

**WESTERN AUSTRALIAN FUTURE FUND BILL 2012**

*Third Reading*

**MR T.R. BUSWELL (Vasse — Treasurer)** [8.00 pm]: I move —

That the bill be now read a third time.

**MR B.S. WYATT (Victoria Park)** [8.01 pm]: I rise to make a contribution to debate on the third reading of the Western Australian Future Fund Bill 2012. Much has been said by many members of the opposition about this bill, and during consideration in detail a number of amendments were moved by the opposition and, indeed, by a member of the government, the member for Kalgoorlie. He moved an amendment to ensure that 10 per cent of the future fund would be invested in gold; that amendment was ultimately diluted so that rather than being a mandatory requirement, there may possibly be an investment of a percentage of the future fund in gold. The opposition moved a number of amendments to limit the time at which the future fund will come into effect; that was designed to reflect the position taken by the opposition in respect of the appropriateness of introducing a future fund funded by debt at a time of record state debt. We spent considerable time during the second reading debate and consideration in detail debating that issue.

I will again quote the former Treasurer, the member for Bateman, because I think his words say it all: at a time when we are cutting services, borrowing money to stick into an account upon which we make a lower rate of return is not an appropriate way to use taxpayers' money. During estimates hearings on 30 May 2012, Hon Christian Porter stated —

I would be happy to acknowledge, as I properly should, that, generally speaking, over a long period more will be paid on debt than will be paid on invested moneys in the type of conservative investment portfolio that we are talking about here.

The point has been made ad nauseam, but I will make it again: the government is aiming to get a rate of return of 5.2 per cent on the money it invests through the future fund. That is based on a model of the last eight years in the hypothetical event that the future fund actually existed. Of course, when we look back over the period from 2006 to 2011, the average interest rate being paid on debt is 5.58 per cent; we are paying 5.58 per cent on debt and making 5.2 per cent. Guess what? Every year we will be losing money on our future fund. With a billion dollars seed capital, we will be losing about \$30 million a year. The opposition's view is that that is not a sensible way to use taxpayers' money, particularly at a time when the government is going through the process of cutting front-line services to Western Australians. During the same debate on budget estimates, after some interrogation by me and other members of the opposition, Mr Porter made this point —

But I accept the fundamental point that the member is making; that is, between paying off debt to the tune of \$1.1 billion and investing \$1.1 billion, will there be a differential over 20 years and thereby a loss of some quantum between the interest being earned on the investment and the interest being paid on debt? I think the answer is that, yes, there likely will be.

The former Treasurer, the member for Bateman, accepted the point I just made—that is, the 5.2 per cent the government expects to make on the future fund will not cover the cost of the money being borrowed to put into the future fund. Although the future fund is a wonderful idea, the timing is all wrong; it is not as if we are a state that is short on demand for infrastructure investment. The Leader of the Opposition has made the point that we would invest that money in other ways, one of those being public transport.

I will reflect for a moment if I can on a contribution the Treasurer made during question time on 18 September 2012 about public transport, in answer to a dorothy dixer he received from you, Mr Acting Speaker (Mr I.M. Britza). The Treasurer decided to quote the shadow Minister for Transport, Hon Ken Travers, who had been on radio five days previously, talking about alternative investments in public transport. The Treasurer quoted Hon Ken Travers as having said —

... what I would love to see is a rail line that actually runs along Tonkin Highway from Forrestfield to Ellenbrook ...

He further quoted Hon Ken Travers as having said —

... I would be proposing that we get on with it straight away and build it in the next term of Government ...

I note that there are a number of dots in there, which suggests to me that some words had been left out by the Treasurer. When we go back and look at what Hon Ken Travers actually said in the transcript of that radio interview, he said, according to my notes —

**Extract from Hansard**

[ASSEMBLY — Wednesday, 17 October 2012]

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Look, if the State finances would allow us ... and they're in the position for us to be able to build a rail line, what I would love to see is a rail line that actually runs along Tonkin Highway from Forrestfield to Ellenbrook and I would get on with that. If the money is there in the budget to do that then I would be proposing that we would get on with it straight away and build it in the next term of Government ...

The Treasurer took out those key qualifications. Time and again the Premier has made the point that to deliberately misquote members of Parliament is the lowest form of debate, and the Premier is ultimately right, even though he likes to do it himself. That was low-grade politics from the Treasurer. If he is that desperate to have a policy debate with Hon Ken Travers, he should have the debate on what Hon Ken Travers has actually said. He does not need to come in here and effectively lie about what Hon Ken Travers has said. It is low-grade politics, and the Treasurer knows it. It is simply not up to scratch for someone who holds himself up as an effective minister.

While I am reflecting on the Ellenbrook train line, it is worth noting that the Treasurer, despite having discovered a new-found enthusiasm for having commitments costed and perhaps even brought into the budget, as we heard during question time today, has some doubt about the costing of the opposition's commitment regarding energy—the tech policy. Ultimately, we perhaps could have costed it to something along the lines of northwards of \$100 million; I daresay we could have got away with that. That is how the Treasurer has costed the MAX light rail—northwards of \$1 billion is what the MAX light rail will cost, so we can also simply make the point that perhaps our commitments are northwards of \$100 million; apparently that is going to be the way the Treasurer goes about costing commitments.

My final point is that the Treasurer has made a number of points about the Ellenbrook train line: no business case; population not there to support it; no demand—we have heard it all in the chamber. I will again quote the Treasurer when he reflected on spending \$100 million of taxpayers' money on the Busselton airport. Unlike the Treasurer, I will quote the entire quote. The article in the *Augusta–Margaret River Times* of 6 July 2012 reads, in part —

Transport Minister and Vasse Troy Buswell confirmed expanding Busselton Airport to take international as well as interstate flights was a major aspiration for his Government and he believed the project had to be considered regardless of whether there was an immediate demand from international carriers.

“If we don't build it then they certainly won't fly here,” Mr Buswell said.

“Sometimes this type of project has to have a social benefit.”

He went on to say —

“As a Government you've got to have a broader perspective on this type of project,” Mr Buswell said.

On the one hand, when the Treasurer talks about the good people of Ellenbrook, who cruelly had the commitment made by the Premier broken, he says there is no demand, and they cannot get light rail out there because there is not enough population; on the other hand, when we look at what the Treasurer says about \$100 million to build Busselton airport, he wants to build it even if the airlines do not want to fly there—provided there is some sort of social benefit! He wants to stick up a couple of cafes there and get a couple of jobs out of it! For heaven's sake; I dare say there is a fairly stronger social argument for a train line to Ellenbrook than there is for building an airstrip at Busselton, where no planes want to fly.

**Mr T.R. Buswell:** I didn't say that.

**Mr B.S. WYATT:** I quoted the Treasurer; and unlike the Treasurer, I quoted the entire quote.

**Mr T.R. Buswell:** What has the word before “planes”?

**Mr B.S. WYATT:** The word “planes”? The article reads —

“If we don't build it then they certainly won't fly here,” Mr Buswell said.

“Sometimes this type of project has to have a social benefit.”

**Mr T.R. Buswell:** What is the word before “planes”.

**Mr B.S. WYATT:** There is no “planes”. I am quoting the Treasurer: “If we don't build it then they certainly won't fly here,” That is true! The article reads —

“Sometimes this type of project has to have a social benefit

...

“As a Government you've got to have a broader perspective on this type of project,” Mr Buswell said.

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**Mr T.R. Buswell:** Does it say “international”?

**Mr B.S. WYATT:** Yes, “international” as well as “interstate”; that is what it says.

**Mr T.R. Buswell:** Does it? That is not how you read it the first time.

**Mr B.S. WYATT:** I will table it for benefit of the Treasurer. It refers to “international” and “interstate”. Even though there is no demand for an airstrip from these airlines, the Treasurer is going to go ahead and build it. The point I make is that I quoted every one of the Treasurer’s quotes in that article, as opposed to just picking out bits, cutting out words and misrepresenting Hon Ken Travers, which was low-grade politics from a low-grade politician. The Treasurer should know better.

I will come back to the future fund. When I gave my first speech on the future fund, I referred to *The Hollowmen* series, because clearly the future fund has been thought up as a last-minute attempt to try to portray the Premier as worrying about future generations beyond simply a huge debt bill. What is interesting is that since we last sat, the Western Australian Regional Development Trust tabled its annual report for 2011–12. What was interesting in that regard is when I think back to that email that the member for Bateman, the former Treasurer, received from Gresham Investment House: “Dear Christian, we know you are being lined up on a debate on debt, what about a future fund to distract”! I remember that email. The future fund was not a bad way to distract Western Australians from debt. What Mr Andrew Murray said in his 2011–12 annual report was that he was asked to give advice about whether royalties for regions money could be used to pay down debt. From what I can gather from this annual report, he gave some fairly clear advice on what he thought about using royalties for regions to pay down debt. What happened then is clear. As there was thinking going on in government about how it could use royalties for regions to lower government debt, here we are with a future fund. I will read into *Hansard* the advice relevant to the proposed future fund —

As requested by the Minister, on the 11 April 2012 the Trust provided advice to the Minister on the proposed State Future Fund (FF), to be largely funded by Royalties for Regions revenue. The Trust recommended that the Minister also be guided by advice from the State Solicitor.

The effect of the FF is to forgo expenditure of these funds for 20 years which could otherwise be used for the provision of state services and/or on meeting the State’s very considerable infrastructure requirements.

In Trust advice on 25 October 2010 the Trust advised the Minister against a Royalties for Regions future fund and noted that future funds, and their ‘policy cousins’ sovereign wealth funds, are generally national government policy instruments. The Trust had advised that a desk-top review of the literature indicated that future funds typically:

- are very long term (30 years plus);
- comprise tens of billions in capital;
- have independent governance oversight and management;
- have government mandated investment policies;
- are accumulation funds that are savings rather than spending mechanisms; and
- expenditure is generally drawn from net investment returns; if capital is expended, it is generally delayed until the funds reach a certain size, and even then, is spread over the longer term.

The remit of the Act is for development. The Western Australian Government has determined that the state needs to catch-up on a backlog of needed regional social and economic infrastructure and services expenditure. This means an emphasis on capital expenditure, again not a feature of future funds.

The Trust concluded that there was no case for the establishment of a future fund under the Act. The Trust did recommend that a SRDF —

Strategic regional development fund —

be established under the Act.

The proposed FF is modest in size. The Trust noted that the proposed FF is very heavily dependent on diverted Royalties for Regions funds. Given the diversion of Royalties for Regions funds to the proposed FF, the Trust considered that the main questions were:

1. Is the proposed diversion of Royalties for Regions funds to this FF within the power of the Act? If not amendment to the Act would be required.
2. The remit of the Act is for regional development and not for savings or to minimise debt.

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That is clearly what this is being set up to do. To continue —

Is the proposed FF consistent with the Act? If not amendment to the Act would be required.

3. Can FF legislation override the Act and allow Royalties for Regions contributions to be paid from the Fund to the FF, and if so, how? If not amendment to the Act would be required.

4. Do Royalties for Regions funds that are diverted to the FF remain Royalties for Regions funds? No doubt this depends on the FF legislation and the extent of any 'override' but if the FF Royalties for Regions contribution remains Royalties for Regions, then the governance and policy of the FF has to reflect and protect the Royalties for Regions component. Under the Act, this will require advice from the Trust.

Clearly it does not and the billion dollars diverted out of royalties for regions does not reflect that the governance policy does not then capture the future fund.

To conclude that quote —

The Minister advised that in keeping with the Trust's advice that he had taken legal advice and would ensure the the future infrastructure requirements of regional Western Australia are supported through the Future Fund.

Of course, the reason Mr Murray recommended against the future fund was that the money would be taken out of royalties for regions and placed in a future fund in which the Minister for Regional Development would have a lesser role to play in the allocation of those moneys.

It is interesting that we got the opportunity to see the annual report of the Western Australian Regional Development Trust before we concluded debate on the future fund.

I have at length gone through the comments of a number of different people at different organisations who have written against the future fund. Basically, everyone disagrees with the future fund. The Chamber of Commerce and Industry of Western Australia put out a lengthy paper as to why a state with huge infrastructure demands and increasing debt would not put this money into a future fund and why it is better to spend that money on infrastructure demands now and have the capacity to increase wealth and not just reserve what is effectively a declining amount over time. We know, ultimately, that the future fund will be producing about \$130 million a year in today's dollars, which will be, I guess—the way schools are going—the cost to build about one and a half high schools out of this future fund, bearing in mind that is based on the 5.2 per cent return that the government is claiming it will generate. Again, that is based on a hypothetical future fund existing over the last eight years and on the fact that WA Treasury Corporation said that between 2006 and 2011, it paid nearly 5.6 per cent on its debt; we can see an annual loss accruing on those two differences. That is why we had, in the past anyway, the current Treasurer, the Deputy Premier and the Minister for Planning all disagreeing with doing exactly this.

The former Treasurer, the member for Belmont, introduced the legislation in respect of the Fiona Stanley trust account. As the member for Bateman pointed out, this future fund is modelled on the Fiona Stanley trust account. That is effectively what it is. Therefore, it is useful to go back to the debate at that time.

Hon John Day, the Minister for Planning, made the point on 4 April 2007, when he introduced the Western Australian Resources Heritage Fund Bill. He said —

It is also relevant to note that the general government sector is forecast to remain net debt free in 2006–07 and in the future. Most public sector debt that exists is held by the major trading agencies, particularly the Water Corporation and the various electricity corporations. We therefore believe that the time has come to establish an investment fund for the state ...

The purpose of that bill was effectively to create a more standard sovereign wealth fund, for want of a better expression. The Minister for Planning made the point that there was no net debt in the general government sector, and that was unlikely to change into the future. The now Deputy Premier, Hon Kim Hames, the member for Dawesville, made that point as well during the debate around putting money into the Fiona Stanley trust account. At that time, the member for Dawesville stated —

An issue that concerned me was the Treasurer putting this money into a specific funding arrangement, which is separate from the normal budget and will not be used to pay off debt. I agree with the shadow Treasurer —

That at the time was the member for Vasse —

that the government is only doing this because it sounds good and not because it achieves any great purpose. Although the interest that is earned from this money will be available for use in health, the

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reality is that if it was paying off debt, the state government and the people of Western Australia would be far better off.

The Deputy Premier is right, as was the then shadow Treasurer and now Treasurer, when he, firstly, undermined his own argument for a manner and form provision, but then described the Fiona Stanley trust account as nothing more than a political charade. The member for Vasse went on to state —

Another issue arises out of the Treasurer's decision to put \$1.09 billion into this account; that is, the opportunity cost. The member for Dawesville asked about state debt. I understand there are state debt instruments that could be retired with this money. My reading of the budget papers suggests that there is gross debt in the general government sector. Certainly, there is gross debt in the public non-financial corporations sector to which the Treasurer could have allocated this funding.

So at a time when the general government sector was net debt-free, the now Treasurer was saying that because there is gross debt, that is where we should be putting that \$1 billion. We should not be sticking it into the Fiona Stanley trust account. We should be paying off that debt, because of the opportunity cost; that is, that what we will be paying on the debt will be higher than what we will get by sticking that money into this account.

However, now it is a different story. It is interesting that the member for Bateman made the point, while he was still the Treasurer—that is, before he told us all that he was no longer interested in state Parliament and was off—that there will be a differential between what we will pay on the debt and what we will earn on the future fund. He accepted that. Yet the government is now proceeding down this path of costing the taxpayers money by creating a future fund.

Some time was spent by me, and by the member for Armadale—some other members touched on it as well—on the manner and form provision. I am surprised that the Treasurer read out that very small part of the Solicitor-General's advice. The one case—really, the only case of relevance—that should have been mentioned, but was not, was Marquet. That was not even mentioned by the Solicitor-General.

**Dr A.D. Buti** interjected.

**Mr B.S. WYATT:** To be fair to the Solicitor-General, it was not mentioned in that part of the advice that was read into *Hansard* by the Treasurer. I dare say that the government would have said to the Solicitor-General, "Give us an argument as to why this thing will stack up and why it would bind a future Parliament", and the Solicitor-General would have gone about, like a good lawyer, constructing an argument. But the fact that Marquet was not even mentioned speaks volumes about the validity of that manner and form provision. Indeed, I am very comfortable, as is the member for Armadale, with the fact that a future Parliament will not be bound by the manner and form provision contained in clause 10 of the Western Australian Future Fund Bill. I do not think there is any doubt about that. Unfortunately, though, the reason that the opposition opposed that clause and divided on that clause during consideration in detail is that ultimately we will get to a position in which a future Labor or Liberal government will look to change that bill. Perhaps a future Liberal government with more sense than this one will say, "What a ridiculous thing to have done, and what a waste of taxpayers' money; let us try to change it." However, the Clerk of the day, because he is or she is looking at the section of the bill that says that the bill cannot be presented for assent unless there is an absolute majority, will say, "What am I going to do?", and he or she will do what Mr Marquet did back in the early 2000s when he went off to the Supreme Court, and ultimately the High Court; and that was an expensive process, of course, the cost of which was picked up by the taxpayers of Western Australia.

**Dr A.D. Buti:** The legal costs would be picked up by the future fund.

**Mr B.S. WYATT:** Yes—as though it will not be haemorrhaging cash already!

Although we think that this bill will not bind a future Parliament, the fact of the matter is that a future government will have to spend hundreds of thousands of dollars meandering its way through the High Court to prove that very fact. I think the Treasurer knows that, and I think the government's legal advice on this is crystal clear. The legal position is not hugely contentious. But it is negligence of the highest order. The fact that this bill has made its way through cabinet is a disgrace—it really is. If the government was comfortable with the bill, it should do what the member for Dawesville and the then shadow Treasurer said back in 2007; namely, that there should be some political scrutiny. The government should apply the same standards to itself. Ultimately, any bill that will attempt to amend the Western Australian Future Fund Act will not be considering a piece of legislation that deals with the constitution, powers or procedures of the Parliament as defined by the Australia Act; therefore, it could be passed by the normal plenary powers of the state Parliament.

For an allegedly conservative government to be introducing a manner and form provision is ideologically unusual, bearing in mind that the Royalties for Regions Act does not have a manner and form provision. No

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other piece of legislation that has passed this Parliament during this term of government has a manner and form provision—none. The government knows that it would not be able to stick such a provision into the Royalties for Regions Act and have it bind a future Parliament. The suggestion from the advice that the Treasurer read into *Hansard* is that there is effectively no limit to the topic upon which we can bind a future Parliament. The only limiting constraint is apparently the good sense of the Parliament. Nothing in the Australia Act, nothing in the state Constitution, nothing in the commonwealth Constitution and nothing in High Court case law has any binding impact; it is just the common sense of the Parliament of the day. That is absurd. That means that when the Minister for Local Government introduced his Cat Act, he could have stuck in a manner and form provision requiring a referendum, and that would have bound a future Parliament. I think every member of Parliament can probably see the absurdity of that.

**Ms R. Saffioti:** Perhaps it will be brought in with the Dog Act!

**Mr B.S. WYATT:** Maybe we will see that in the Dog Act, yes. Maybe every piece of legislation that we will see in the next three weeks will have a manner and form provision—although I doubt it. This is nothing more—this is the political charade—than a manner and form provision for which ultimately the poor taxpayers will have to fork out tens, if not hundreds, of thousands of dollars so that the then government can make its way to the High Court to prove the point that we have made easily here tonight. I am sure that if the Treasurer had actually tabled the entirety of the Solicitor-General’s advice, that would have confirmed that very position.

In conclusion, as I pointed out at the beginning of my quite short contribution, the opposition does not think this is the time to create a future fund. As we hear regularly, 1 000 people are moving to Perth every day. There are huge demands on education infrastructure and there are huge demands on public transport infrastructure.

**Mr T.R. Buswell:** Every week.

**Mr B.S. WYATT:** Yes; every week. There are huge increases in state debt, yet, against all advice, we are borrowing money at an interest rate of about 5.6 per cent to stick into an account on which we desperately hope we will be able to make a 5.2 per cent profit. That is an absurd way to use taxpayers’ money at a time of infrastructure demands and rising debt.

**MR W.J. JOHNSTON (Cannington)** [8.29 pm]: I also want to make some comments about the Western Australian Future Fund Bill 2012. I make the point that during the consideration detail, there was some discussion about when we could set up a fund, and there was some discussion about the sorts of things we could do and the weaknesses that are exposed in the Western Australian Future Fund Bill. This is not like the Fiona Stanley Hospital Construction Account Bill and it is not like the \$350 million special taxation payment made by the two multinational mining companies, BHP Billiton and Rio Tinto, that was held in a special purpose account inside the public bank account, because both of those were very short term—a couple of years—and for a specific purpose. I make the point that the Fiona Stanley bill was, of course, at a time when there was falling debt, not rising debt, so there was actually a strong argument for what is effectively carrying forward from one year to a future year a surplus. Of course, that was not what happened with the \$350 million special taxation payment; nonetheless, we could understand what the government was doing with that. It was interesting, because no money was put into that special purpose account for over a year, even though it was talked about in the media, but at least it had a particular purpose; there was a genuine reason.

The federal Future Fund was introduced to create an asset to cover a liability, the liability being future superannuation payments for commonwealth employees, so we can see why the federal government was doing that. It was not just some random bank account; it had a particular purpose. That is one of the fundamental problems with the WA future fund; there is no genuine purpose to it. All the literature on the issue of future funds has looked at that very issue, and it all comes to the same conclusion. When a future fund does not have a clear purpose and also, the literature says, does not have clear community engagement, the fund will not be successful.

We heard from the Minister for Planning by interjection during the debate, and briefly when he was on his feet, about the bill which he brought in and which was referred to by the member for Victoria Park, the Western Australian Resources Heritage Fund Bill. Of course, he modelled it on the heritage fund for one of the provinces in Canada—the Alberta Heritage Savings Trust Fund. I will draw the chamber’s attention to the paper that I referred to when I was on my feet previously by Jason Hart, called “Revenue Funds Counteract the Determinants of Dutch Disease: Lessons for Western Australia”, which, so far as I can find from my own literature search, is the only paper on a future fund in Western Australia. It makes the point that that bill was misdirected at its core. The member for Kalamunda, the Minister for Planning, interjected on me when I was speaking to talk about how it was a bill focused on the future. The problem is, of course, that it was not. That bill had only a four-year horizon, which is hardly helping future generations. It was wrapped in the language of intergenerational benefits, but it actually had a horizon four years away. The Alberta heritage fund is quoted in a book—again, the

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Parliamentary Library was very good to borrow it for me from a library at the University of Queensland. It is called *Investing for Sustainability: The Management of Mineral Wealth*, by an R. Hannesson, and was published in 2001. It reviews four future funds: the Alaska fund, the Alberta fund, the Nauru fund and a fourth fund that I do not remember, but it is an American state. The point it makes about the Alberta fund is that because it had a confused agenda—it had five or 10 or something objectives—did not have a clear objective and did not have any community engagement, and the government was borrowing money to put into it, naturally after a while people thought, “Well, hang on a second. Why are we doing this?” Another point about that fund was that it lent money to other provincial governments and then had trouble getting those other provincial governments to repay the loans, which was one of the interesting aspects of the problems with that fund.

The fund that the Minister for Planning quotes as being the example that he used as the focus for his 2007 bill and that he argued in his contribution to the debate in this chamber was part of the justification for the WA future fund is a failed fund; it is a failed example of a sovereign wealth fund. Therefore, one would think that before we introduced a future fund here in Western Australia, we would draw some lessons from around the world. In consideration in detail, we went through in detail a number of the weaknesses of this fund. I want to draw attention to the two most important weaknesses. The first is that every dollar in the fund is borrowed money. I do not understand that. Why would the government borrow money to put into a future fund? Again, the Minister for Planning talked about how future generations would be so pleased because we are going to leave them this very, very small future fund of \$4 billion; and we will talk about how small it is in a minute. However, he said that those future generations would thank us for having looked after them by creating a \$4 billion future fund. When I pointed out to the minister that there would also be \$4 billion of debt, exactly matching the future fund, he did not seem to understand that. I do not understand why my children or my future grandchildren are going to thank me for giving them a \$4 billion future fund and \$4 billion of debt. That would be like people—maybe it is an attractive option—doing a reverse mortgage on their house and spending all their money. When they die, their kids inherit their house and their mortgage. Would that not be pleasing for them? They have really provided for their children by leaving them both a house and a 100 per cent mortgaged house.

**Mr B.S. Wyatt:** I think that’s what my parents are going to do.

**Mr W.J. JOHNSTON:** Yes; I am sure they are.

That is not a gift to the future generations; that is a handcuff for the future generations, because they cannot get the benefit out of the fund as they have to pay the debt down. If the government is genuinely interested in future generations, it has to make the hard decisions. Some of the literature about future funds makes this point, and this is the strongest argument about why Peter Costello introduced the Future Fund at the commonwealth level. It is to get the money away from the leader so that they cannot waste it on projects that have no value. When we look around the central business district of Perth and see the valueless projects that are running there, maybe that really was the member for Bateman’s motivation in coming up with the future fund. I have had a discussion on a number of occasions with a range of the journalists in Perth about whether that is what they thought; that it was about keeping the money away from the Premier. We have only to look at Elizabeth Quay—a \$440 million waste of money that will do nothing for the people of Western Australia; the “Premier’s Palace” across the road, which could be done on a much more cost-effective basis; the cost-is-no-object stadium, for which the cost blow-outs are just hidden by saying that things like sewerage supply and electricity supply for the stadium are in fact optional extras; or \$270 million on burying a bus station in Northbridge. That is an extraordinary thing. I have never heard of anywhere else in the world where somebody would spend a quarter of a billion dollars to put a bus station underground. What is wrong with the first floor of a building? If the government wants to get rid of the bus station at ground level, it should do what they do in Brisbane and put it on the first floor of an office tower. It is not that hard; and, guess what? It does not cost a quarter of a billion dollars. Let us not forget that every time we do these silly things, every time we waste this type of money—the Auditor General’s report today is about the incredible level of waste because of the poor planning of the current government—we can see the sorts of things that are happening. This is a typical bill that is not about the outcome, because there is not one; it is about the media release. This way the Premier can go on radio and say, “I’m looking after future generations because I’m setting up the future fund.” He does not talk about—we will get to it in a minute—the fact that there will not be any outcomes from that future fund. There will not be any benefit for the community in this state from that future fund and no projects will be funded out of the future fund at any time in the future. He does not mention that, nor does he mention that every dollar in the fund will be borrowed, probably, given the nature of Australia’s current account, effectively from overseas. I am not trying to talk about foreigners or anything like that; I just make the point that given Australia runs a large current account deficit, the money that ends up in this future fund, the borrowings, will effectively be from offshore. That is just the reality of financing Australia’s current account deficit. However, none of these things has been explained to people.

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I will go back and explain why there actually is going to be, effectively, no income available for anybody from this future fund. In 20 years' time, the gross earnings of the fund will be made available to a future government. But that means that, every year, the fund is being reduced by the amount of inflation. I moved an amendment on behalf of the Labor Party to provide that, in order to protect the principal in the fund, only the after-inflation income of the fund would be available. The government rejected that. The government said that it wants to spend all the income from the fund, even the income that is only balancing inflation. That is bizarre. There is no logical reason to choose to spend the inflation effect of the fund because that means that every year after 20 years, the fund in real terms will be going down—not up, but down. Why would the government do that? Why would the government set up a fund that gets smaller over time, not larger? The Treasurer, to his credit, I think recognised the point we were making. I am not going to be unreasonable to him, but the Treasurer said not to forget that there will still be that small amount, the one per cent or whatever it is, this tiny \$80 million a year, going into the fund. But, of course, that is not replacing inflation; that is the future income of the state, so the principal in the fund would be going down. Therefore, the government is creating what is called a future fund and every year that the fund is in existence beyond the twentieth year, the fund will be getting smaller and smaller and smaller. At some point, the Parliament of Western Australia will have to deal with that problem and either wind up the fund, which is the most likely outcome, or create a genuine future fund. If it creates a genuine future fund, the first thing it will have to do is understand that we can put deposits into a real future fund only when we are not borrowing money for the general government sector in this state. Again, we moved an amendment on that. That was the very point made by Hon Peter Costello when he introduced the federal Future Fund. He made the point that the government cannot put money into the federal Future Fund when it is borrowing. That is an issue that Mr Hart covered in his paper. He states —

There are signs that the Commonwealth is not interested in a revenue fund, as the national Treasury is well aware of the benefits and has not translated them into a policy position (Cleary 2009). The Commonwealth has used the logic of countercyclical fiscal policy during the Global Financial Crisis, and it should repay the accumulated debt before a fund is established.

That is a perfectly reasonable position to put. Why would the government create a fund on borrowed money? That does not make any sense. Indeed, we still do not know what the justification is for creating the fund on borrowed money. It is bizarre, and I do not understand why the government would choose that approach.

In the debate on the fund in consideration in detail we covered the question about the redistribution effect of the Liberal Party's GST agreement. This, of course, is quite important because the point that the government makes about the Liberal Party's GST deal is that the benefits in Western Australia are actually distributed from Western Australia to other states—that is, the benefit of our royalty income. Again, Mr Hart's paper canvassed that issue. He states —

Determining the final impact of Western Australia's royalty based revenue is not as simple as it would appear, as state revenues are redistributed. The Western Australian government collects royalties from on-shore enterprises while the Federal government collects off-shore royalties and company tax. The royalties the state does collect are redistributed via the Commonwealth Grants Commission, which varies the states' GST grant allocation based on revenue collection to ensure each state has equal capacity to provide services ... This process has a lag of two to seven years, as it takes two years to collect the data and grants are based on five year rolling averages. This means that the Western Australian government can spend revenue years before it is redistributed ... When the redistribution of royalties is taken into account, their upward pressure on the budget is cancelled out ...

Figure 6 in the report is a chart from 2000–01 to 2008–09 that shows the growth in royalty revenues and the fall in GST revenues and that the actual state income was flat. Therefore, the point Mr Hart makes is that if the government is going to be using the royalties income—he has a longer argument that I am not quoting that explains it—it really should be talking about the net royalty income and not the gross royalty income. This was canvassed very thoroughly by the member for Victoria Park in the discussion. If the government is actually losing the royalty, it is not available to put in the future fund; all the government is doing is offsetting the reduction in the GST payments. According to the former Treasurer, the member for Bateman, at Christmastime in a press conference when he released the midyear update, 85c in the dollar of royalty income was distributed to other states. So what are we doing about that? This future fund does not deal with the horizontal fiscal imbalance between the states. There was a discussion about the fact that the Treasury department expects that the income from the fund will not be included in the Commonwealth Grants Commission's assessments, and that is welcome, but what has not been discussed is the fact that, according to the government, 85 per cent of our royalty income does not even come to Western Australia. Mr Hart in his paper has made a very important point, which has been made by the member for Belmont on a number of occasions, that when we get a huge spike in royalty incomes, as has happened on the watch of the current Liberal government—there has been a massive

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increase in royalties that went from \$1.3 billion in the last year of the Labor government to roughly \$4.5 billion in the current financial year—the government gets to spend that for two years. Therefore, what is happening at the moment is the government is spending that huge windfall, and more, because it is borrowing all this other money, on projects such as the “Premier’s Palace”, the waterfront and \$250 million to bury a bus station, not for the benefit of Western Australians, but for these narrow vanity projects, and at the same time it wants to set up a future fund.

**Mr C.J. Barnett:** Aren’t you proud of your state? You’ve got no pride, have you?

**Mr W.J. JOHNSTON:** I did not ask for an interjection, but I will take the Premier’s interjection. I am very proud as a Western Australian, but I am not proud of wasting money on projects that will never have any impact on people in this state.

**Mr C.J. Barnett:** Huge impact.

**Mr W.J. JOHNSTON:** Take the Perth Waterfront project. Take Elizabeth Quay, a project that Western Australians are rejecting in their droves—a project that is badly thought out because it does not make financial sense. There is already a site for a hotel that I drive past every morning on my way to Parliament House, and that site has been empty for years. When the government can get a hotel built on that site, come back and tell me how wonderful the government’s great \$440 million scheme is going to be.

**Mr C.J. Barnett:** It’s \$270 million, and going down.

**Mr W.J. JOHNSTON:** It’s \$270 million?

**Mr C.J. Barnett:** That’s the cost of the project.

**Mr W.J. JOHNSTON:** It is \$440 million; that is in the budget papers.

**Ms R. Saffioti:** Plus utility costs.

**Mr W.J. JOHNSTON:** It is \$440 million in the budget papers.

**Mr C.J. Barnett:** I am just telling you that it’s \$270 million and going down.

**Mr W.J. Johnston:** The government has not sold a single piece of land on the site. I tell the Premier what: the first block of land available —

**Mr C.J. Barnett:** You’re so well informed, aren’t you? You don’t know what’s going on commercially in the city, do you? You have no idea.

**Mr W.J. JOHNSTON:** This is relevant to the future fund. The first block of land available at that site is going to be a joint hotel and apartment building.

**Mr T.R. Buswell:** Is it?

**Mr W.J. JOHNSTON:** That is the media release from the Metropolitan Redevelopment Authority, so if the media release from the MRA is wrong, the government should tell us. That is what the MRA and the minister have told us in this Parliament.

Let me make it clear. They are discounting the value of that. The government has said—this is up-front—it is discounting the value of that block so that it can get a hotel development up. As a hotel development at Burswood is not funded by debt because it is a large organisation that does not have to worry about borrowing for each individual project—it has a global borrowing system, like all large companies—the joint hotel and apartment project will go to a developer that will need to borrow money for that individual site. That developer will come back to the government at some time and say, “I’m terribly sorry; we can’t get the funding from the bank while Burswood is putting 600 rooms into the hotel market in Perth because no bank will lend us money.” We know that because no five-star hotel has been built in Perth for 25 years. Therefore, it is no surprise that no bank will lend to that developer, particularly when 600 rooms are going in at Burswood. That developer will come back and say, “Can we keep the block and put more apartments on?” What will a future Liberal government do? It will make that concession because the alternative is to have the block empty—like the site that is already there that I drive past every morning on my way to Parliament House, which has been empty for every day the member for Cottesloe has been Premier! It is just like when I drive down the Terrace and I see the empty site with no hotel on it at the old Treasury building.

**Mr C.J. Barnett:** Have you driven down there lately?

**Mr W.J. JOHNSTON:** Yes! The Treasury building cannot have a hotel unless an office tower is built. What did the government do? It spent \$300 million of taxpayers’ money over the cost of the ordinary rental to get that project up, because there cannot be a hotel without an office tower. Every property developer tells me that. I

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remember sitting down with the property developer who won the tender from the former Court government to put a hotel on that site. He told me that he gave the tender back because he could not make the project work without an office tower. Guess what? This government has put an office tower in to get the hotel done, and \$300 million was given to a property developer by this government. That is what happened down there.

**Mr C.J. Barnett:** Rubbish!

**Mr T.R. Buswell:** Rubbish.

**Mr C.J. Barnett:** We're putting in the courts.

**Mr W.J. JOHNSTON:** Yes, that is the right. The government is putting the courts in and giving them —

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

**Mr W.J. JOHNSTON:** No, it is not! It is commercial rent, plus \$300 million. That is what the Premier said in his own media release.

**The ACTING SPEAKER (Mr I.M. Britza):** Stay on the future fund.

**Mr W.J. JOHNSTON:** I am staying on the future fund.

**Mr T.R. Buswell:** No, you're not.

**Mr W.J. JOHNSTON:** Every issue regarding —

**Mr C.J. Barnett:** You are so miserable, aren't you? You've got no vision, no confidence and no pride in this state.

**The ACTING SPEAKER:** Thank you, Premier.

**Mr W.J. JOHNSTON:** The one thing I have is an interest in the taxpayers and citizens of this state. I am proud to be interested in cost effectiveness of government. I am proud to be interested in making sure that government delivers proper services to the community. This is a government that has no interest in the future of this state. If it had any interest in the future of the state, it would not be wasting our time by borrowing \$4 billion to put into a future fund. If it had any interest in the state, it would not be wasting money on things like Elizabeth Quay and the "Premier's Palace" across the road.

**Mr T.R. Buswell:** What about the stadium?

**Mr W.J. JOHNSTON:** The government is not getting value for money out of the stadium because it is not prepared to take money off —

Several members interjected.

**Mr W.J. JOHNSTON:** It is amazing, is it not? The government is prepared to take a \$350 million special taxation payment from Rio Tinto, an English company with large holdings in Western Australia, and BHP, a South African–Anglo–Australian company based in Melbourne, to build the children's hospital, but he is not prepared to take any money off the Packer organisation to build a stadium next to Burswood Casino.

**Mr M.P. Whitely:** He accuses us of corruption for asking for it!

**Mr W.J. JOHNSTON:** Is that not amazing? He was prepared to do a deal when he has never properly explained in this chamber why he valued the benefits he gave to those two large foreign-owned companies. He has not once stood in this Parliament and explained the benefits he gave away for \$350 million to those two foreign companies. But he is now saying that it is wrong to ask the Packer organisation to make a contribution towards building —

**Mr C.J. Barnett:** Of course, it is! It would be corrupt.

**Mr W.J. JOHNSTON:** So, it is not corrupt—I mean, what a bizarre —

**Mr C.J. Barnett:** You learned nothing out of the 1980s, did you?

**Mr W.J. JOHNSTON:** This is amazing!

**Mr C.J. Barnett:** You learned nothing as a Labor Party about corrupt behaviour in the —

**The ACTING SPEAKER:** Thank you, Premier. Member, I want to come back to the future fund.

**Mr W.J. JOHNSTON:** I am coming back to the future fund.

**The ACTING SPEAKER:** You are going away from it.

**Mr W.J. JOHNSTON:** No, I am not. I am just making the point that these are about choices. As we discussed —

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Several members interjected.

**Mr W.J. JOHNSTON:** If you could actually get the Premier not to interject all the time, it would be much easier.

**Mr C.J. Barnett:** I'm only trying to liven up your boring speech!

*Point of Order*

**Mr B.S. WYATT:** Ultimately, the debate was going well when the Premier was not here; I do not know where he was. Clearly, he has been somewhere where he has worked himself up into a state of anger. I ask if you perhaps could call the Premier to order so that we can actually continue with what has been a reasonable debate.

**The ACTING SPEAKER:** There is no point of order. Keep going, please, member.

*Debate Resumed*

**Mr W.J. JOHNSTON:** The point I am making is about the choices this bill demonstrates and about this bill discussing the needs of this state. We had detailed debate during consideration in detail about the needs of the state on infrastructure. I made the point that the Premier thinks it is okay to take a \$350 million deal with Rio and BHP to fund the children's hospital, and he is happy to sell out the operations of the Midland hospital to a private operator, but somehow or other, even though it is all right to fund a hospital using private investment, apparently it is not all right to fund a stadium using private investment. It is the most bizarre —

**Mr C.J. Barnett:** There is no private investment in the hospital.

**Mr W.J. JOHNSTON:** A \$350 million special payment was made specifically to fund the children's hospital by Rio and BHP!

**Mr C.J. Barnett:** No, no; you are wrong.

**Mr W.J. JOHNSTON:** That is what the Premier said in his own media release!

**Mr C.J. Barnett:** No; they made that payment to the state and the state made the decision to put it into the hospital.

**Mr W.J. JOHNSTON:** Right!

**Mr C.J. Barnett:** So that is the difference—they did not fund the hospital; the state did.

**Mr W.J. JOHNSTON:** Okay. So, we will have to go back and change the Premier's media release—the Premier will have to do that, will he not, because that is not what he said in his media release, and it is not what he said in this chamber? But I am very happy that he has corrected the record.

I think it would be great if the private sector made an untied grant to the people of Western Australia, and then the government could use that untied grant to subsidise the construction of a stadium. I think the people of Western Australia are entitled to get value for money for their capital investments. In fact, as I understand it, the government is actually hawking around to the Australian Football League the request to get it to put money into the stadium.

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

**Mr W.J. JOHNSTON:** As far as I am aware, the AFL is actually a private organisation. Therefore, apparently it is all right to take AFL money; that is not corrupt. The mob in Melbourne, they are all right, but the Packers in Sydney—no, you can't do that; that is wrong!

**Mr C.J. Barnett:** Yes, that is right.

**Mr W.J. JOHNSTON:** So maybe it is a New South Wales–Victoria thing. The Mexicans are in; the blues are out!

**Mr C.J. Barnett:** You provide the perfect example of why this state can never have another Labor government, because of your inability to distinguish what is right and wrong commercially. You prove it time and time again.

**Mr W.J. JOHNSTON:** Premier, you have the opportunity to get up in a minute and speak; you have half an hour. You have 30 minutes —

**Mr C.J. Barnett:** I am trying to liven up your boring speech!

**Mr W.J. JOHNSTON:** — to get up and explain why it is okay to take money off the AFL, and off Channel 7, but not the Packers. You explain that to me, and I will be happy. You have 30 minutes to do it. Get up; do not be a lazy person and interject! Do not be the intellectual pygmy that you always are so late in the evening after the dinner break —

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**Mr J.M. Francis** interjected.

**Mr W.J. JOHNSTON:** — after those important duties in the parliamentary precinct!

*Withdrawal of Remark*

**Ms R. SAFFIOTI:** Mr Acting Speaker, I heard the member for Jandakot make an unparliamentary remark, and I ask him to withdraw.

**The ACTING SPEAKER (Mr I.M. Britza):** I did not hear it. Did you make an unparliamentary remark?

**Mr J.M. FRANCIS:** I am happy to withdraw, Mr Acting Speaker.

*Debate Resumed*

**Mr W.J. JOHNSTON:** I am happy for the Premier to stand; he has half an hour to explain himself. He does not have to interject on anybody. He has 30 minutes to explain why it is okay to take the money off the Australian Football League, but it is not okay to take money off the Packers; why it is okay to use money of the taxpayers of Western Australians to put a massive benefit right next to the casino, but it is not okay to have any private investment in that stadium other than from the AFL. The Premier has 30 minutes to explain that and I look forward to him doing it. I just want to finish on the fact that —

**Mr C.J. Barnett:** I'm not going to waste Parliament's time like you just have.

**Mr W.J. JOHNSTON:** Here we go. The Premier interjects on people; he is happy to throw the mud, he is happy to be involved in personal abuse and attack, but he is not prepared to stand up and be accountable.

Several members interjected.

**The ACTING SPEAKER:** Okay, members, you have made your point.

**Mr W.J. JOHNSTON:** This is why the Premier is such a chicken. This is why he is known in the state for these sorts of activities. I will just finish here. We went through consideration in detail and moved a series of amendments that were rejected by the government. Had they been accepted, this bill would have been worthwhile. The problem is that they were rejected, and that is why this bill is valueless, it will do nothing for Western Australians and it will be of no benefit to anybody in this state.

**MS R. SAFFIOTI (West Swan)** [9.00 pm]: I rise to make some brief comments on the Western Australian Future Fund Bill. The members for Cannington and Victoria Park made a number of remarks regarding the future fund. I think they have outlined, in quite clear terms, that in a fiscal sense, this is not the right time to introduce a future fund. Debt is increasing, fees and charges for ordinary families are increasing and services are being cut through the latest round of efficiency dividends. This is not the right time. Debt was \$3.6 billion in June 2008, and it is predicted, as of the last budget, to climb to \$22 billion in a couple of years. It is an extraordinary and astronomical increase in debt. When we talk about future generations, we talk about the fact that our children will have to service that massive increase in debt. I cannot remember any part of Western Australia's history that has seen such a significant increase in debt. Of course, the interest costs that come with that enormous increase mean that the rest of the budget is very, very tight.

As we said, there is this future fund, and as I said as part of my contribution to the second reading debate, I believe there were two reasons the future fund was introduced this year. One was to try to give a selling point to the budget. There was no selling point and I think the government sat around saying, "We have to look like we care about future generations; let's do something like a future fund. We will try to make it a key selling point of budget." I think everyone has acknowledged that that has failed. No-one knows about the future fund and I do not think anyone cares, because people realise that creating a future fund when debt is increasing at such a significant rate really does not make any sense. The other key point I thought of for why the government created this future fund at that time was that it wants to try to take some money out of the royalties for regions fund. I clearly believe that is why the future fund was created. It was the financial hard heads looking in the budget and realising the significant expenditure under the RFR—the significant carryovers and underspends—and that the RFR budget could not be managed. They thought that one way of taking the money away from that area would be to create a future fund. No-one would be able to criticise it, it would be there for their kiddies and no-one could criticise it. I think the report that the member for Victoria Park outlined shows that there were even questions about the legality of taking that money out of the RFR fund. I mentioned in my second reading contribution that the two reasons I think this future fund was created were to try to create a selling point for this budget and to try to create a mechanism that would not draw too much criticism over taking money out of the RFR, and I think that has been proved in this house today. As we said, from a financial point of view, it is not the right time for this future fund. General government debt is increasing significantly and total public sector debt has increased significantly over the past three or four years.

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I will make a quick comment about what is a very confused fiscal strategy from this government. I do not think anyone in WA can understand what is happening currently to our state's finances. Every day there is a different message and a different story. On one day, people face significant increases in electricity prices—62 per cent, which is a massive increase in electricity prices. They face massive increases in water prices and massive increases in the cost of living. The next day, we talk about business-class seats at a stadium at a location that is approximately \$400 million to \$500 million more expensive than that recommended by a committee of experts back in 2006–07.

I want to talk about the issue of the contribution from Crown for the stadium, which was discussed before. In all developments nowadays, all landowners have to contribute when a major development happens in the area. I mention the West Swan east corridor that I look after, where there is massive development happening and things such as roads, public transport infrastructure and other infrastructure are being put in place. All private landowners who will benefit from those services and infrastructure have to pay a developer contribution. It happens for every landowner currently subject to the development contribution plan as part of the structure plan. The reason is that there is a significant cost in building public infrastructure and roads and new developments, and so a policy, which was supported by both sides, is that each individual landowner has to contribute. I think examples in my electorate go up to about \$33 000 per block, so I do not understand why a landowner in the West Swan east cell would have to contribute \$33 000 to improve transport infrastructure in that area while the owners of the casino are not asked to contribute. I talk specifically about the increased public transport infrastructure and road infrastructure that is required as part of this casino deal. There are strong economic arguments and strong arguments that the owners of land who will benefit significantly from that public infrastructure development should pay some amount. That would not be corrupt; far from it. It would make perfect sense. I believe that the fact that no money was asked for was corrupt. Why would the government not ask significant landowners—owners of significant assets who will benefit from significant expenditure of taxpayers' money for public infrastructure—for a contribution? It would be all explicit and there would be no level of corruption there. As I said, why does a landowner in the West Swan east cell have to pay tens of thousand dollars per block because they are benefiting from the major public infrastructure development that is being put there? Why does a small landowner in my electorate have to pay when new roads are built or new public transport routes are created or when new sewerage lines are put in, yet the casino owners do not have to pay? It is just ridiculous. I think the general public is asking why the government would not ask the casino owners to pay. They are being given a significant benefit—significant positive externalities, I think, is the term in economics. It is significant. Sixty thousand people are being put at their doorstep. They are being allowed to build a multistorey car park, by way of building a car park at the casino. They are being given significant economic advantage. It is a positive externality; why would the government not be asking them to pay? As I said, if a landowner who has a small block in my electorate has to pay for the public infrastructure being put within the development zone, why would the government not ask the owners of the casino to do the same? There is absolutely no argument against it. If the process was transparent, there would be absolutely no argument against it. I am actually quite surprised, and I do not understand why the government would not ask.

**Mr C.J. Barnett:** You have learned nothing either. I saw James Packer the other week and I asked him if he had a letter from the Leader of the Opposition requesting it, and he said he had not received one.

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

**Mr C.J. Barnett:** I had a chat to James Packer and I asked, "Have you received a letter from the Leader of the Opposition?" There was nothing, nothing at all.

Several members interjected.

**Ms R. SAFFIOTI:** Did you ask him to contribute to the stadium?

**Mr C.J. Barnett:** No, because we behave in proper way. The AFL's a user of the stadium.

**Ms R. SAFFIOTI:** We cannot argue economics with the Premier; we all know that.

**Mr C.J. Barnett:** No, because you can't win, can you?

**Ms R. SAFFIOTI:** No, because one cannot argue with a liar. That is the problem.

**Mr C.J. Barnett:** Oh, that's a bit rich!

*Withdrawal of Remark*

**The SPEAKER:** Member for West Swan, I suggest you withdraw that comment.

**Ms R. SAFFIOTI:** I withdraw.

*Debate Resumed*

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**Mr C.J. Barnett:** And apologise?

**Ms R. SAFFIOTI:** I will if the Premier stands and apologises for everything he has said to me over four years. Does he want me to list everything he has said to me over four years? I am not going to engage.

**Mr W.J. Johnston:** There's no bigger misogynist in Western Australia than the man sitting in the Premier's seat.

**Mr B.S. Wyatt:** Actually, the Treasurer might be.

**The SPEAKER:** Members!

**Ms R. SAFFIOTI:** It is hard to argue with someone who believes he is always right.

*Point of Order*

**Mr J.M. FRANCIS:** I am not sure, Mr Speaker, but I think I heard you ask the member to withdraw her comment. Also, on another point of order, I would suggest that it is unparliamentary to refer to another member as a misogynist, as the member for Cannington has, and I ask you to ask him to withdraw that comment.

**The SPEAKER:** Member for Jandakot, there is no point of order. I heard the member for West Swan withdraw the remark she made. I am going to give her the call again and ask her to resume her speech.

*Debate Resumed*

**Ms R. SAFFIOTI:** As I said, there is no reason not to ask Crown to contribute, even if it is not the casino, to significant public infrastructure around the casino, such as the improved roads, the new railway stations—all the things that Crown will basically benefit from.

I want to go now through the confused fiscal strategy of this government. No-one in WA quite understands what the government has done with the money. As one of my colleagues asked: where has the money gone? There have been massive increases in revenue, primarily fuelled by increases in mining royalties, and massive increases in fees and charges. At the same time, debt has increased at an astronomical rate. If we look through the suburbs, it is very hard to find significant new infrastructure that has been started and completed by the government; I frankly cannot find anything that has been started and completed by this government in the suburbs. There is instead a serious focus—an obsession—with projects in the city. Individually, all these projects might be nice to do, but for the government to do them all at the same time while it cannot fund key infrastructure in the suburbs is an absolute disgrace. There are major roads in the suburbs that are basically death traps and cannot be funded by the government because priority has been given to projects such as Elizabeth Quay. The feedback I get from the community all the time is: why is the government ignoring key projects in the suburbs? Why is there an obsession with projects such as Elizabeth Quay? As I said, individually and at the right time these projects could be looked at; but to do them all at the same time is absolutely ridiculous. These projects will create and are already creating significant chaos throughout the CBD in the form of traffic congestion. Projects such as the Ellenbrook rail line were promised by this government, and the promises were broken. The project has been deferred into the never-never while projects like Elizabeth Quay have leapfrogged into priority projects. The government talks about economic analysis of the Ellenbrook rail line, but it has done no economic analysis on Elizabeth Quay and no economic analysis on the Burswood stadium. It is an absolute disgrace that suburban infrastructure projects have to jump through all these different economic hoops while priority projects in the city do not.

The best thing for us to leave our children is a balanced budget with debt under control, and key infrastructure in the suburbs that will allow Perth to continue to be a very liveable city into the future. Instead, we are leaving our kids major traffic congestion problems for generations to come. We need only look at Sydney; if we do not deal with congestion as it arises, we will have to spend billions of dollars to try to retrofit the suburbs in the future. We have to deal with the key issues in the suburbs today so that we will not have to spend billions and billions of dollars in the future.

I want to now talk about the issue of the Ord. Again, that is a misplaced priority. More than \$300 million is being spent on the Ord project. If we wanted to create a sandalwood industry or cotton industry, fair enough; but we want to create a food bowl that will encourage horticulture and agriculture in the region, create significant employment in the region, and help service the Western Australian market. That is what we should have been doing. However, the idea now is that more than \$300 million of taxpayers' money will be put into a project that could be sold to anyone, with no guarantees about what will be grown and where the product will be sold. That, to me, is an absolute disgrace. What could \$300 million do for horticulture, viticulture and agriculture in the Swan Valley? We could go to any agricultural region throughout Western Australia and ask what \$300 million could do. I do not mind where private operators sell. But this is a project on which \$300 million of taxpayers' money was spent on the basis that it would be a significant horticultural precinct that would service generations

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to come. I think we all share the dream of a significant food bowl, and I know that the community of the Ord supports a strong horticultural precinct. But the idea that it could be one base crop that could be sold anywhere —

*Point of Order*

**Mr T.R. BUSWELL:** I seek some guidance, Mr Speaker. This is the third reading debate on the Western Australian Future Fund Bill 2012. I just wonder whether you can provide some advice to the house on the conventions that guide the content of third reading speeches as they relate to the bill, and perhaps the introduction of matters that are beyond the scope of the bill and the scope of debate in consideration in detail, and how that reflects on the content of second reading speeches in light of —

**Mr B.S. Wyatt:** You'll get a few more people up.

**Mr T.R. BUSWELL:** That is fine; I am just seeking some guidance for the advice of the house.

**The SPEAKER:** Treasurer, the advice with respect to a third reading debate is that it should relate, in fact, to the content of the bill. It should not be too general in its approach. Certainly, with respect to the member who currently has the call, one might describe some of the content as general. I give her the opportunity to draw that back to the future fund bill, which is in fact at the third reading stage. The point for all members at this stage is that it is not a general debate; it is very specific in a sense. I have given some leniency to the member for West Swan because it is my consideration that she is going to tie her comments to the bill that is before us at the moment.

*Debate Resumed*

**Ms R. SAFFIOTI:** Thank you, Mr Speaker.

The future fund is designed to set aside a bit of money that will one day help fund possibly one and a half schools a year, if that, but I want to talk about what I would like to see left to future generations. In relation to the Ord, I would like to see a strong horticultural precinct that encourages local employment, guarantees the type of food that is grown in that precinct, and helps service the WA market. I think that dream was a great dream, but it is not being fulfilled. I would like to see money invested in science, technology and innovation to ensure that we diversify our economy so that we do not need to set aside a portion of money from the current mining expansion. We should actually invest in our science, technology and innovation base to ensure that we have jobs for the future, and that we do not have to rely on \$100 million being produced by this fund in 20 years. I would have liked to see money targeted in proper tourism—not the replication of what other states have got but actually promoting WA's icons and assets. There are so many things that we could have done to ensure that our economic growth continues and to insulate us from the boom and bust or the significant expansion and stabilisation cycles that we have seen throughout our mining sector.

As has been said a number of times, the future fund bill is nothing but a stunt. It was a stunt to try to sell a state budget that had nothing else. It was a stunt to try to get money out of royalties for regions. The second part succeeded; they did manage to claw some money back out of royalties for regions. All it does is symbolise a very confused fiscal strategy from the government: one day we will have so much money that we can park it into an account that is going to earn us less interest than if we paid off debt so that we can spend it in the future, but on another day we are increasing electricity bills by 62 per cent because we need the money. On another day we are cutting services like front-line police. On another day we are talking about business-class seats at a football stadium. On another day we are talking about Elizabeth Quay and spending \$470 million on a project that is not supported by the community. It is confused strategy. That is why the community does not know what is happening with the finances. The confused, mixed and complicated messages that are sent to Canberra are that on one day our GST has been cut and we are broke; on another day we have so much money we are going to create a future fund. No-one takes the financial management of this government seriously.

We just have to look at what happened today in question time. The Treasurer of the state is using the Department of Treasury to cost opposition policies. He is politicising Treasury. I just ask the Treasurer to get Treasury to cost his own promises. Get Treasury to cost the Metro Area Express and to cost the commitment on electricity prices, because it is very different from what is in the current budget papers. The Treasury should not be politicised to cost opposition policies at this point.

**Mr T.R. Buswell:** I asked it to cost a matter I had a public policy interest in.

**Ms R. SAFFIOTI:** We all know what the Treasurer did; it is a politicising of Treasury. The Treasurer should actually ask Treasury to give us the cost of MAX, and of the stadium.

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

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**The SPEAKER:** Member for Victoria Park!

**Mr T.R. Buswell:** Did you read the Auditor General's report today?

**Ms R. SAFFIOTI:** Yes, I did.

**Mr T.R. Buswell:** You will see exactly why we are doing the light rail project. It was exactly what he suggested.

**Ms R. SAFFIOTI:** You have already given it a figure—north of a billion.

**Mr T.R. Buswell:** Yes, that's right.

**Ms R. SAFFIOTI:** No, the Auditor General said this: develop a business plan, get a costing, and then commit. The Treasurer has done it the other way around. He has committed before he has done the business plan and got the costing. The key thing about the Auditor General's reports has been that commitments to projects should be made once the scope of the project is clearly defined, the business plan is prepared and a proper costing is prepared. Then a commitment is made. The Treasurer has said it is going to build it but he does not actually know for how much. That is actually the exact opposite —

**Mr B.S. Wyatt:** Yes, he does—northwards of a billion.

**Mr T.R. Buswell:** It will be.

**Ms R. SAFFIOTI:** The key point from the Auditor General is: define the scope, define the plan, develop a costing and commit.

**Mr T.R. Buswell:** That is what we are doing.

**Ms R. SAFFIOTI:** But you have already committed to it.

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

**Ms R. SAFFIOTI:** You have committed to it. I saw it.

**Mr B.S. Wyatt:** It is going to happen. The Premier said you had better be buying property up here now.

**Ms R. SAFFIOTI:** What is it—"Get The Bigger Picture"?

**Mr B.S. Wyatt:** There it is.

**Mr T.R. Buswell:** Happily supported by the commonwealth.

**Ms R. SAFFIOTI:** Not yet.

**Mr T.R. Buswell:** They have put half the money into planning.

**Mr B.S. Wyatt:** Planning money—that is one thing you know the cost of.

**Ms R. SAFFIOTI:** As we said, it is absolutely confused and mixed messages. Seriously, if the Treasurer wants to come in and get Treasury to cost our promises, wrongly, why does he not get Treasury to cost his? This idea that he can walk away from his own budget papers that show 25 per cent increase in electricity prices without a cost is absolutely ridiculous. The Treasurer's budget papers show that there is a 25 per cent increase in electricity prices and that is his current plan, because to do otherwise would cost —

**Mr T.R. Buswell:** What did your last budget papers show?

**Ms R. SAFFIOTI:** Up to 10 per cent per annum.

**Mr T.R. Buswell:** Ten per cent per annum infinitum.

**Ms R. SAFFIOTI:** Post four years, but the budget papers were —

**Mr B.S. Wyatt:** How long do the forward estimates go for? Infinitum.

**Ms R. SAFFIOTI:** Yes. As far as I remember —

**Mr T.R. Buswell:** But the discussion paper that sat behind it was for a lot longer than four years.

**Mr B.S. Wyatt:** If you are going to go and say it is not going to be five, 10 and 10, you have to tell us what it's going to be.

**Mr T.R. Buswell:** You're probably right.

**Ms R. SAFFIOTI:** Finally.

**Mr T.R. Buswell:** And as we discovered today, there will be a cost with that.

**Mr B.S. Wyatt:** Northwards of what?

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**Ms R. SAFFIOTI:** Eight hundred.

**Mr T.R. Buswell:** No, no.

**Ms R. SAFFIOTI:** You had better do the costing.

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

**Ms R. SAFFIOTI:** As we said, we look forward to the Treasurer getting the Department of Treasury to cost government commitments, because it has simply been politicised by being asked to cost opposition commitments.

**Mr T.R. Buswell:** They costed something I asked them to cost, because they have a public policy interest in it.

**Ms R. SAFFIOTI:** You are using Treasury to launch political attacks—that is all you are doing; we all know what you are doing.

**Mr T.R. Buswell:** That is an outrageous thing to say.

**Ms R. SAFFIOTI:** We all know what you are doing, and I know you are joking now. As I said, I did not think Treasury was going to be drawn into that sort of process, but I think it has been.

**MR M.P. WHITELEY (Bassendean)** [9.26 pm]: I had hoped the Premier would have been here, because this debate is all about what we define as being financially and fiscally responsible, but in the Premier's absence I will have to direct my questions to the Treasurer. The Treasurer can feel free to interject at any time; I would welcome his interjections. Earlier in the debate, the Premier interjected—he has done it several times over a number of months; I remember him doing it in question time—and said that asking the Packers for \$500 million to pay for the stadium was evidence of corruption reminiscent of WA Inc years. I actually do not get it, Treasurer. Perhaps he could enlighten me by way of interjection: how does that constitute corruption?

When I said that earlier tonight, he said that I do not understand my history. My understanding of the history of that series of transactions was that it was transferring public benefit to private hands through inflated prices being paid for assets that were in private ownership and transferring them into public ownership. I think there was some outrageous amount paid for the Petrochemical Industries Co Ltd project that was well above the true market value. I am trying to equate that to the stadium project. I am trying to make the connection between that and the casino project. I think that that was a sorry time in our history. In fact—I have said this before; I have not said it in a number of years—I voted Liberal once in my life. It was at the 1993 state election, and it was because of exactly those goings on in the late 1980s. There was reprehensible behaviour.

I understand our history, or I thought I did. In fact, I read a very thick book called *The Bold Riders*, which was written by Trevor Sykes, a financial journalist who I think used to write for *The Australian Financial Review* and other highbrow publications. He chronicled the whole history of those sorts of transactions. There was a series of them around, particularly in Western Australia. As I said, they involved the transfer of public benefit —

**The SPEAKER:** Member for Bassendean, I did provide some gentle instruction to the member for West Swan, and I am going to do the same to you. A third reading is not an opportunity to introduce to the house other issues. If you wish to be specific about the bill that we have in front of us—the Western Australian Future Fund Bill 2012—and if the comments that you are making at the moment are going to draw into that particular legislation, I will invite you to continue. But I am simply going to instruct you that this debate is very specific in terms of the Western Australian Future Fund Bill. So I feel enlightened by what you are saying, but I am hoping that it is going to lead directly into the Western Australian Future Fund Bill.

**Mr M.P. WHITELEY:** Yes, it will. I do not want to speak on behalf of the Labor Party, but I would certainly be prepared to argue vigorously that if we could get \$500 million from the Packers, we could put that money into the future fund. That would be a good idea. The future fund might then have some meaning—we could kick-start it along, and maybe that would assuage the Premier's fears in terms of it being a corrupt transaction. So it is relevant, because there would be an opportunity to take that money and put it into the future fund. It is also relevant because this whole bill is really an argument about what constitutes responsible financial management. The government is seeking to create the impression that by borrowing money and investing that money for a higher rate of return—I will talk about that in a moment, because I do not think the Treasurer has established that the government will get a higher rate of return—somehow that is responsible financial management. Again, I do not understand it. Again, I do not get it.

I would like the Treasurer to please explain—I do invite the Treasurer's interjections—why asking the Packers for \$500 million, when they, or certainly the owners of the casino, will be significant beneficiaries from the spin-off in trade that will naturally occur if that facility is built on that site, is corrupt or reckless or irresponsible. My instincts tell me that that is in fact the responsible thing to do. I remember hearing the Premier talk on radio with

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John McGlue about the money that could be put into a future fund if we were fortunate enough to secure some funds from the AFL. John McGlue asked the Premier whether he thought it was appropriate that the AFL should be asked to kick in some money, and the Premier said, “I haven’t really thought it, but we are committed to building it, and we’ll fund it.” John McGlue then asked the Premier again whether he thought that was a good idea, and the Premier said, “It sounds like a reasonable idea”. John McGlue then went on to ask the Premier how much he thought he should ask for, and the Premier said, “Oh, \$30 to \$50 million.” The Premier just picked a figure out of the air. Again, I do not have the experience that the Treasurer or the Premier has on these issues. But I would have thought that the responsible thing for the Premier to do would be to not show his hand—that is, to not declare that the government is going to fully fund it—before he asks the AFL to kick in. I would have thought that if the Premier wanted the AFL to kick in, he would use a bit of a bluff and say, “We want to build the stadium, but we need you guys to kick in some money, because you are going to be major beneficiaries from it”. So, again, I am not sure that we have not missed an opportunity there to get some more money for the future fund.

I cannot see any real purpose for this legislation, except to create the veneer of responsible financial management. However, I can see one other purpose for this legislation, and I will tell members what that is. It is interesting that the Minister for Regional Development; Lands is in the chamber. That purpose is to get some money out of the royalties for regions program under the pretext that that money will be used as seed funding for a future fund. I would, therefore, suggest that the government is trying to achieve a double political benefit here. The first is that the government is trying to give the impression of responsible financial management, by putting money aside for the future, in the hope that nobody will examine the detail of what it is actually doing. The second is that the government cannot attack royalties for regions and take money out of royalties for regions—because the Nationals will not like that, and there will be fewer plastic cows to be disbursed around the place—but it can take money out of royalties for regions in a politically saleable way if it puts that money into the future fund, because no-one is going to argue against a future fund. I think that may be the real agenda here. I do not think people are fooled by this Treasurer. The fundamental point that everybody gets and that everybody understands is that when we borrow money at a level of risk, and we invest that money at an equivalent level of risk, it costs more to borrow that money than it does to invest it; in other words, the net financial return from borrowing that money and effectively investing it is negative.

The Treasurer and I had some discussions during the second reading debate when the Treasurer interjected on my speech, and during consideration in detail when I asked about the hypothesised five basis points advantage—which translates to one-twentieth of a per cent, or .05 of a per cent. The Treasurer can feel free to interject on me at any time, even though he is not in his seat, but, as far as I can understand it, we borrow money at a AAA credit rating, because Western Australia currently enjoys a AAA credit rating, although with the level of debt skyrocketing as it has under this government, how long that will last for is questionable, especially when the surplus is under pressure and there are so many unfunded promises for infrastructure programs. But the logic is, nonetheless, that we borrow money at a AAA rate, and we invest it at a AA rate. So we in fact do not have the same risk profile, and there is a hypothesised five basis points—or one-twentieth of a per cent—benefit. That is the logic that lies behind that. The Treasurer did not acknowledge that that was the case. The Treasurer initially said that the rate of return was dependent upon different time frames; in other words, we borrow money for a shorter period of time than we invest it for, and we get a higher rate of return on that investment. When I quizzed the Treasurer about that, he pointed out that the actual anticipated difference was between seven and nine months, or three and a half years as opposed to 4.3 years, or something of that order. Again, I asked the Treasurer to do an analysis of that with Treasury, and the Treasurer undertook to go away and do that research and come back and explain to me what made up that five basis points differential. But the Treasurer has not done that. Perhaps he will do that in his third reading reply. Nonetheless, to date the Treasurer has not done that.

What really revealed that this bill is just a stunt was when the member for Kalgoorlie moved a motion that the bill include a provision that 10 per cent of the fund be held in gold. The Treasurer, having relied heavily on the member for Kalgoorlie’s vote throughout this term of government, then went into apoplexy and adjourned the debate for the night and came back the next day.

**The SPEAKER:** Member for Bassendean, I have provided some advice to the house with respect to a third reading. A third reading stage is not an opportunity, member, to repeat or re-open information that has already been provided during the second reading stage. I have observed, member for Bassendean, that that is what you are doing at this point. I am going to ask you to return to the substance of the third reading; that is, the bill. If you wish to speak to the substance and the clauses of this particular bill, this is the opportunity to do that. It is not a chance, member, and it is not a chance, members, to reopen or discuss issues that have already been in front of this place during the second reading stage.

**Mr M.P. WHITELEY:** I am confused somewhat, Mr Speaker. I am talking about an amendment to this Western Australian Future Fund Bill 2012 proposed by the member for Kalgoorlie. I thought the third reading stage was an opportunity to sum up issues raised in consideration in detail. That is what I was doing, and I will continue until you give me guidance to do otherwise. The member for Kalgoorlie moved an amendment that sought to have 10 per cent of the gross funds—there are no net funds; in fact, they are negative net funds—from the future fund invested in gold. The Treasurer's face turned a brighter shade of purple; we adjourned overnight and when he came back he indicated that he would consider doing that. It showed the nature of this debate. The member for Belmont made a very telling interjection during that debate. When the Treasurer was looking aghast, the member for Belmont said that one good stunt deserved another, which is exactly what the member for Kalgoorlie had pulled. The member for Kalgoorlie sought to lock the Treasurer into a position he knew the Treasurer could not accept because of the inherent risky nature of holding assets in gold. Nonetheless, it was a good stunt that had the Treasurer jumping around the place. I think that highlights the whole nature of this bill because it is nothing but a stunt.

This move has obviously been made for political gain. It is not as though it will not have long-term consequences. It can be argued that stunts done for political gain are part of politics, but when we seek to lock future Parliaments in with a manner and form provision and oblige future Parliaments that want to rescind this legislation to potentially have to pay fees for a High Court challenge, it is reckless in the extreme. The Treasurer was going to get his headline and he got his headline about the future fund out to some of the more gullible journalists and some of the more gullible members of the public. Frankly, I do not think it has worked because I think people can see through it. But he got his headline. Why take such irresponsible action that seeks to lock in future Parliaments when we know it cannot for all the reasons outlined by the member for Victoria Park, but will oblige a future Clerk of the Parliament to spend potentially hundreds of thousands of dollars, if not more, to overturn the result of introducing this bill? That, I think was an insult heaped upon a stunt. When we use the rationale that the government is being responsible for future generations, locking in a manner and form provision is a particularly cynical thing to do.

I give the Treasurer credit for being a good, short-term political manipulator, but I do not give him credit for having achieved anything through this or any other legislation since he became a member of Parliament. I was curious—I am now straying, but I will not stray. We need to be very concerned about what this bill—in fact, a couple of bills in front of the Parliament today—says about the nature of the government. Members opposite claim to be fiscal conservatives and claim to believe in small government, but here reckless actions are being taken. Borrowings are being taken out and we all know it will be at a higher interest rate. I will not have the argument again with the Treasurer, but he knows it and the member for Bateman acknowledged it when he was Treasurer. We all know that it will have a net revenue outflow in future years. It will be a cost to the people of Western Australia in future years. It is reckless action being taken by supposed fiscal conservatives. The government's fiscal conservative credentials are being flushed away, as are its credentials to argue for small government. The absolutely unnecessary, frivolous and dangerous legislation the Parliament is currently debating, the Criminal Law Amendment (Out-of-Control Gatherings) Bill 2012, crushes the second principal tier about what being a Liberal or conservative is—that belief in small government. We see the reality of this government being revealed in this legislation. Members opposite are political opportunists; they assume that people are morons and cannot understand the basic point that it costs more to borrow than it does to make an investment with an equivalent risk strategy.

There are many good reasons to set up a future fund under a certain set of circumstances, obviously, not as a net borrower but, in fact, a net lender. When we have no state debt, it would be appropriate to put something aside for future generations, particularly if the economy is going well, if there is a building boom and we are competing with the private sector and there are high building costs, and if there is a danger that the private sector investment would be crowded out by public sector investment. That would be the ideal time to establish a future fund. An ideal time would be when there is no net debt and preferably even when there is no gross debt, because, as I explained during the second reading debate, we can make more money out of internal borrowings, effectively, with no risk because we would be lending to ourselves. If we want to borrow internally from one part of government to provide to government business enterprises, for instance, there would be benefits all round. They are the sort of circumstances in which a future fund would be appropriate.

I notice that the Premier has re-entered the chamber. I was trying to seek clarification of some of his comments; I did not understand them, frankly. The heart of this bill is the idea of fiscal responsibility. Allied to that is the debate earlier when the Premier was talking about the idea that asking the Packers or the proprietors of the casino to kick in some money to pay for the proposed football stadium infrastructure would be reminiscent of the corruption that was endemic in the Labor government in the late 1980s. The Premier was not here, but I acknowledge that there were problems there. In fact, as I pointed out to the Treasurer when the Premier was not here, that was the one reason I have ever voted Liberal in my life. I was appalled at the behaviour of the

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government in the late 80s when public wealth was being transferred to the private sector. Things such as the petrochemical deal saw inflated prices being paid to the private sector. I thought I had an understanding of the nature of the corruption in that period, but the Premier seems to think it was something different. I would like to be enlightened about what would constitute corrupt action by asking the proprietors of the casino for a contribution. I also highlighted a point, which I think is an important point, and which, as I said, relates to the future fund. If the proprietors of the casino were to kick in \$500 million, that would leave \$500 million that we could kick into the future fund. I also made the point that I remembered hearing the Premier interviewed by John McGlue on 720 ABC when Geoff Hutchison was doing the *Drive* program. He was asked if he had approached the Australian Football League for a contribution. The Premier said that he had not and had not thought about it. John McGlue pushed the Premier on the subject and asked if he thought it would be a good idea. The Premier said, “Oh, well maybe; I hadn’t thought about it.” John McGlue asked the Premier how much he thought he should ask for, and the Premier said somewhere between \$30 million and \$50 million. I am seeking to be enlightened. I would not have thought that that was the way to do business. I would have thought that if the Premier wanted to get money from the Australian Football League, he would have gone to it before he had made a commitment to build the stadium so that he had some leverage and could say, “Look, we’re prepared to kick in some money, but we want you guys to kick in some money, and the more you can kick in, the better it will be.” I thought that was reckless financial management, but of course I stand to be enlightened because I do not understand two things. I do not understand why the Premier would do it that way, and I do not understand why asking for \$500 million from the Packers constitutes corrupt behaviour. In fact, I would have thought it was the opposite. I would have thought that selling assets to the proprietors of enterprises without getting a proper valuation was exactly the sort of thing that happened in the WA Inc years. Let us suppose the government owned some land, say, near the casino, and let us suppose that the market valuation was, to pick a figure out of my head, \$90 million. If the government then sold the land to them without getting a valuation in due process for, say, \$60 million, that might be corruption. That would be corruption, in my view. That would be reckless financial management, and that would be reminiscent —

*Point of Order*

**Mr T.R. BUSWELL:** Again, without meaning to be argumentative, I am just seeking your guidance, Mr Speaker. I am reading the standing orders, and there is a footnote on the bottom of page 87, footnote 100, which states —

The third reading debate is restricted to the content of the Bill and is not as wide as the debate on the second reading.

I am again perhaps wondering whether you can provide some clarity to the house on how that would apply to some of the areas that are being canvassed by the member speaking currently.

**The SPEAKER:** Yes, Treasurer, I have previously given advice with respect to your point of order to the member for Bassendean, and previously to the member for West Swan. I have been somewhat generous in my listening time, and I will make the point again to the member for Bassendean: at this stage you are being somewhat repetitive in the issues that you are raising. If you are going to return directly to the future fund bill, I will give you that opportunity. I do not want to hear any further discussion about the AFL stadium. I have heard that already. If you have something further to add with respect to the Western Australian Future Fund Bill 2012, this is your opportunity, member for Bassendean.

*Debate Resumed*

**Mr M.P. WHITELEY:** Thank you, Mr Speaker. In fact, I was just following up on comments that were made by the Premier earlier in the debate, but I am actually talking about other potential funding sources for the future fund. Let us suppose the government owned some land near the casino. Could the government sell that land and take the proceeds from that sale and put it in the future fund? Could the government sell that land; and, if it was going to do that, what might be the way that it would do it? Let us suppose, as I said, hypothetically, that it was worth \$90 million and the government decided that it would not go through due process and it would sell it to somebody for \$60 million, thus transferring \$30 million worth of benefit in a potentially corrupt fashion because the government is not doing it through due process. That would not be the way to do it, I would not have thought. I would have thought that the way to do it would be to sell the land through an open process—put it to market and see what the land is worth, then get the \$90 million, and then sell it to whoever the highest bidder was. That might be one way the government could do it, and that is really interesting because it relates very closely to the bill. Clause 8 deals with additional moneys to be credited to the future fund. I think that is a potential pool. If the government owns an asset that is being sold for the benefit of future generations, the appropriate and responsible thing to do—the non-corrupt thing to do—would be to sell that land on the open market.

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Mr Troy Buswell; Mr Ben Wyatt; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Speaker; Mr Joe Francis;  
Mr Martin Whitely; Dr Tony Buti

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**Mr C.J. Barnett:** Do you know what corruption is about?

**Mr M.P. WHITELY:** I thought I did, because I pointed out that I read the book *The Bold Riders* by Trevor Sykes, and I thought I acknowledged that the late 1980s was an example of corruption in this state, and I thought I acknowledged that. In fact, I then chose to vote for what I thought at the time were the fiscal conservatives in the 1993 election because I was appalled that my party, the party that I had a lifelong commitment to as a member and as a voter, had behaved so reprehensibly. So, yes, I think I do, but I am —

**Mr W.J. Johnston:** Member, have you ever forgotten a \$20 000 donation made to your election campaign?

**Mr M.P. WHITELY:** I think I can narrow that down by saying that I have never had a \$20 000 donation. I think I had a \$1 000 donation.

**The SPEAKER:** We are dealing with the third reading.

**Mr M.P. WHITELY:** No, I have never forgotten that and I have never sold land that belonged to the people of Western Australia for less than what it was worth. Going back to clause 8, as I said, it deals with additional moneys to be credited to the future fund. Land sales would be an obvious way to do this. Selling land that is in public ownership would be an obvious way to get funds to put into the future fund. After all, it is an asset that is owned by the people of Western Australia. We may think, “Well, how can we best use that asset? Are we going to convert it from property into cash and then put that into a future fund?” Again, frankly, I think we would be better off just paying down debt, but if we are not going to do that, we could put it into a future fund. Under clause 8, that could be a source of funds. Premier, please interject on me and point out if I have got this wrong, but this is how I would do it, and will the Premier tell me if he would do the same thing? If the government owned some land—effectively, if the taxpayers of Western Australia, the public of Western Australia, owned some land—the way to do it would be to put it to the market and find out what the true market valuation is, so let the market decide; or at least I would go out and get independent valuations. If there was only one potential suitor, I would go out and get independent valuations. Then I would start from there. That is how I would do it. Would the Premier do it that way?

**Mr C.J. Barnett:** Sorry; I wasn’t listening.

**Mr M.P. WHITELY:** I will recap. Sorry; the Premier was not listening. If, for instance, the people of Western Australia owned some land—it does not matter where it is, but let us just pick near the casino—and it was worth about \$90 million, or that was the market value, would the Premier go to the market to decide or would he get independent valuations and then sell it through the open market, or would he do it some other way?

**Mr C.J. Barnett:** History will show that this government has got a six-star hotel underway at Burswood. Nothing happened in the hotel industry during your eight years in government.

**Mr M.P. WHITELY:** If the Burke government had had long enough, it would have shown that it built the petrochemical plant, but that is hardly a glowing endorsement.

**Mr C.J. Barnett:** It’s interesting how you laugh at your corporate failures.

**Mr M.P. WHITELY:** I am actually seeing a reverse reality here. I am starting to see some time warp things. I am starting to see the late 1980s happening again here, because things are not done with due process.

**Mr C.J. Barnett:** No. A corrupt Labor Party in the 80s paid money into lost causes. It used taxpayers’ money to fund bottomless pits. It was the most corrupt government in Australian history.

**Mr M.P. WHITELY:** Yes. The Premier is right—it did—and that is why I voted for the Liberal Party.

Several members interjected.

**The SPEAKER:** Member for Mandurah, when you are in this place, you refer to members in this place by their seat, not by their first name. I think you know that, member for Mandurah. I do not think I have to remind you.

**Mr M.P. WHITELY:** The Premier is right. That is what it did, and that is why I voted for the Liberal Party, and that is why I think that sort of behaviour is reprehensible. That is why it would be reprehensible to sell land that is owned by the public at below market value without putting it to the market. That would be behaviour that is reminiscent of the late 1980s. That would be corrupt behaviour. The Premier would not do it, would he?

**Mr C.J. Barnett:** No, I wouldn’t.

**Mr M.P. WHITELY:** No, he would not.

I might point out something. The Premier is fond of going back to the 1980s and talking about Labor’s corruption. There is a whole new generation, because I am about to leave —

**The SPEAKER:** Take a seat, member for Bassendean. We are dealing with the third reading. I think you understand that by now.

**Mr M.P. Whitely:** Yes.

**The SPEAKER:** I do not want to hear any more about the 1980s. I want to hear specifically your take on this bill, the Western Australian Future Fund Bill 2012. Your opportunity is starting now.

**Mr M.P. WHITELY:** My opportunity is starting now and I have two minutes left. I am going to concentrate on clause 8, “Additional money credited to Future Fund”. When selling off public-owned assets, the way to put money into a future fund in a responsible manner is to test the market, I think. I do not think doing little deals that no-one is entitled to know about because of having a certain relationship, with the rationale that it will lead to some sort of development that might not otherwise happen, is the way to do it. I believe in markets, I believe in fiscal conservatism, and I believe in small government; that is why I do not believe in the Liberal Party.

This bill is about creating the veneer of fiscal conservatism. Fiscal conservatives do not sell publicly owned assets without putting them into the market. Fiscal conservatives do not borrow money at a higher interest to invest it at a low interest rate. Fiscal conservatives do not borrow money and invest it in a riskier prospect. Fiscal conservatives do not support this sort of rubbish. Fiscal conservatives do not do the sorts of things that are being done by this government.

**DR A.D. BUTI (Armadale)** [10.00 pm]: I also rise to contribute to the third reading debate of the Western Australian Future Fund Bill 2012, and it will not surprise the Treasurer that my main focus will be on the manner and form provision. I would like to make some general comments before I do so.

Much discussion has related to whether it is appropriate for us to have a future fund in the current climate of incredible demand on infrastructure. During debate, there were interjections from the Premier and Treasurer, particularly in regard to the contribution from the member for Cannington. In an interjection from the Premier—who has not seen fit to actually make a major contribution to the debate; only interjection as members spoke—he asked, “Do you support this? Do you support that?” Of course, everything he was mentioning related to the city—the Perth central business district. There is no doubt that we need a vibrant CBD; no-one is arguing with that. As the member for West Swan mentioned, those projects on an individual basis have merit, but the problem is trying to bring them all together and finance them all at once. It is a major problem because I know members on the other side are crying out for things to be done in their electorates. It is hard to stand in this place as a local member and look at the emphasis that has been placed on the CBD when we all have pressing issues in our own electorate. When we look at support, my electorate would be very supportive if the Davis Road underpass was built. My electorate would be very supportive if more money and services were put into Armadale hospital. My electorate would be more supportive if there was a 24/7 police station. My electorate would be more supportive if there were more police officers in the Armadale region. Therefore, it is no good standing in this place and asking whether we support these grand projects, because it is hard for us to say we support them while our projects in the suburbs—where people live—are not being funded.

It is interesting that we have this manner and form provision, because of course the National Party has an agreement in regard to royalties for the regions. The way the National Party has ensured the viability and future of royalties for regions is through the political process. The National Party will take that to the election; it will allow the people of Western Australia to decide whether we should have royalties for regions, which is what should happen in a democratic situation. If the National Party cannot gain the support, there may be a problem for their approach to royalties for regions, but a government should not seek to undermine the democratic process by trying to entrench legislation from one Parliament to another by a manner and form provision. It is incredible that a Liberal government has sought to entrench a manner and form provision in this legislation. As stated in the second reading debate and consideration in detail, we strongly believe that this manner and form provision will not be binding in any case. As the member for Victoria Park mentioned in his third reading contribution, at some future parliamentary period a Liberal or Labor government may seek to change the future fund, and of course money will need to be spent to challenge the binding effect of the manner and form provision in the courts, and probably the High Court. During the second reading debate, and especially in consideration in detail, the Treasurer, who is not in this place at the moment —

**The SPEAKER:** The third reading contribution is not an opportunity to refer back or to revisit second reading contributions or consideration in detail. It is restricted, member for Armadale, to the clauses and schedules within the bill that is currently in front of the house.

**Dr A.D. BUTI:** Clause 10 of the bill is the manner and form provision that attempts to entrench clauses 6, 7, 8 and 9; of course, clause 10 seeks to bind future Parliaments. If Premier Barnett and Treasurer Buswell are so confident about the viability and the policy merits of this legislation, there is no need for them to seek to

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entrench it with a manner and form provision. It is undemocratic, and it goes against normal state parliamentary conventions—and in any case it will not be binding because it does not deal with the constitution, powers or procedures of the Parliament.

Treasurer Buswell has tried to convince this Parliament that it is a binding manner and form provision by saying that if Parliament desired to amend this legislation in the future, there would have to be an absolute majority in both houses, and therefore it would be dealing with procedure. But under that analysis, any act of Parliament could be entrenched and unable to be amended unless a manner and form provision was followed. I am sure the Premier, who has been in this Parliament for many, many years, would not agree with that assessment. It just seems absurd that the government—let us leave aside the merits of the policy of a future fund—has gone down this track of having a manner and form provision. If it is so confident in the merits of the future fund, why not allow the normal democratic process to take its normal course at the election? If people believe in the future fund, they will vote for the future fund. The members of the next Parliament, which will be a representation of the votes of the people of Western Australia—or the Parliament after that or the Parliament after that or the Parliament after that—will decide on the merits of the future fund. If they want to amend it, they should be able to amend it in the normal process, and not have to follow a certain procedure that makes it very difficult to amend the future fund. The Premier and the Treasurer are betraying their democratic conservative philosophy and their belief in the parliamentary system, even though I know the Premier is a strong believer in the parliamentary system and actually enjoys Parliament. Why he would support and put his name to a bill that contains a manner and form provision is something I am confused about. I invite interjection as to why the government feels it necessary to put in this manner and form provision, which in any case is academic because it will not be binding. It was interesting that the Treasurer would not table the legal advice of the Solicitor-General. He could have waived any legal privilege. He could have tabled that advice or read it out, not just pick out excerpts that suited the conclusion he wanted to reach.

The Treasurer is back in the house. I again invite him to table the Solicitor-General's advice because the excerpts he read out in his conclusion to the second reading debate seem to be contrary to what I would imagine a Solicitor-General, with the knowledge and legal quality that the current Solicitor-General has, would provide. I wonder whether the Treasurer read the advice out of context. In any case, the opposition has made its point quite clear that the manner and form provision, in our opinion, will not be binding. We strongly believe that the law is on our side. It also violates the democratic process. It is absurd, regardless of the merit of a future fund.

**MR T.R. BUSWELL (Vasse — Treasurer)** [10.10 pm] — in reply: I take this opportunity to briefly thank members opposite for their third reading contributions, as varied as they were, to the Western Australian Future Fund Bill 2012.

Question put and passed.

Bill read a third time and transmitted to the Council.

*House adjourned at 10.11 pm*

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