have worried because the volumes of iron ore exports would go up and that would compensate for any fall in the price of iron ore.

We now know what a fool's paradise perspective that was because the price of iron ore has continued to go down and, in fact, it is the increase in the volumes of exports that the Premier is now criticising most harshly because he now somehow believes that we are in control of the entire global market of iron ore and that therefore getting Rio Tinto and BHP to put a brake on some of their plans for expansion of iron ore will somehow apply upward pressure on price. It will not and, of course, it is a ridiculous perspective.

The sixth sin of the government's economic leadership must be not taking responsibility for its own decisions. This Premier was in the cabinet when the decision about the formula for the GST was taken. The Premier at that time said, "Thank God for the GST, for it will save us." We had known for some time what the trajectory would be in relation to the outlook for GST revenues, and we had known for some time that the GST would ultimately fall, so for God's sake: the Premier should take responsibility for the fact that he decided back then to ignore the fact that the GST would reduce so sharply. He should take responsibility and be adult enough to simply say, "We got it wrong." He should be adult enough to say, "Look, we just thought that the good times would go on forever." The government should not sit back now and say that our share of the GST revenue has gone down and that it never knew that would happen, because that has been predicted for years. As a member of the opposition, I listened to the former member for Belmont, Hon Eric Ripper, make that prediction time and again in speeches in this place, much to the great humour of those on the treasury bench. But how true those predictions were, and not because he was a fortune teller, but because he knew the way the GST worked. Hon Eric Ripper knew the

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way the GST worked and the Premier knew the way the GST worked. The Premier knew that the GST revenue share was always going to go down and he should have made preparation for it.

**Dr M.D. Nahan:** The decision to implement the GST was made in 2000–01.

**Mr R.H. COOK:** That is right and that is a decision that the Premier was part of.

The seventh sin must be to avoid creative flourishes and distractions. Simply because someone comes up with what seems to be a really good idea does not mean that the government can take advantage of it every time. It does not mean that the government can simply say, “Here’s another good idea. I think we’ll pick that one up.” That was brought home to us recently when the Premier opened the high-performance centre at the Western Australian Institute of Sport. In an article in *The West Australian* at the time titled “Borrowings balloon as Barnett binges on baubles”, we got an insight into the way decisions are made about the expenditure priorities of this government. The article quotes the Premier paraphrasing Hon Terry Waldron, the former Minister for Sport and Recreation. At this function, as reported in the article, the Premier said that Hon Terry Waldron, the former minister, came to him and said —

... ‘We need to rebuild and provide a new specialist centre for WAIS’,” Mr Barnett told luminaries ...

“I said to Terry, ‘We’re running out of money, mate—we can’t do that’. I now know we have run out of money but we did it, so there you go.”

That provides an insight into the way this government has been making decisions all along. There has been no discipline, no business case, no understanding there is an opportunity cost around every decision that is made and no appreciation of the fact that at times the government simply has to grin and bear it and accept responsibility for the decisions that it makes and, in making those decisions, forgo other decisions. This government has been distracted time and again by new and creative ideas without the budgetary discipline that the Treasurer is supposed to apply to the budget because of the Premier’s control over the expenditure process. Without that discipline, expenditure continues to roll out of control and there are more decisions and more commitments to spend on the back of other expenditure decisions that ultimately put the government into a spiral of debt.

The eighth mortal sin must be to not maintain a continuous performance. In six and a half years under this government, we have had seven Treasurers who have taken a view of the books at different times with different levels of discipline and different perspectives of economic outlook. With no continuous oversight and stewardship of our books by a single Treasurer, there is an ongoing process of a new body being put in place, opportunities being taken as a result of that person finding their feet in that role and more decisions being taken that are quite simply indefensible in the context of forward revenue streams and cost outlays.

The ninth sin must be to stick to one’s own plans and disciplinary goals—do not fail to simply walk away from commitments previously made. We know through commentary from the Premier that this government set itself the task of making sure that debt never got above \$20 billion. We know this because the Premier said on a number of occasions that he would do one of two things. One, he would never allow the budget to run into deficit; he would always run surpluses. Two, he would maintain debt at under or about \$20 billion. We again saw the Premier in question time trying to get out of previous undertakings by saying things like “early 20s” or “low 20s”, but of course we know that debt will peak at around \$30 billion, so I am not even sure why he scrambled to try to create that sort of slack of the system. If someone fails to rule by their own rules, they will continue to slide into compounding errors in economic management. As a result of the Premier simply not being able to be held to his word, commitments made in the past about how he would govern and the economic and financial discipline he would place on himself in relation to the way he would govern are simply now ignored.

This brings me to my final sin in relation to economic leadership—that is, be honest with those one represents. At the last election the Liberal government put up a range of spending commitments that were all based upon that great lie of everything being fully costed and fully funded. As the Labor opposition put up election policy proposals that would balance against policies to axe other projects and to find saving measures, this government went out on the hustings and said it would do everything the opposition was doing, it would do everything it was doing and it would all be fully costed, fully funded. It was a fundamental Liberal Party lie and that is at the core of every bad decision that the government has continued to make since then. There is this fundamental situation in which the government is unable to hold itself to account, the electorate is unable to hold the government to account and it is all based upon that lie that everything is fully costed and fully funded. The government scrambles to walk away from Metro Area Express and some other commitments, because even it now sees the absolute folly of the way it has managed this state’s finances. Even the government now sees that it has been living in a fool’s paradise in the decisions it has made that force it to seek borrowings and drive the state into further debt to simply pay for the day-to-day costs of running the government. Even the government now sees that it has ruined the finances of this state.

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I will finish by reflecting on some of the other costs associated with this. I will read an email that I have received from the mother of a young woman who has a disability. It says —

The reason I am writing to you is the fact that we have a daughter with a disability who became comfortable enough to be away from us and go on Respite last year. She is 33 years of age and has an intellectual disability and a rare muscle disease. Last year she went away with assistance with funding from Disability Services Commission and Commonwealth Carers Respite Centre with the shortfall being paid by us ...

This year she has chosen to go away again ...

I have contacted DSC who cannot help due to budget cuts.

**Dr M.D. Nahan:** No budget cuts—100 per cent increase in disability services spending.

**Mr R.H. COOK:** Yet, the government will not fund respite care for this poor disabled young woman.

**MS S.F. McGURK (Fremantle)** [11.10 pm]: I would like to make a contribution to the debate on the Loan Bill 2015. Many speakers before me from this side of the house have outlined the frustration of having had three loan bills presented to Parliament since the election of the Barnett government that have extended the credit card. The latest bill seeks \$8 billion in funding to be made available for public expenditure. It is not, as the member for Southern River outlined, for the government trading enterprises for poles and wires—it is not for those sorts of costs—but for the general day-to-day business of government. That is of concern for a number of members on this side of the house and, I think, for the general public. The government knows that. The government knows that it is starting to lose a lot of credibility in the eyes of the public because of its poor financial management coming out of a period of such strong economic growth in this state.

I want to take the opportunity to discuss what my electorate needs; not what it wants. I direct that point at the Treasurer because he often gets up and says, “Oh, well, opposition members talk about the government’s lack of financial discipline but then they have long wish lists.” Labor fought the last state election on the theme of priorities. A certain amount of money is available in the budget to spend—the income that comes into government coffers—and it is about priorities. I want to talk about what I hope are recognised as the priorities for my electorate and the things that people want government expenditure on. We have asked for money to be allocated for these things and so far we have had no joy. Instead, we have a significant Loan Bill brought before this Parliament. As I said, it is this government’s third Loan Bill.

A few weeks ago, during the debate on the Taxation Legislation Amendment Bill 2015, I had the opportunity to speak about examples in my electorate of when the government has said one thing but then done something entirely different. The opposition talked about the payroll tax relief promised by the Liberal Party during the state election that was then deferred, and the frustration felt about another broken promise. In that debate I was able to talk about the broken promises related to my electorate, including the 2012 promise to relocate the Department of Housing head office to Fremantle, the promise not to cut services during the relocation of services from the Fremantle area to Fiona Stanley Hospital, the promise not to introduce toll roads, the promise not to cut school budgets and the promise relating to expected rises in utility prices. Many of those matters are still relevant when considering how the government chooses to spend its money. The government has blown the budget, as we know, and that has led to record government debt and an operating deficit. That is despite another promise by the Premier that he would not preside over a government that went into deficit. As I said, many of these broken promises relate to expenditure.

In discussing the Loan Bill, I would like to take the opportunity to discuss a few important matters that I will be keeping a close eye out for in the state budget when it is handed down next week. These are items that should be funded by government, but so far there is no indication that the arguments and cries for these important items have been heard by this government.

One area I want to address is Davis Park in Beaconsfield where there is a particular concentration of public housing. In November last year, I tabled a petition with 95 signatures to this Parliament which reads —

We, the undersigned, say that the Davis Park precinct in Beaconsfield bordered by Caesar Street, Lefroy Road, Fifth Avenue and South Street has a public housing density of 85 per cent, contrary to the Department of Housing’s own 11 per cent guideline. This has led to an above-average level of violence, crime and antisocial behaviour in the area. While we do not support lessening overall public housing in the greater Fremantle area, we believe the quality of life for all residents will be enhanced if there is an improved mix of housing in this area.

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Now we ask the Legislative Assembly to call on the State Government to apply the Department of Housing's Urban Renewal Development policy as a matter of urgency in the Davis Park precinct in order to break up the concentration of public housing, and to provide increased support services to residents who have been affected by violence, crime and antisocial behaviour.

I read out the petition because it outlines the concerns of residents in the area; that is, the blocks in Beaconsfield, but which is otherwise quite a middle-class area, where there is what I understood to be one of the last concentrations of public housing in the metropolitan area, but when I speak on this issue, I often see nods of acknowledgement from the member for Belmont, so perhaps there are areas in her electorate that have similar density.

**Mrs G.J. Godfrey:** We have an area of two blocks of 100 per cent.

**Ms S.F. McGURK:** If that is the case, the member for Belmont will understand the negative repercussions of that sort of density. I was advised by the Department of Housing that Davis Park is one of the last areas of density of its kind. That area needs addressing and is one of the areas I will be looking for in the state budget next week to see whether any money has been allocated to break up this area of public housing density. Just over a year ago in February last year there was a high-profile police raid in the area of about 75 officers, including some on horseback. They managed to take the media along for the raid. The police had identified this area as a hot spot for crime and antisocial behaviour so they conducted a raid in the area. A number of charges were laid as a result of that raid and some media attention was focused on Davis Park, including an exposé, if you like, of the area by 7.30 WA when it was still reporting separately on Western Australian matters. Over a year later, despite the high-profile attention, nothing has happened from the state government's end to break up that density. It is one of the key changes needed to make a material difference to people living in the area who are trying to lead positive lives but are being held back by the extent of dysfunction and antisocial behaviour in the area. Some attention was paid to the issue following the police raid and the media coverage. A group called the South West Metropolitan Partnership Forum—I have commented before on its cumbersome name—is a great initiative that has been put in place across the Cockburn, Fremantle and Melville areas. It is based on the impact model, which looks at trying to get a full range of human services together. It has government services, not-for-profit services and private providers all operating in cooperation. That partnership is doing a range of different projects across the south west metropolitan area. The South West Metropolitan Partnership Forum was launched last year, and one of its first actions was to identify Davis Park as a hotspot. The partnership has been active in that area and I commend it for the work it is doing. I was looking at the minutes of the partnership's last meeting. They put people in touch with an Aboriginal mediation service and are in touch with the local police and community youth centre. They are also helping to organise a parenting program for families living in the area. They organised Buster the Fun Bus, which is a resource for young families, who can go along with their toddlers and talk with other families, and they are working on an Aboriginal dance program. They link service providers and work across a range of initiatives. They have been working hard in that area.

As I said, what is really needed is the breakup of concentration of public housing density in this area. In the ABC's 7.30 WA report I was speaking about, Grahame Searle, the director general of Housing, was interviewed. In that interview, Grahame Searle acknowledged the link between so-called public housing estates and antisocial behaviour. He stated —

“What you actually do (with public housing estates) is create concentrations of disadvantage,” he said.

“If all you have in a particular community are people who are in a state of disadvantage, a percentage of whose lives are in chaos, the outcome won't be great.

“If you spread that across the whole of the community you get a much better social outcome, much better social cohesion and that's what we're looking for.”

Although he acknowledged the extent of public housing concentration, Grahame Searle made a valiant effort at that interview to say that Davis Park was not an area of particular antisocial and disruptive behaviour in terms of the number of complaints he gets about tenants there. If Grahame Searle and the Department of Housing do not think there is dysfunction in Davis Park, they are the only ones who do not, because most people understand that it needs attention.

That is the sort of project this government should be spending money on. I do not know what resources are required to commence that process of urban renewal in public housing density. I know it has happened in suburbs such as Queens Park, Cockburn Central, Coolbellup, Medina and I think Balcatta and Mirrabooka. I understand that a lot of the money required is self-generating, so some blocks are sold off, but some initial funds would be needed for planning and to get the process kicked off. I do not know the resources that are

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required, but it is crucial work for the state government and it needs to commence, because it is a process that takes five to 10 years to fold out.

What have we seen the state government spend money on? It is true that we will have some projects in the CBD. The member for Perth was talking about these in the chamber today. It is true that we will have Elizabeth Quay. I am not sold on the idea that that is such a great use of money, considering the alternatives there are for funding, the cuts to services that we are seeing and the demand we have for public transport infrastructure to deal with congestion. I do not think the public is sold on it either. There is the Elizabeth Quay project and there is also the Perth Stadium project. Of all the options the government could have gone for, it went for the most expensive option for the football stadium, but we do not know how expensive it will be because we have the component of the —

**Mr V.A. Catania:** It's the right option for the future.

**Ms S.F. McGURK:** Member for North West Central, it is clearly the most expensive option. There is no doubt about that at all. It was discounted by the Langouant task force because it was identified as being too expensive. The estimations are somewhere that if a new stadium was built on Kitchener Park—I do not know whether these are outdated figures—it would cost about \$1.1 billion, and the Burswood option will be close to \$3 billion. We do not know the exact figures because the government has a financing option for 40 per cent of the project over 25 years, and we do not know what interest rate it is looking at. We do not know the details of that financing option, and of course the government is not being clear about how much that project will cost the WA public. People do not begrudge the building of a new stadium, but it is infuriating that the government picked the most expensive option, which is somewhere well north of \$1 billion more expensive than the preferred alternative recommended by a task force set up under the former Labor government, when the sorts of projects such as the one I just talked about go wanting.

I will also be keeping an eye on the budget to ensure that some money is allocated to the high school amalgamation in Fremantle. There was a promise that \$30 million would go to that project, and that is welcome money. I will be watching to make sure that that money is allocated.

[Member's time extended.]

**Ms S.F. McGURK:** When the government announced the amalgamation of South Fremantle Senior High School and Hamilton Senior High School it was announced that cost estimates would be prepared prior to the 2014–16 budget. As I said, I look forward to seeing money allocated to that project and to the government working with both the existing South Fremantle Senior High School community and the rest of the community to make sure that the new amalgamated school, nominally named Fremantle College, is the best school that can be delivered for our community, certainly on subject selection, but also on other programs, and that people have the confidence to send their kids to that school. I hope that that school will be a great success.

Another area we will be looking closely at in the budget is the allocations for education generally. The Treasurer said earlier today that the government has injected money into the education budget, but we know that any increase in allocations that were largely as a result of moving to the student-centred funding model have been on the back of education cuts. There are many examples that any of us on this side of the house could give—and if members on the other side were honest could give—of cuts to school budgets. The latest example is the reduction in the number of education assistants. Over 400 education assistants have been marked as surplus to requirements, and many of them have received letters under the government's new Workforce Reform Act, which came into force, ironically, on May Day this year.

Education assistants are being given notice that they are surplus to requirements. I understand the government has replied, saying that it has employed 800 or more education assistants. But many of those figures actually reflect the usual churn of replacing people who either leave in the normal course of events or for covering various forms of leave. I understand that many are on temporary or fixed-term contracts; they are not permanent employees. The government says it has employed more education assistants but I wonder how many of those are in permanent, secure jobs. People in permanent and secure jobs, who know what their hours will be, could go to the bank and ask for a loan. They would know that they would be employed next year and could make financial arrangements with their families. Those people are being made redundant and they are either not being replaced at all or are being replaced by people on fixed term or temporary contracts, so precarious forms of employment and all the difficulties that go with insecure work. That is the sort of employment we get from this government. That is the effect that its public sector management has on people working in our schools. The Labor Party will keep a close eye on what happens to the education budget when the government's budget is handed down next week.

Of course, we know the government has a policy of not replacing all people who have left the public sector. People who leave the public sector are being replaced not with the full budget allocation needed to replace that

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person, but with a lesser amount. I think Health is getting about 90 per cent of the funding required to replace that person, but many departments are getting only 60 per cent of the budget allocation that would normally go with those replacements. If the government thinks that does not have an effect on services being provided in those departments, it is kidding itself. That will have a huge effect.

Earlier this evening, the member for Armadale asked a question about the number of redundancies occurring across the public sector. He asked how many of these positions could have been funded if the money this state is paying on its debt was not paid but, instead, was redirected and available to pay for public sector workers providing important services such as education assistants assisting young children diagnosed with autism. This week I was contacted by a woman who cares for her grandson who has been diagnosed as autistic. She explained to me that over the course of the last couple of years under this government less time has been allocated to her grandson as one-on-one time with an education assistant. His diagnosis has not changed. It is not for clinical care reasons that he has been given this allocation but because of budget cuts. This is the opportunity cost and the price that is paid because of the debt that this government has accrued, including the deficit it is running on its budget now. These are the prices being paid: fewer education assistants, for instance, less time allocated for children in need, and cuts to early intervention programs for children.

I briefly want to talk about other projects that I will be keeping an eye on in the budget. In this case I might be a little optimistic. I wonder whether there might be consideration of the Perth Freight Link in the state budget. Not a week goes by that we do not realise the new flaws in the Perth Freight Link proposal. The \$650 million that is being allocated by the state government towards that proposal should be allocated to the planning and design of the much-needed second port. I spoke about that in this place the other week. It is likely that that second port will be at Kwinana. Even the government's own business model states that that port will be up and running by 2021–22. But there is no planning and no budget allocation for it. Part of the money going towards the Perth Freight Link proposal is state government money. The government could ask for the federal government's significant allocation to be relocated to the second port. Instead, this government is massively increasing the size of the port of Fremantle. The capacity of the port of Fremantle will be extended by hundreds of thousands of containers a year under this government's plan. Has the government been transparent with the WA public or the Perth public about its plan to move an extra 200 000 containers a year through the port of Fremantle, if not more? No, it has not. It rarely talks about it publicly. We have not seen the full business case for that project, but this information is in the executive summary. At the moment about 700 000 containers go through the port of Fremantle. The business case executive summary for the Perth Freight Link refers to 1.4 million containers, or twenty-foot equivalent units. That is double the current number of containers going through the port. It is logical that that will have a huge impact on the number of trucks going in and out of the port.

A massive amount of both federal and state money is being spent on the Perth Freight Link. Because of that project, increasing the size of the port of Fremantle will have the perverse effect of pushing more trucks onto local roads, including Leach Highway. If the increased capacity of the port of Fremantle does not push more trucks onto the road, a toll road will. We know that the banks discount any financing arrangements for toll roads on the assumption that trucks will leak onto local and other arterial roads to avoid paying the toll. That is one of many problems with the Perth Freight Link. The significant amount of money allocated to the Perth Freight Link by the state and federal governments should be redirected to the second port. It is a huge amount of money considering the state of the government's finances. It should be redirected to beginning the provision for and planning of the second port, likely to be at Kwinana, and replacing Fremantle Traffic Bridge, which engineers have been saying for years needs to be replaced. When replacing Fremantle Traffic Bridge, the opportunity should be taken to separate freight and passenger rail, thereby increasing the amount of freight able to be transported by rail out of the port of Fremantle. It was revealed in budget estimates in 2012 that it would cost about \$233 million to replace Fremantle Traffic Bridge, including a separation of passenger and freight rail. As I said, that would be a huge advantage. Not only would we have a sound traffic bridge—as I said, engineers have been predicting that that bridge is at risk of falling down if a vessel collided with it—but also we would be able to increase the amount of freight on rail transported out of the port of Fremantle.

They are the things that this government should be spending money on. I have talked about a few things in my electorate, some quite local but quite important social changes that are needed in public housing density, and other changes in investment in education. There are also infrastructure projects that are important strategic decisions that I hope this government will reconsider in next week's budget.

**MR D.A. TEMPLEMAN (Mandurah)** [11.39 pm]: Mr Speaker, I think I am on the graveyard shift again. I seem to have a habit of doing this. I am very keen to make a contribution to the second reading of the Loan Bill 2015, which effectively seeks to authorise the Treasurer and the government to borrow \$8 billion in an attempt to keep the economy—which this government has allowed to now enter a stagger stage—going. A number of

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speakers have already highlighted that this is the third loan bill introduced by the Barnett government. It builds on the first loan bill of 2009 when the government sought authorisation to borrow \$8.3 billion, and the second one in 2012 for authorisation to borrow \$5 billion to last until 30 June 2016. Of course, we know now that the government is seeking authorisation to borrow a further \$8 billion to meet the planned general government purposes borrowing requirements until 30 June 2017.

I listened with interest to a number of speeches today and was aghast at the comments by the member for Southern River in his feeble attempt to defend the indefensible. However, I will not go into them because we have seen in recent times the government falling over itself in terms of some of its initiatives. I need remind people only about the last week of sitting when the Minister for Road Safety announced new legislation to crack down on distracted drivers, and the very next day a digital billboard appeared on the freeway as people come towards the city from the south. I understand it was part of a project aimed at trying to raise revenue of \$10 million over a certain number of years. That is just the weird way this government does business now. It tries to demonstrate that it is concerned about driver distraction and the terrible road toll that Western Australia has been experiencing of late. In fact, the road toll has been dramatically increasing, in my understanding, over the past couple of years. The government therefore announced the big changes, these crackdowns on distracted drivers, on one day and the next day up went in a digital illuminated sign a major distraction to drivers on the freeway. How logical is that?

I think most members of the RAC would have received the letter to members dated 28 April from the executive general manager, Mr Patrick Walker. The sign was highlighted by the RAC in the letter and pointed out, I think, the hypocrisy and the illogical approach to road safety by this government. The letter highlighted that the message with regard to road safety initiatives was unlikely to resonate within the community, particularly when many people, including opposition members and this government, are well aware that there still remains \$75 million uncommitted and unspent in the road trauma trust account. That is actually a disgrace! This government and the minister responsible should hang their heads in shame—or collectively all members on that side of the house should—because \$75 million of allocated money to focus on and address the issues associated with road trauma still remains uncommitted and unspent in that road trauma trust account. But, as I said that does not seem to have much effect on this government and this Premier, who attempt to bat away spiralling debt and spiralling out-of-control spending, and a credit card that seems to have no limit, and then to promote themselves as ongoing responsible financial managers, when we know that no-one believes the government anymore. I do not know why the member for Southern River stood up. It was one of the worst performances I have seen in the 14 or 15 years I have been in this place. He attempted to defend the indefensible, and he just fell all over himself. I do not know who provided him with the background information, but they should of course also be rounded up and dealt with appropriately, because the performance was so poor.

In tomorrow's *The West Australian*, which we have read tonight, the Treasurer was interviewed by Gareth Parker and made a number of pre-emptive comments about the budget to be handed down next Thursday. I noted that no government department is to be quarantined, it seems from his comments. I am concerned particularly about the area of child protection. The Treasurer in fact singled out the Department for Child Protection and Family Support, which is responsible for the protection of the most vulnerable children in our community, as being one area of target. In that article he specifically mentioned that department. The former Labor government was attacked very unmercifully by the previous Liberal government in particular with regard to spending in the area of child protection, and this government has promoted itself as being a big spender in that area. Well, look out child protection workers, look out child field protection officers, look out people working with young people at risk, and look out people trying to assist young people into employment, because they will be targeted by this government next Thursday. It is very clear that the most vulnerable in our community have the telescope firmly sighted on them.

I want to highlight an example of a family that I think needs consideration with regard to the protection of children. This family wrote to me, and I asked them if I could mention their name in Parliament, and they are happy for me to do so. I am not going to mention the young fellow because I want to protect his name. I will just refer to him as the relative that he is. But I want to highlight Richard and Robyn Frew, who have lived in Mandurah for over 10 years. I have met them on a number of occasions, including their involvement as members of The Compassionate Friends Mandurah Inc. That is a magnificent group that provides support for bereaved parents and family members who have lost a young person in particular to suicide or premature death. They are there for those people who lose a child. Richard and Robyn have a 12-year-old child living in their care. They also have twin sons aged 19, a grandson aged nine, and another grandson aged 16 living with them. So they have a number of their own biological children living with them. The matter that concerns them is their “foster”—they highlighted that in italics—child, a young boy who is Richard's great nephew. He is 12 years old. He is from Katoomba in the Blue Mountains, and he has endured a long history of neglect and emotional abuse. This young

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fellow was passed from his mum to his dad and grandmother, and back again for most of his young 12-year life. In December 2014 they heard, through a family member, that this young fellow's mum was considering putting him into foster care as neither his grandmother or father were prepared to look after him. Because Richard's elderly mother, brothers and sister were all living in Katoomba and they had made regular trips over there and were aware of his sad history and his rejection by his immediate family, and the young fellow's mum's history with the department for child protection in Katoomba, Richard sought permission from this young fellow's mum to fly him to Perth and provide him with temporary care. That was mainly to try to sort out issues regarding the boy's family. In the end, effectively what has happened over that time is that Richard and Robyn, through the goodness of their hearts, have since then been looking after this young fellow. Although they have had very little contact, if any, from the immediate family or the immediate mother and father, they essentially now care full time for this young boy.

What do they receive for taking on this kid, because if this boy did not have them I am afraid his future would be very dire indeed? They receive \$66 a fortnight from Centrelink. They only qualify for part B of the family support allowance; they do not receive secondary education allowance or any other payment for him. Since taking on this young fellow at the start of this agreement they have spent thousands of dollars covering all his needs. They have spoken to Centrelink about their situation, and Centrelink has simply said that it is as if this young boy is their own child. They have been to the office of the Department for Child Protection and Family Support in Mandurah, which showed some initial concern but at the end of the day ruled that even though Locky is now an abandoned child, he is in good hands, and the department was not concerned about his welfare. The department, however, informed Robyn and Richard that they were in fact in a precarious legal situation, but not much else assistance was offered to them. They do not have a Medicare card for him because Medicare has advised that his parents need to request one for them, and that has not been forthcoming.

Richard and Robyn are in their 60s. They have had their children, and, like many people, would have expected to watch their grandchildren grow up and whatever. They never expected they would be caring for a nephew now, without any support. They will do it willingly because they know that they are providing the only opportunity this kid has. They will have to do that until he is at least the age of 18. They do not believe he will be safe, and indeed he would be at risk if he went back to the environment where he came from.

They wrote to me and they included in their letter that Robyn is semi-retired and only working a few hours a week tutoring literacy after school to children with dyslexia. Richard is a TAFE lecturer at Challenger Institute but his income is stretched. They have a mortgage on their home still, and they have no investments, but they have a full household to run because they have other children, as I mentioned. Their own boys are at various stages of establishing themselves, but still need their support also. So they have their own family and they have this young boy as well. Robyn has recently tried to find more part-time work that will relieve the financial pressure they are under, but jobs are not easy to find in Mandurah and she has not been able to find anything apart from special needs work on a casual basis. They say that their request to me is that I make their situation known to the current minister, and I have done that. I have written to the minister. Their situation is about the unfairness of a family member, distant or otherwise, stepping up to save the future of a needy child, putting their own lives on hold, severely limiting their financial and personal freedoms, and not receiving any assistance; grandparents and foster carers receive assistance to a much greater extent. We know, through the member for Kingsley, that we have set up a parliamentary friends group specifically for grandparents who are parenting for a second time and some of them for a third time. However, these are not grandparents; these are essentially aunts and uncles, but they face the same problem. In a letter to me they write —

Richard and I feel abandoned ourselves, and let down by a system full of people telling us what a great thing it is that we are doing but that they are unable to help us.

They have been to Wanslea, and all the non-government support agencies, and all of them say that they fall between the cracks, and there is nothing they can do for them. The letter continues —

We are prepared to forgo plans we had only a few short years ago when our boys graduated from Year 12 and we thought we were on our way towards having less financial pressure and a modest retirement. Our social lives have been severely curtailed and we cannot even plan a trip to Darwin to visit our other grandchildren without considering Locky and the legal implications of him travelling with us.

She has spoken to Peel Community Legal Services, which has advised her to seek legal aid, but they are not sure that they will qualify for assistance. This is a plea for help. I do not think these people are on their own in this experience, but this is the nature of the problems we are seeing in communities throughout the state—real,

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genuine people who need a hand. I am afraid that the government's approach, whether it is to blame the financial situation of the state or to use throwaway lines, seems to be falling on deaf ears.

[Member's time extended.]

**Mr D.A. TEMPLEMAN:** I want to help the Frews, because they are decent people. I have met this young fellow, and it is clear what Richard and Robyn are doing for him; it is very clear. They are doing everything right to make that kid's life something, so that he can make something of his life, at the most important time in his life. Given this history, these people need support, and I just hope that, in the budget next Thursday and the government's considerations of who it looks after and who it jettisons because it has stuffed up the economy and the budget, people like the Frews are not forgotten. I have not received a response back from the minister yet, but I am hoping for one, and I hope it is positive. I do not want a flowery response about how wonderful it is and what a great job they are doing, but then they are not going to get any help. We must go out of our way to help people like Robyn and Richard Frew because they are doing something very special and important for children who are at risk. I am concerned about the Treasurer's comments in Wednesday's paper, which comes out tomorrow but which I have already had an opportunity to read.

I want to highlight a couple of other budgetary issues. As the member for Maylands said, we keep coming in here with wish lists. I was accused of economic vandalism by someone in this place at one stage. I want to highlight where we can actually save some money by tweaking policy. I will give an example, and I am sure the member for Moore and others in the regional areas will be well aware of the problem of cotton bush. It is terrible in the south west, through the Shire of Murray in particular. I meet regularly with the shires in my region of Peel, and I met recently with the CEO of the Shire of Murray, and again we talked about this issue of cotton bush. There is absolutely no doubt that this government has gutted the Department of Agriculture and Food. A lot of the officers and field officers who did the work and research are no longer there, and a lot of regional communities are paying the price. The Shire of Murray came to me and we asked some questions in the upper house last year about the idea of giving local governments some designated powers under the Biosecurity and Agriculture Management Act 2007. The Shire of Murray argues that some of the worst landowners in terms of management of the landholdings for which they are responsible are, in fact, government departments. With regard to cotton bush, there are examples of government departments that hold fairly large tracts of land in the Shire of Murray that are totally inept at addressing the issue of cotton bush. The Shire of Murray is saying that if there were a willingness on the part of the state government to devolve some powers to local government under the Biosecurity and Agriculture Management Act, there could be a more consolidated and coordinated response to the scourge that is cotton bush. The shire is aware that its officers would need to be trained and it would be willing to do it if such powers were to be devolved to it, to ensure that both private and government departmental landowners also take on responsibility for addressing this scourge. This has been talked about and the Minister for Agriculture and Food has made some comments that he would look at it, but a few years have gone by now and there has been no real, genuine commitment. That is a sad indictment; it would not cost any money. I am not coming to the Treasurer and saying, "Give us \$3 million to do it", or whatever. All we want is for the Minister for Local Government and the Minister for Agriculture and Food to say that it is worthwhile actioning that request by local governments to have some devolved powers to address the scourge of cotton bush, particularly given that the Department of Agriculture and Food has been gutted by this government since it came to power in 2008. I do not think there is any doubt about that. When I talk to people in the shires of Harvey and Murray and many other shires, they all say the same thing: that the presence on the ground of Department of Agriculture and Food staff and the research and resources that they used to have is no longer there. That is a tragedy. It is very, very sad for our rural and regional communities, particularly those in the agricultural regions and communities of Western Australia.

I want to finish on education. There has been a lot of debate about this government's approach to education and a lot of denials by the Minister for Education and the Premier that there had been any cuts to schools last year. Well, they must have had their heads in the sand if they do not know of a school or schools in their area that have experienced a decline in overall funding before the new student-centred model was introduced last year and made effective this year. In my last few minutes, I want to specifically talk about a paper produced earlier this year by the acting vice chancellor of Murdoch University, Professor Andrew Taggart, titled "Low ATAR better than no ATAR: Time for a new league table". In the article he argues that it is time for a new league table that looks at how we compare schools. Of course, we already have the My School comparisons and the National Assessment Program — Literacy and Numeracy comparisons and other measurements, but his argument is specific to the Australian tertiary admission rank. He argues in his paper that too many students in WA do not achieve an ATAR and that we as a state do not have in our state government secondary schools a firm target for our students in terms of ATAR achievement. Western Australia now has the lowest rate of any state in Australia of movement of students from year 12 into a university; it is just under 50 per cent. In 2013,

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[ASSEMBLY — Tuesday, 5 May 2015]  
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82 per cent of year 12 students in the benchmark state of Queensland were on a university pathway through an Australian tertiary admission rank, but in Western Australia it was 49.7 per cent. There is great disparity between inner metropolitan, outer metropolitan and regional schools. It is a disaster. It is a disgrace. It does not mean that we say that ATAR is the only option, but the reality in our schools in Western Australia is that we are saying to many of our students—more than 50 per cent of them—that they are not good enough to aspire to an ATAR university pathway. I understand that—I want to check these statistics—under 20 per cent of the students in that year 12 cohort at the so-called premier state secondary school in my community were on an ATAR pathway. Schools in the western suburbs and private schools have a rate of 75 per cent or 80 per cent plus. It is scandalous that many schools in Western Australia, many of which are in those outer metropolitan or regional centres, have such a low expectation of their students. It is not a criticism of vocational education and training options or the alternative pathways to work, but, as is argued by Professor Taggart, too many schools are simply not ensuring that more students lift their eyes and aspire to a university pathway. He argues that 50 per cent should be the minimum target for all schools. Some of them are doing it, but when I look at the schools in the Peel region that are on an ATAR pathway and then look at which of those are state secondary schools, I can see that it is well and truly below that benchmark. That is also not untrue of many other schools, particularly those schools in outer metropolitan regions and some of the regional centres.

I agree with Professor Taggart that we should look at a minimum target for all schools. He argues in this article that there is active counselling of students away from choosing an ATAR pathway and that there may even be a propensity to give students an easier or not so hard ride, but that simply says to kids that they are lowering their aspirations and their sense of what they can achieve. It also delivers a level of mediocrity in many of our schools in the state. I think it is the great issue that has escaped the attention of this government and the community in general. It is a debate that we in this place should be having now for the sake of the students and the kids who will go through the school system in the future. It is a serious debate. We have to lay bare some of the myths that might exist and we have to challenge some of our teachers and principals about the aspirations they are setting for the cohorts that are coming through their schools. It is not good enough that under 50 per cent of year 12 students in Western Australia are on an ATAR pathway when Western Australia has the lowest rate in Australia.

Debate adjourned, on motion by **Mr J.H.D. Day (Leader of the House)**.

*House adjourned at 12.10 am (Wednesday)*

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