

**LOAN BILL 2016**

*Third Reading*

Resumed from an earlier stage of the sitting.

**MR B.S. WYATT (Victoria Park)** [2.50 pm]: That was all a bit awkward! We do not know who the ministers are. The member for Churchlands said that it is not a government that sits still; it is not a government that sits—full stop! It has no Minister for Transport, no Minister for Local Government and no Minister for Agriculture and Food. What is going on? Even the Leader of the House is embarrassed. Look at him. He is embarrassed.

**Mr J.H.D. Day:** I know what I am doing.

**Mr B.S. WYATT:** How terrible that was. I understand the Leader of the House's embarrassment. I would be embarrassed too. We are in an extraordinary situation, are we not? My God! Thankfully, they are only small portfolios anyway, like transport and agriculture. The former Minister for Local Government has left the chamber already. Is it any wonder that the Barnett government is called erratic and irrational? Is it any wonder that we are now here debating the fourth loan bill of the Barnett government to fill in the holes that have been created? The last one was supposed to get us to 30 June 2017, but it did not get us there. The government ran out of money. For the fourth time we are granting authority for the government to borrow money. As the member for Cannington pointed out, the most extraordinary part of this is that while we have stood still and without change occurring, we need authority to borrow another \$10 billion. Not a thing has changed, as the member for Cannington pointed out. The Treasurer has said that all sorts of assets sales may resolve that, but that it may indeed have a negative impact on the budget because the government will still need to borrow money despite the sale of assets, if that indeed is the plan. Members do not know what the plan is at the moment, but in the fullness of time, hopefully, something will emerge—something a little more detailed than “fully funded, fully costed”. That is all we ask.

In the eight years leading up to the Barnett government two loan bills authorised total borrowings of \$510 million. In the eight years after the election of the member for Cottesloe as Premier, four loan bills have authorised \$23 billion in borrowings. Despite a 48 per cent increase in general government revenue, there have been problems. As the Auditor General pointed out the other week, the government spent money on the Ord–East Kimberley development project without the slightest idea about whether it had a good outcome. It did not measure any of the socioeconomic outcomes. The Auditor General, Treasury and everybody else has said for decades that there is no economic case; there is a socioeconomic case. That means it has to be measured and worked out. The Auditor General said that no-one in government had the slightest idea. That is how the government went about business. Particularly in the first term of the Liberal–National government, the government had a balance sheet in which it just said, “Let's take this.” The Barnett government business plan has always been built around spending money. It has spent, and not so much invested. A very good article by Gareth Parker reflected on the Auditor General's report into the Ord. He stated that the government never invested for a return; it was all about spending.

Now the Premier, the person who will comment on transport matters as and when questions are asked, confirmed today in question time that Roe 8 contracts stopped short of Stock Road. The Premier got up and said, “We'll vary the contract and away we'll go.” I have never built a road before, but I did a renovation recently. One thing I learnt is that when you vary your contracts, it ain't cheap. I learnt that the hard way, because my wife changed her mind a couple of times. One must acquiesce to those changes of mind. Rather like the relationship between the former transport minister and the Premier, someone has changed their mind. It is clear that there will be a cost. The Premier, as the person who will comment on transport matters as they arise, said today that they will vary, we will move on and away we will go, with no-one really quite knowing what is going on. Is it any wonder that he has been described as erratic and irrational? Is it any wonder we have the fourth loan bill of the Liberal–National government under the member for Cottesloe? Is it any wonder we now have the largest operating deficit in history?

Time and again we have given loan bill speeches to blank looks opposite, as though the capacity and ability to spend is just normal operating procedure, and we continue to do it. Both the National Party's plan and the Liberal Party's plan are not about stopping spending; it is about creating new sources of spending. That is what it is about. We have entered a paradigm very different from the one that guided Richard Court, Geoff Gallop and Alan Carpenter, and indeed guided the member for Cottesloe when he first entered the Parliament and gave a speech in 1991 in which he talked about the need to shift the financing of non-income generating assets away from debt finance into finance from current revenues. Instead, he has funded non-income generating assets entirely from debt. Despite that very substantial speech in this place, he ignored everything. He saw a balance sheet with an opportunity and thought, “You know what? I'm taking it, because the good times will stay and

I know in due course”—the reason we know that is the budget tells us this—“we will assume a political outcome that gives us more revenue from GST. We will assume that and spend accordingly.” That is why we are debating the fourth loan bill under the Barnett government. That is why we have record debt, largely increasing in the general government sector. That was the response the Premier gave: It is okay; it is all Western Power. That is why we have the largest operating deficit the state has seen. That, ultimately, is a Liberal Party legacy and it is something that government members are going to have to explain to Liberal Party supporters in the lead-up to the election.

**MS R. SAFFIOTI (West Swan)** [2.47 pm]: What happened in question time today demonstrates why the government continues to bring loan bills, including the Loan Bill 2016, into this place. Its financial decision-making is completely at the discretion of the Premier and there is no process whatsoever. When the Premier was asked today about Cape Leveque Road, he replied, “I’ve been thinking about it for a long time, so I committed \$60 million and didn’t bother to tell the Treasurer or the Minister for Transport about it.” The matter was not discussed with the Minister for Transport. It was the same with the question about the saleyards. His answer to that question was that it is in the forward estimates so it does not count. His answer to the question about the Perth Freight Link finally showed that this has descended into a complete and utter farce. That matter was discussed a little during the consideration in detail stage when funding for the PFL was being considered. What was demonstrated today? We need to understand what has happened.

In October last year, when the government initially identified the preferred proponent for Roe 8, we heard that the project would end at Stock Road because the next stage was still under consideration. Members may recall in April this year the announcement between the state and federal governments that stated they had, in their words, “sorted out” the second stage. They had prepared the plan for the second stage and it was going to be a tunnel. The commonwealth was going to kick in a couple of hundred million dollars and the budget was going to be \$1.9 billion. There would be a Roe 8 and a second stage and they would be done simultaneously, to a point. That had to happen because the second stage was a tunnel, so under their plan the two projects had to be integrated. As members would know, Labor of course opposes that, but I am just going through the government’s thought processes and where the state finds itself now. The government altered the Roe 8 part of the project because a dive structure was required at the tunnel and an overpass and grade separation were not required at the intersection of Stock Road and Roe Highway because the intersection was going to be dramatically different under the tunnel proposal. As I said, we do not support this decision but this is what happened. The Minister for Transport, as agreed by the cabinet, as informed in the state budget, went out into the marketplace and spent a lot of taxpayers’ money to get the Roe 8 proponent and preferred proponent negotiations happening for stage 2.

When we join one project to a tunnel, those two projects need to talk to each other; otherwise, we will create chaos. So he did that. My understanding is that this is how it happened. The former Minister for Transport was working on the basis of a cabinet decision and he was trying to get a meeting with the Premier to discuss the project, the financing and all those things we expect ministers would want to discuss with the Premier. In the meantime, legislation was introduced into this place for a heavy vehicle charge, which the Minister for Transport told the public would help fund the project and give it a strong business case over time. The Minister for Transport was sent away, as per the cabinet decision to create the project, and brought in legislation. That was the scene. What has happened since then?

The Minister for Transport could not get a meeting with the Premier for months. Meanwhile, the Premier changed his mind without discussion and without considering costs and the impact on the project. As I said, we do not support this project—Roe 8 or stage 2—but I am describing to Parliament what happened under this government with this Premier’s ad hoc, erratic, illogical and irrational decision-making. The Minister for Transport was knocking on the door, wanting to get a meeting for months to discuss and determine a way forward for what would be the most controversial and significant project for the government. Meanwhile, little did the minister know that the Premier had changed his mind but had not told the minister about it. Finally, a meeting was held on 26 August in which the Premier said to the Minister for Transport that he does not want to do stage 2 anymore; he wants to do only Roe 8. The Minister for Transport tells the Premier, “Hang on, that completely changes all the contractual negotiations that I am in and the nature of the contract that has been prepared.” The government was rushing for Roe 8. It completely changes the contract, because if the government does not do the tunnel in conjunction with Roe 8, it needs to build Roe 8 to Stock Road and create a very, very significant piece of infrastructure at that intersection. A very significant interchange would be needed—freeway to freeway, potentially, in concept. I hate to put the words in the minister’s mouth, but I think his words would have been, “Premier, what you are doing is raising the cost of the entire project, because those projects are not working together; you are building one section and then having to build another section.” What would happen along Stock Road then? The government would have to build a major interchange for the trucks to leave Roe 8 and go onto Stock Road, and what would happen to them then?

**Extract from Hansard**

[ASSEMBLY — Wednesday, 21 September 2016]

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Mr Ben Wyatt; Ms Rita Saffioti; Mr Mark McGowan; Ms Simone McGurk

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**Mr W.J. Johnston:** They go right through the middle of the suburb.

**Ms R. SAFFIOTI:** Exactly; they would go right through the middle of the suburb and potentially the Leach Highway intersection would be even worse. The Premier said, “I don’t like your idea now, Dean. I know cabinet agreed to it, but I independently don’t like stage 2 anymore.” It was a cabinet decision. The Minister for Transport told him to hang on as that would completely change all the numbers and the economics.

The other factor is the commonwealth. As I said, I believe that the former Minister for Transport should never have done that deal with Mathias Cormann. It was a stupid deal. Tony Abbott and Mathias Cormann dreamed up the idea to make it look as though they had a big idea, but it was a stupid idea and never thought through. The Minister for Transport and the government had a joint press conference with the commonwealth government to help their federal colleagues during the federal campaign to make it look as though they were spending on infrastructure. That \$1.1 billion is based on the economics or the business case for the entire project. The commonwealth is now saying that it will not give the WA state government the \$1.1 billion. I do not know what is happening with the \$1.1 billion. I assume that the commonwealth government would not take \$1.1 billion out of the state. I assume that those frauds, the Liberal Party members in Canberra—absolute frauds when it comes to sticking up for WA—will not take \$1.1 billion from our finances. However, the commonwealth is threatening to take the \$1.1 billion back.

Do members remember the Matusik report? Again, I do not believe in the Matusik report. I was highly critical of the Matusik report, but the government funded an analysis, promoted this project as one thing, and then the Premier tore it apart. It will cost more. If anything tells me that these guys are not ready to sign this contract, this is it. The government has completely changed the nature of what it was doing. It is adding costs and changing the entire structure of the project. It is creating enormous problems around Stock Road. It should not sign this contract. The Premier thought that he was too smart by half. The problem with the Premier is that he never gets across the detail. The Premier thought, “Let us tear apart these projects. I don’t want to do that other one for a while. I will do this one because this is the one that the member for Riverton is very keen on”, even though he said back in 2013 that Roe 8 was not a priority. After the election, he said that Roe 8 was not a priority, even though Roe 8 was never an election commitment. It was in a flyer and the member for Riverton said that he was working towards something, but it was never an election commitment because if it had been, it should have been in the Liberal Party’s financial plan and it never was. It was never a financial commitment, so the Liberal Party does not have a mandate, despite what the Premier says. The Liberal Party pulled out this flyer; the member for Riverton went rogue on it and said that he was working towards something, but it was never in the financial plan.

This is what we have now. If it was ever a basket case, today that was demonstrated. The Premier changed the entire nature of the contract unilaterally. He could not tell us today the costs of the decision. It completely changes the nature of the impact on Stock Road and completely undermines every single word said about this project by the former Minister for Transport. It is completely illogical and erratic. The rest of the government members sit there and then they have a go at us about our futures. Honestly, some of those members opposite are so stupid that they cannot see what is happening. They sit there as arrogant as anything. Yesterday, they had the opportunity to make a change and plan for the future, but they are stuck with a guy who is leading them over a cliff.

The Roe 8 debacle completely demonstrates why we need this Loan Bill. The Premier said today that we will vary the contract—completely change the nature of the contract. As I understand, those types of interchanges cost a lot of money. That has to be added into the project. When the Premier went on radio on Monday, he said that the government will not build a tunnel, but yesterday he said that it might still build a tunnel. If that tunnel is not going to be built where the former Minister for Transport planned to attach it, how will it be built and what will happen at Stock Road? The plan is beyond salvageable now.

**Ms S.F. McGurk:** Money is no object; don’t worry about it. It’s a once-in-a-century opportunity.

**Ms R. SAFFIOTI:** Is it going to be transported? It is a complete and utter farce. The budget was predicated on whatever the government was planning to do for a year, but now that has completely disappeared. Talk about a road to nowhere. The government has created a new road to nowhere, because this road will not get to Stock Road. That impacts on costs, because all those other aspects are completely unknown. If anything tells me that a contract should not be signed—even the Treasurer got it wrong today when he said that all the High Court processes have finished; the Treasurer is never good on detail—it is that the High Court processes have not finished. Actually, the legal proceedings have not commenced; yet, today, the Treasurer said that the High Court process in relation to Roe 8 has finished. He is absolutely and utterly wrong. The Treasurer said that because the High Court process has finished, the government has a green light to sign the contract, but that is not the case. If anything demonstrates how bad this government is at managing the finances, this is it today.

I want to reaffirm that this is the worst Treasurer, the worst set of books, the worst deficit and the worst debt in the state’s history. I think that is pretty much the combination. This government does not reflect on or acknowledge what it has done to the state’s finances. Every time government members go home at night they

look in the mirror and say, “We did a great job today” when they have made erratic and irrational decisions that no-one knows the full cost of. The Minister for Sport and Recreation can tell us the type of grass and the blend of artificial and natural grass, but she cannot tell us which AFL clubs will be playing at the new stadium in 2018. The government can tell us how many pixels the screens will have, but it cannot tell us who will be playing there. I say to the clubs, particularly the club that I am a member of, that the West Coast Eagles Football Club is looking after its bottom line and its members. As I said, in a debate about whether the Eagles football club or the government is looking after its bottom line better, we know that the Eagles is probably better at looking after its bottom line. The Fremantle Football Club needs to look at the impact signing up to the new stadium will have on its members as well, because members will not be able to cop an increase of hundreds of dollars or thousands of dollars in their membership fees.

The member for Victoria Park noted in debate on last year’s loan bill that I did not believe that it was big enough and that there was not a big enough buffer given the way that this government conducts itself. That is now the case. We have another loan bill with a \$1.2 billion buffer. This erratic way of managing state finances has led the state’s economy into falling investment and higher unemployment and the worst debt and deficit in the state’s history.

**MR M. MCGOWAN (Rockingham — Leader of the Opposition)** [3.13 pm]: A lot has been said about the Loan Bill 2016. I think the most poignant thing that has been said is about the timing. We are seeking more borrowings, another \$1.7 billion, on top of last year’s loan bill, which was for \$8 billion, at a time when the government is imploding before our eyes. One of the reasons the government is imploding, as the former Minister for Transport said, is because of its economic management. The former Minister for Transport said in his column in *The West Australian* that economic management is one of the issues that have caused some members of the Liberal Party to express concerns about the management of the state. The government’s economic management is reflected in this bill to borrow another \$1.7 billion. If we do not get this bill through Parliament in the next 39 days, the state government will not be able to finance its operations. It is pretty amazing that we are 39 days away from that happening. It is pretty amazing that at the time we are debating this bill, the government has had such extraordinary difficulties and that all of its internal hatreds and disunity have been laid bare before the Western Australian public.

It is as extraordinary that at a time of great trauma in a government and when it has to operate on behalf of the people of Western Australia, this government cannot get itself together enough to have ministers in major portfolios available to answer questions in Parliament. The government could not even have acting ministers in major portfolios available to answer questions in Parliament. When things go bad, as they sometimes do in government, the government still has to govern and be answerable to Parliament. The government cannot treat Parliament like it is unimportant. This government has treated Parliament as though it is unimportant. Today, in question time, I asked the Premier who the acting Minister for Transport is, and he said that there is not one, yet, last night, in the upper house, Hon Peter Collier, in response to a direct question, said that the Premier is the acting Minister for Transport. The Premier did not even know that he was the acting Minister for Transport! The government cannot even get that right. Government members are so caught up in their own worlds—their own ambitions and the like—that they cannot even get right the administration and the responsibilities to Parliament. In times of great turmoil and trouble, governments have to get those things together, because they are government’s first responsibility. Today, we tried to ask the acting Minister for Transport questions, but there is not one. We tried to get information out of the acting Minister for Agriculture and Food, but there is not one. The Premier did not know who those ministers were, but it turns out, it was him. It is absolutely hopeless management for Parliament and the state to be in this position.

The members for Victoria Park and West Swan talked about Roe 8, and I asked the Premier questions about Roe 8 today. It has become apparent that the government is redesigning Roe 8. For the information of members, that is a five-kilometre piece of road that will stretch from Kwinana Freeway to Stock Road in the vicinity of Coolbellup and Beeliar. It appears that the government is going through a redesign process to allow Roe 8 to connect to Stock Road. In order to allow Roe 8 to connect to Stock Road, which is a major thoroughfare that I drive on every day, a major interchange will have to be created at Stock Road. That will cost a lot of money, and it is an additional cost that has not been budgeted for. If the government builds that interchange, it will funnel trucks and vehicles up Stock Road and onto Leach Highway. That is what will happen. If that is what the government wants to do, that is its plan. The government wants to put in place that major interchange and then subsequently the plan is to have a tunnel. The government will put in a major interchange at Stock Road, but a tunnel under Fremantle will be needed to connect Roe 8 to, from memory, Marmion Street, which is a kilometre or so short of the Fremantle traffic bridge. I expect that this arrangement will provide vehicles the opportunity to exit onto Stock Road and go up Leach Highway.

If that allows them to avoid a toll, they will avoid it. Building Roe 8 on its own does not make any sense. We have always said that building the whole thing does not make any sense, but building Roe 8 on its own does not make any sense because, first, the costs will increase, and, secondly, it will allow trucks to exit via the

interchange—unless a subsequent plan is to pull it all out. Once the tunnel is in place, is there a subsequent plan to pull all the interchange infrastructure out so that trucks cannot exit from the tunnel onto Stock Road, thereby allowing the government to collect a toll? What is the plan? It is a relevant question. What is the plan and what will the cost be? In some ways the interchange will make the tunnel redundant, because trucks will be able to avoid the toll. What is the plan for these things? How will the government build a tunnel that connects to a major highway with an interchange exit? What is the engineering solution for Stock Road? What is the additional cost, because I expect it will be very significant to manage this?

I detect from the government that it is now seeking to redesign the contract following the revelations of the former Minister for Transport that the Premier unilaterally ignored a decision of cabinet and is now delaying the second stage of this road and rushing to sign contracts, even though he does not even know the scope of the project at this point in time. That is no way to govern; that is erratic, illogical and irrational.

**Ms M.M. Quirk:** It's a sovereign risk.

**Mr M. McGOWAN:** That is a risk to the state. The definition of “erratic”, “illogical” and “irrational” is to do it that way. The government should not rush these contracts in light of the point I just made. Government members will laugh and carry on like they do, because that is the way they have governed over the last eight years and that is why we are now in the position of approaching a \$40 billion debt, which is a 1 000 per cent increase during the term of the Liberal–National government. As the former Minister for Transport said on Monday, it is —

... the extraordinary level of State debt that will be part of the Premier's legacy.

The former Minister for Transport—a Liberal Party member who holds an extraordinarily safe Liberal seat—said that about his own Premier. The government will just make the situation worse. We are saying do not rush this contract, particularly in light of this new information, because that would be not only irrational, erratic and illogical, but also irresponsible because the government does not have answers to these very questions.

I also indicate this: we are strong supporters of a second port in Kwinana. We are strong supporters of a good economic outcome that meets the needs of the state for centuries to come, and that is what a second port in Kwinana would do. We are strong supporters of retaining Fremantle port in public ownership and we are strong supporters of retaining Fremantle port as an operating port. We also support South Quay becoming an opportunity for commercial and tourism development; indeed, we support the City of Fremantle's plans for South Quay. We think Fremantle port should remain a publicly owned operating port because of the obvious monopoly aspects of ports, because it produces an income for the state and because we would like to see competition between ports in the future. There is a whole range of arguments around this. The government wants to flog off Fremantle port. The government has a very confused position because three Nationals members of cabinet do not agree with it. The government has a very confused position, but our position is clear. The government's position is irrational, illogical and erratic, but our position is clear. I want to make it plain that under Labor, Fremantle port would remain publicly owned and South Quay would be developed for tourism and commercial opportunities. South Quay would be a great employment-generating development for Fremantle that would breathe life back into Fremantle. It would be an interesting development if we allowed that development on the river in proximity to an operating port; indeed, we can see examples of that around the world. That is our plan. Over time we would cap the number of containers going through Fremantle. We would keep the port operating, but cap the number of containers going through Fremantle to probably around the 700 000 container mark, which would limit the number of trucks.

**Dr M.D. Nahan:** So right where it is now.

**Mr M. McGOWAN:** It would be a cap around that, but probably declining over time. There would be a cap on the number. The government's plan is to keep expanding it to 1.5 million or 1.8 million containers.

**Dr M.D. Nahan:** It is 2.1 million containers.

**Mr M. McGOWAN:** The government's plan is 2.1 million containers. At 113 years old, Fremantle port is an old port that is constrained in many ways. If the government does that and spends \$2 billion on a road that does not reach the port—and, I expect, another billion dollars on the road to get to the port—that is \$3 billion worth of opportunity costs gone. That is \$3 billion of public money gone—money that could have been used towards road and rail infrastructure and the planning and commencement, at the very least, of a new port in Kwinana.

**Dr M.D. Nahan:** A private port?

**Mr M. McGOWAN:** We have said we would seek some private capital. It would be publicly run, but in addition to state involvement, we would seek commonwealth involvement through Infrastructure Australia and we would look at the options of private capital involvement. We have made that plain. But there are alternative propositions here. The government's proposition is the \$2 billion Perth Freight Link, which will no doubt cost

more now given the changes we heard about today, plus the additional \$1 billion to get it over the river and through North Fremantle to get it to the small and old port that will reach capacity.

**Dr M.D. Nahan:** Twenty-five years.

**Mr M. McGOWAN:** The Treasurer says that, but when his predecessor, Troy Buswell, was sitting there he said something very different from what the Treasurer is saying.

**Dr M.D. Nahan:** No.

**Mr M. McGOWAN:** Yes, he did!

Several members interjected.

**Mr M. McGOWAN:** This Treasurer says very different things from those said by Troy Buswell. Did Troy Buswell lie to Parliament? Is the Treasurer saying that Troy Buswell was lying to Parliament when he said those things? Troy Buswell, who would now be the Premier of Western Australia had he not unfortunately left, said that Fremantle port would reach capacity in 2021: was he lying?

**Dr M.D. Nahan:** No, that was the information at the time.

**Mr M. McGOWAN:** So he was right?

**Dr M.D. Nahan:** At the time. No, the latest estimates say 25 years.

**Mr M. McGOWAN:** At the time? It was a couple of years ago! The Treasurer moves his arguments to justify his road. He has a commitment to that road because of his electorate. He does not care how much marginal seat members' blood is spilt in pursuing his own agenda.

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

**Mr M. McGOWAN:** It is not in my electorate. In any event, I do not think it particularly helps my political interests in my electorate. I think it helps the state in the long term. If the Treasurer does not think that with a growing population and an expanding economy a new port in Kwinana will help this state, which, over time—certainly if there is a change of government—will once again become an economic powerhouse in this region and this country, he is sadly mistaken. Clearly, Labor has a long-term plan for freight and trade for Western Australia and, clearly, the Treasurer has a short-term plan for his political interests in his electorate. That is the difference between us. This is, in its own words, an irrational, illogical and erratic government. We are an opposition with a plan for government for freight and trade that meets the long-term interests of the state for centuries to come.

Clearly, the options of Anketell Road, Thomas Road and rail links into Kwinana would be far better for removing trucks from the city. Clearly, that is the case. If the Treasurer cannot see that, he is blind. He is the one who is blind to this issue. Other members among his group—no wonder there was a revolt yesterday—can see what is going on. We have a long-term plan and we are not afraid to pursue that plan. We are supportive of a plan that meets the long-term needs of this state, not its short-term needs.

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

**Mr M. McGOWAN:** The government is about to blow \$3 billion on a road that is not needed. Just remember the other aspect of the government's plan: it says it will partly build a port in Kwinana for live export.

**Dr M.D. Nahan:** Yes.

**Mr M. McGOWAN:** Okay; there you go.

**Dr M.D. Nahan:** It is a jetty.

**Mr W.J. Johnston:** Member, he says he will build the exact same port that we are going to build, but in 20 years' time.

**Mr M. McGOWAN:** Yes; there you go.

Several members interjected.

**The ACTING SPEAKER:** Members, Hansard needs to pick up who is speaking. The Leader of the Opposition is on his feet. I ask the Treasurer, please, not to interject, and the member for Cannington as well.

**Mr M. McGOWAN:** The government's plan is for some sort of small live export facility down there. How would that integrate with a major new port? Would it have to be ripped out to make it integrate? If the government is going to build something that meets live export requirements, a lot of work has to be done.

**Dr M.D. Nahan:** No, it does not.

**Mr M. McGOWAN:** Yes, it does.

**Dr M.D. Nahan:** You're making it up. You do not have a clue!

**Mr M. McGOWAN:** A major facility has to be built. Why not build the state something for the long term? Honestly, the Labor Party has a long-term plan; this government has short-term thinking. That is what is going on here: the Labor Party has a long-term plan; the government has short-term thinking. It fits with the fact that this government is irrational, illogical and erratic. It is rushing the contracts and it comes up with crazy plans. It is not thinking about the long term, like we are.

Today we also heard all the issues around Perth Stadium. One point I want to raise about the stadium is the issue of tenants. The Western Australian footy clubs will be two of the tenants. Those issues should have been resolved before the government made a decision to commit money. It invested nearly \$2 billion in a piece of infrastructure that needs tenants, but those tenants already have access to an existing facility. They should have been signed up first. That is what builders of major buildings do—they sign up tenants. The builders of major high-rises on the Terrace sign up their tenants first. They know what their commercial future is when they sign up their tenants. They can do the analysis on their cash flow over coming decades so they know whether they will be able to meet the cost of their investment. That is what is done. What did this government do? It signed up to build the stadium at an enormous cost of \$1.7 billion. Who knows how much it will be? Hopefully, we will get to the bottom of that if we are successful at the next election.

**Mr R.F. Johnson** interjected.

**Mr M. McGOWAN:** If we are successful at the election, we will release all those details, because this government will not release them. It did not sign up its tenants beforehand. Now the government is in a dispute, in particular with the Eagles. It was certainly in dispute with the Dockers before—perhaps it will be again—but the West Coast Eagles Football Club, the biggest football club in Western Australia, with the highest number of members, is saying that it will not play at the \$1.7 billion stadium. The government is in a big dispute about commercial terms. Before making the decision to spend the money, the government should have gone to the Eagles and said, “We’re considering building this major new stadium; let’s sort out the deal so you will go there before we make the decision.” In that way, the government would have sorted out its commercial arrangements before money was invested. That is what is done in commercial dealings on the Terrace. Maybe the member for Hillarys is right when he says the Treasurer has not been in business and he does not understand the basics.

**Mr R.F. Johnson:** Absolutely. Can you imagine a shopping centre developer building a shopping centre without lead retailers such as Coles, Woolworths, Myer and David Jones? They would have their lead retailers; otherwise they would not build it.

**Mr M. McGOWAN:** Exactly, and that is what they do. You lot—sometimes I blame the member for South Perth—just went headlong into this, “We will build this stadium”, but the tenants were not signed up beforehand.

**Mr J.E. McGrath:** I only came up with the best site. That was my contribution.

**Mr M. McGOWAN:** I think the member sees the point I am making.

**Mr R.F. Johnson:** It is the Premier who makes the decisions—every single decision.

**Mr M. McGOWAN:** The Premier often makes erratic, illogical and irrational decisions. All we say about this dispute with the Eagles is that it is a dispute of the government’s own making. The Eagles have the government over a barrel because the government allowed it to do that. Of course the club will protect its commercial interests. Why would it not? The government is building the stadium anyway. It made the decision to commit the money. The Eagles have a lease for another 73 years on an existing facility so it is saying, “We’ll go there if you meet our conditions.” Before the government invested the money and committed to it, it should have said, “We’ll build this magnificent new facility, but this is the deal.” Honestly, it is staring the government in the face that that is what it should have done. Instead, it rushed out to do it—I think for political purposes. Before the last election, the government wanted these big announcements. The Premier does not care about detail. He certainly does not care less about public money. He does not care less about taxpayers, but the government went out and made a decision without signing up tenants. As the member for Hillarys said, there is not a shopping centre developer in this country that does not sign up Target, Kmart, Big W, Coles or Woolworths before making their decision to invest; otherwise, they are taking a monumental risk. Those tenants would have the shopping centre over a barrel when it came to rent and all the rest of it, once the shopping centre developer has made a decision to invest money. It is another example of the irrational, illogical and erratic thinking and direction on the part of the Premier of this state.

Some serious things have been said in the last few days by various members of Parliament, including allegations of bullying made by Hon Helen Morton and the member for Murray–Wellington. I do not think we have fully got to the bottom of those. It was pretty serious stuff about what goes on within government. I hear rumours all the time. I hear them in the corridors and all the rest about the antics and behaviour of the Premier’s staff. I have

heard stories about some of the emails that were sent relating to former ministers. Members of the Premier's staff have said some shocking things about some ministers to the press. We saw some of the language used about some journalists. I recall the word "sanctimonious" being used, and another term I will not repeat because it is too appalling, in relation to a journalist. On social media, members of the Premier's staff are now attacking members of the Liberal party room.

**Mr P. Papalia:** Really?

**Mr M. McGOWAN:** Yes; describing them as shameful and cowardice and the like. The claims made yesterday by the Premier that everything is sweet, that everything has changed and the government has turned over a new leaf have today been shown to be wrong.

Today in question time I asked the Premier about Western Power. Yesterday, he said we need clarity, and again today we got no clarity.

**The ACTING SPEAKER (Ms L.L. Baker):** Leader of the Opposition, I just remind you this is the third reading of the Loan Bill 2016. Just keep it focused on the issues around the extra billion dollars.

**Mr M. McGOWAN:** I make the point that the government's economic direction has been poor and the suggestions made by the Premier yesterday that everything is now under control and everything has changed have proven to be wrong within a day because of two things: firstly, the social media campaign by the Premier's staff against members of the Liberal party room; and secondly, I asked the Premier today about the future of Western Power. Yesterday, the Premier said we obviously need clarity on that; we will be clear on that. When I asked him today, he said, "We'll make a decision in due course." The government has had that exact same position since the budget came out. I want to read out what the Treasurer said in the budget speech back in May. I am quoting what he said —

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

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

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

A decision to sell the assets will only be made following confirmation that divestment is in the best interests of both taxpayers and electricity consumers.

The decision will also be dependent on an effective regulatory regime, which ensures electricity consumers are no worse off.

The Treasurer then went on to detail what the proceeds from the sale of Western Power would be used for. That was pretty unclear, and I suspect that that is why the Liberal party room stood up yesterday for the first time and asked for clarity: "We are the government; we were elected; give us some clarity, cabinet; give us clarity, Premier." Today, I asked for clarity and got none. There is no clarity on these major issues. I asked a question today about why ministers were not consulted about major spending decisions, such as the Cape Leveque road. Again, there was no clarity about that. There is no clarity on Western Power.

There is no change in the direction of the government, despite the Premier's announcement yesterday. The Premier's staff are still attacking colleagues. Nothing has changed inside the government. It is still the same tired, old, arrogant government that we had yesterday. Nothing will change in this state unless there is a change of government. Nothing will change in the economic, social, services and privatisation direction of this state, unless there is a change of government. That is what is claimed, despite what was said yesterday. There clearly needs to be a change. These issues, numerous as they are, are debilitating and embarrassing for the state. The government's management of the state has been embarrassing over the past eight years. Members opposite have allowed the Premier to get away with all the things that he has got away with over that time, and they sat there mute, particularly the member for Kalamunda. He sat there mute for all those years, and now we are in this position. Yesterday, suddenly, there was an explosion of anger inside the ranks, because finally some people had the courage to stand up. It has been an embarrassing period for the people of Western Australia while this has been going on, and the condition of the government has been laid bare by some of the more courageous members of the Liberal Party over the course of the past few days.

**MS S.F. McGURK (Fremantle)** [3.42 pm]: I want to take this opportunity to make a few comments on the third reading of the Loan Bill 2016, to back up some comments I made during the second reading debate. I mentioned in that contribution the hard reality of government's mismanagement of the state's finances; that is, cuts to some very basic but necessary accommodation support for community-based child care and neighbourhood centres. It was a very small saving by the government, of \$1.4 million a year, but it was crucial for those centres, and could

mean significant increases in childcare costs for the thousands of families that rely on 32 community-based childcare centres, or a possibility that those centres could close, putting pressure on already stretched families looking for suitable, local, affordable, quality child care. Those centres could close as result of this government scratching around to come up with \$1.4 million a year in savings. That is the effect of the cuts to community-based child care and neighbourhood centres.

We have also seen \$4 million taken from Parenting WA. Some very important, proactive early intervention money that was needed in the community has been stripped by the government from parenting programs, including the early years program, which was targeted at Aboriginal children from zero to five years of age. Government has maintained KindiLink, a program that targets children being school ready at kindergarten level, but the early years program has been stripped. It is an incredible situation.

The member for West Swan and the Leader of the Opposition rightly concentrated for some time on the debacle that is the Perth Freight Link. That project has been a debacle since it first landed on the people of Western Australia in May 2014. I do not think the scriptwriters for *Utopia*, *The Hollowmen* or the other ABC comedies that parody poor planning and bureaucracy in government could write the script any better. On the evening that I came back after watching the Senate conduct its inquiry into the Perth Freight Link at the Esplanade Hotel in Fremantle, *Utopia* was on the television, and there we had art imitating life, as the character played by Rob Sitch tried to answer questions before a Senate committee. At the end of that episode, the new minister for infrastructure, who was trying to come up with new infrastructure projects because he just wanted to make announcements, came up with the idea of a bridge in Fremantle. We saw art imitating life, and those scriptwriters could do a lot worse than look at the Perth Freight Link.

In the past couple of days, we have seen the leadership turmoil in the government. The Leader of the National Party was taunting the opposition, saying that we had just over 35 per cent support in the community. Of course, on a two-party preferred basis, that support is looking a lot better than that of the Liberal–National coalition.

[Quorum formed.]

**Ms S.F. McGURK:** I was just making the point that the Leader of the National Party was taunting the Labor Party about its primary vote, but, of course, on a two-party preferred basis, those figures, for what they are worth, are still a lot better than those for the coalition. More importantly, I thought it was interesting that the member would want to highlight a one-in-three vote, when that is exactly what the Premier received in his own caucus in the Liberal Party.

The concern about the Perth Freight Link has many different elements.

**Mr R.S. Love** interjected.

**Ms S.F. McGURK:** I am a bit distracted by the member for Moore, whom I rarely hear make any sort of contribution in this house.

**Mr R.S. Love:** Thank goodness for that!

**Ms S.F. McGURK:** I think that might be true!

I was making the point that there are many concerns about the Perth Freight Link. There are concerns about Roe 8 and the benefit of putting a road over important wetlands, as the road is based on a plan developed 60 years ago when the area in question represented the outer metropolitan rim of the southern corridor and was considered to be the edge of the metropolitan area. The government says that this plan has been around for a long time and therefore it should be supported, but of course it is a 60-year-old plan, and that is the reason it needs to be reconsidered. The outer rim of the metropolitan area is now located further south.

The other concern with Roe 8 is that these are important wetlands. The environmental value of the wetlands should not be underestimated. The debate in this house, amongst the public and in numerous environmental reports, including by the Environmental Protection Authority, has been about the concerns that a road through these wetlands could not be done without doing significant harm. What is frustrating for people is that there is a good alternative to a road through that important green space—of which we have very little in our metropolitan area. The EPA's advice to the government on Perth and Peel@3.5 million made exactly that point, particularly in relation to green space and wetlands and the need to preserve not only the immediate area of these wetlands, but also the area around these wetlands for the fauna, particularly the fauna that relies on the wetlands to survive.

With Roe 8, we have a longstanding community concern about why a road should not proceed and then we have the elements of the Perth Freight Link. One of the concerns about Roe 8 is that it is considered to be a road to nowhere. I suppose Mathias Cormann; the Treasurer; the Mayor of the City of Melville; and the former Minister for Transport, the member for Alfred Cove, thought that if they announced the next stage of the Perth Freight Link and added a lot more money to it, perhaps people would think it was a fantastic idea and would justify a massive road going through wetlands and residential areas. It was always a plan that was made on the

**Extract from Hansard**

[ASSEMBLY — Wednesday, 21 September 2016]

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Mr Ben Wyatt; Ms Rita Saffioti; Mr Mark McGowan; Ms Simone McGurk

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run. It was always a plan that did not have any decent community consultation. It has been apparent from the start that it has had no significant planning underpinning it.

The so-called stage 2 of the Perth Freight Link has had a number of different routes. The first was to go down Stock Road and along Leach Highway, which would have wiped out a number of homes and businesses along Stock Road and would have impacted on some businesses along Leach Highway. The residents in Moody Glen, Palmyra, and others alongside that area did a very effective job of advocating for their community and highlighting the shabby way that they were about to be treated. They stood up for themselves very effectively, and the result seems to be that the route will not proceed down Stock Road or Leach Highway. It may also have had something to do with the significant cost of business relocations along that route, and there is also a dip in the road at the intersection of Leach Highway and Stock Road. In any case, soon after the minister announced that that was the preferred route, he said, "I think we can do a tunnel. Let's look at an alternative tunnel." I think he liked the symmetry of having a tunnel through the old eastern bypass route. He thought a nice political point to make might be that, as the surface road had been removed from the metropolitan region scheme, he could build a tunnel underneath it. Of course, that left the people in Hamilton Hill and parts of White Gum Valley thinking that the proposed route would result in a tunnel and ventilation stacks being put underneath the oval of the White Gum Valley Primary School. There was absolutely no consultation with that community, and still to this day the government has refused to meet with the residents of Hamilton Hill, who have had absolutely no consultation about the impact that this will have on their community, let alone the environmental impacts on Clontarf Hill and the area around there, as there are some stables there that have some important heritage value.

Those contracts went out to tender and expressions of interest were invited, and the rumours started to come through that the proposed tenderers were looking at building a diagonal tunnel. The tunnel would take a diagonal route from the corner of Stock Road and the end of proposed Roe 8 and go underneath houses. It would start at the aged-care village, which I think is run by the Aegis Aged Care Group, and take a diagonal route under the communities of Hilton, Beaconsfield and White Gum Valley. We are not sure where it would come up—whether it would come up at the public golf course or near the intersection of High Street and Stirling Highway. In fact, when I asked questions during the estimates committee about the route of that tunnel, I was told that the route was not finalised, so imagine what it means for people living in that area. The Matusik report was referred to by the member for West Swan. I urge members and anyone who comes across this speech in *Hansard* to read the Matusik report if they have not already done so. It is the flimsiest piece of property analysis I have ever come across. It is true that I am not an aficionado of property analyses, but this piece is really quite staggering. The analysis of the impact of a tunnel on property prices was not put out to tender. I think the minister said that he knew someone who might be able to help out, or perhaps someone senior at the department said that they knew someone who might be able to help out. I do not think the author came to Western Australia, but, in any case, he did not look at the alternatives. Most importantly, he did not look at the alternative of a tunnel to the outer harbour; he simply looked at the alternative of a road surface route. He also compared the tunnel with some other projects. I think the relationship with the Perth Freight Link was quite flimsy. It was incredible that *The West Australian* initially reported the expected house price increases as a result of the tunnel with such breathless enthusiasm, but I think its enthusiasm tempered somewhat afterwards.

That is the stage that we are at now with how much people know about the route, which is very little. In a meeting in August 2015, the Premier agreed to attend a community meeting in North Fremantle, because the North Fremantle community wondered what all this meant. We have the Roe 8 stage and we have various manifestations, but it is still not a particularly clear route. We have the stage that goes from the end of Roe 8 to the corner of Stirling Highway and High Street or thereabouts. Then we need to get across the river and through North Fremantle to the port. People in North Fremantle quite rightly asked what impact it would have on their community. In August 2015 the Premier attended a public meeting, and a number of people came along that evening—it was well attended.

Debate interrupted, pursuant to standing orders.

[Continued on page 6504.]