

**Extract from Hansard**

[ASSEMBLY — Tuesday, 24 September 2013]

p4574g-4585a

Speaker; Mr Mark McGowan; Mr Peter Tinley; Ms Simone McGurk; Mr Troy Buswell; Mr Peter Watson; Mr  
Brendon Grylls; Acting Speaker; Ms Margaret Quirk; Mr Ben Wyatt

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**STATE FINANCES — AAA CREDIT RATING — SCHOOL BUDGETS**

*Matter of Public Interest*

**THE SPEAKER (Mr M.W. Sutherland)** informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

**MR M. McGOWAN (Rockingham — Leader of the Opposition)** [3.03 pm]: I move —

That this house condemns the Barnett government for its poor financial management that has resulted in the loss of the AAA credit rating and cuts to school budgets.

Over the past five years this government has engaged in poor financial management. Despite having seen record revenues, despite having put up taxes and despite cost-of-living pressures rising beyond anything people in this state have ever seen before, we still have a government that has lost the AAA credit rating. That has resulted in chaos across government, division between ministers and division between the Premier and his ministers. We need no further example of this than what happened in question time when the Premier directly denied what one of his ministers said about the sell-off of state assets such as Synergy and Verve. When we get that poor financial management—when we sow those seeds—we reap this policy chaos across government. One minister is saying something to try to address the problem, another minister is saying another thing and the Premier is contradicting them along the way. In the past few weeks we have seen contradiction after contradiction between ministers and the Premier, the government’s policy direction in shambles and broken promises galore across government. Before the election, the Premier promised that there would be no job losses. We now know that the education portfolio and the number of full-time equivalent employees across that portfolio are being decimated.

**Mr T.R. Buswell:** Decimated!

**Mr M. McGOWAN:** The Treasurer’s job is not on the line. The Treasurer should attend one of the rallies of teachers and education assistants and talk to one of them before he makes fun of such claims. They are losing their jobs. They get paid less annually than he claims to stay in his house in Perth. People are losing their jobs when the Treasurer promised they would not. The Treasurer promised the state’s debt level would be under \$20 billion. The Premier said it would level off and come down. This year the state’s debt level is more than \$22 billion, and it will rise to \$28 billion a few years from now.

The big daddy of all the promises that were broken is the fully funded, fully costed commitment before the state election. During the state election we saw document after document and television ad after television ad, all in red, showing that all the government’s promises were fully funded and fully costed. I expected that that meant that the government’s promises were fully funded and fully costed. It turns out that it meant the opposite. Fully funded and fully costed did not mean fully funded and fully costed; it meant that every promise the government made before the election would be up for grabs after the election. What happened? On the weekend the Premier said that his rail promises may have to go out two years. Today the Treasurer said that that may not necessarily be the case. The government’s poor financial management over five years has blown the best set of books this state has ever seen, which was the hard work of people such as Geoff Gallop, Alan Carpenter, Eric Ripper and Richard Court. The fact that the government has blown all that hard work over those years with its financial management now means that we see confusion in the promises it said it would deliver, with privatisation, debt levels and people’s jobs being lost. It would be fair to say that the education portfolio and the education sector in this state is in turmoil after what has gone on here.

Last week a shocking development brought national attention to Western Australia of all the wrong kind when the Premier lost the state’s AAA credit rating. That credit rating was regained in 2003 by Geoff Gallop as Premier and Eric Ripper as Treasurer. The early 2000s was not a particularly good time for state revenues. From 2003 onwards, revenues improved. The government regained the state’s AAA credit rating from Standard and Poor’s. Despite the huge increases in state revenues in recent years, the Premier has managed to lose the state’s AAA credit rating. That is a cause for national embarrassment and shame. Everyone over east, including all the commentators and the national press, with some justification, have the view that of all the states, Western Australia should be the last state for that to happen to. Yet we find that the Liberal–National government has managed to lose it. What is more embarrassing is the reaction of the Premier to this development. In Parliament last Thursday, the Premier commented on Standard and Poor’s, saying —

The opposition may laugh and think that, but that is not the function of a credit rating agency. It is not. That is a value judgement.

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In other words, he said that Standard and Poor's went beyond its remit and made the wrong decision by saying there was a lack of political will on the part of the government to deal with the state's financial situation. He lambasts Standard and Poor's after making its decision. Talk about shooting the messenger and blaming the umpire! The Liberal and National Parties presided over the last five years, causing the situation we now face. The Premier attacked Standard and Poor's and said it was beyond its remit to do what it did. It was not beyond its remit. This is exactly what it does. Standard and Poor's is a conservative organisation. It goes around the world looking at the state of governments' finances and budgets in First World economies and it comes up with judgements such as this. That is what Standard and Poor's does, yet the Premier attacks it. That is exhibit 1.

The Premier's next attack is an old chestnut. We all remember the GST deal. For the information of members who were not here in 1999—I was—an agreement was signed between the Liberal state government and the Liberal federal government. In debates in this house, the Labor opposition regularly raised the point that perhaps we should put in a component to ensure that if a state's revenue continues to grow, there is a floor—F-L-O-O-R—under which our revenues from the GST cannot decline. Who rejected that? Who was the lead speaker of the government at that time? Who was leading the charge for us to sign up to the federal arrangements as proposed by John Howard? It was none other than the member for Cottesloe. The now Premier was leading the charge against protecting the state's interests. He said, "We'll just sort that out another day." Another day has now arrived and it has not been sorted out. The state is now losing revenue from the GST, yet the Premier goes out and starts the debate once again to take attention away from his own failures. Despite all the denials and claims that it was about ensuring that the state got a fair share and despite all those issues we raised and tried to ensure were part of the original deal, when Tony Jones asked him some fairly straightforward questions on *Lateline*, he answered —

So all states are saying actually GST needs to go up. Now whether the rate goes up, or some of the exemptions are got rid of, that needs to happen.

**Mr C.J. Barnett:** Fair point.

**Mr M. McGOWAN:** The Premier says that is a fair point. There was no talk of it being all about the formula and the distribution between states. The Premier said to put up the GST rate or extend it to food. Then he said —

So, unfortunately one of the tough jobs Tony Abbott is going to have is to step up to the plate as they say and take some leadership on the federation. And front and centre in that will be the GST issue.

...

Do Australians really mind that much if the GST was 10 per cent or 12.5 per cent ...

The day after Tony Abbott was sworn in as Prime Minister of Australia, the Premier asked him to break one of his most significant promises and increase the rate of the GST. That would mean that ordinary families in Western Australia would have to pay more to make up for the state government's financial failures. It is embarrassing that the Premier lashed out at Standard and Poor's, other states and the commonwealth, and the day after Tony Abbott was installed as Prime Minister, he asked him to break a promise because it does not matter. We all know that is the Premier's view because that is what the Premier does every single day in Western Australia. Then what happened? More embarrassment was brought to Western Australia because the national press suddenly realised this guy in Western Australia is telling Tony Abbott to break one of his most significant promises the day after he was sworn in as Prime Minister. The wheels started turning in the national press. It must be read into *Hansard* for the historic record. What did the head of the Whitlam Institute, Terry McCrann from the Murdoch press have to say? Maybe the Whitlam Institute was a slight exaggeration! Terry McCrann's article is titled, "Idiot wind blows in from the west" and the subheading is "Colin Barnett's call for higher GST is incredibly dumb". He asked rhetorically —

Is West Australian Premier Colin Barnett the stupidest man in Australia or merely the stupidest politician?

I asked the Premier that question in question time and he would not answer it! The article states —

And why should the federal government increase the GST? To bail Barnett out from his self-created big-spending mess, which has seen WA state debt explode, culminating in the loss of its triple-A credit rating.

...

Barnett has shown himself to be a state leader who can't balance the books while reaping the huge revenues from the biggest boom any state has ever experienced.

I have to read in this final quote, even though even I feel a bit sorry for the Premier about this one. Terry McCrann wrote —

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So here we have this idiot from the west advising Abbott to trash himself and his government; all for utterly no point.

Persuasive as it might seem in the privacy of what passes for Barnett's brain, it is advice that Abbott has and will continue to politely but utterly reject.

Perhaps if Terry McCrann stood alone, we could say, "Okay, he is just a single commentator in the east." However, he did not stand alone. Alexander Downer, no less, described the Premier as foolish. John Roskam from the Institute of Public Affairs—again, a right-wing conservative think tank—described the Premier's plans to put up the GST as a terrible idea. I think he has a very good point. He said —

For any politician, Labor or Liberal, to be going on national TV and urging their politician colleague to break a promise—that is why democracy gets into trouble.

Of all people, Andrew Bolt went to town on the Premier and on 22 September he said —

First WA loses the AAA credit rating because people like Colin Barnett went on this amazing spending spree, banking that the mining boom would last forever. And then as soon as the whatever hits the fan, he goes crying to the Government for maybe more money from the GST.

He asked for a lift in the rate of the GST and the removal of the exemptions on products such as food, the day after the new Prime Minister of Australia was sworn into office on a platform of not doing that. The Premier tried to impose his own values and his own disregard for promises on the new Prime Minister of Australia. Fortunately, the Prime Minister had the good sense to resist what the Premier had to say. The Premier has created embarrassment after embarrassment after embarrassment for Western Australia. Who suffers? Children in our schools suffer. Last week I raised that prospect, and the Premier tried to make out I was comparing our schools to those in Bangladesh. I stand by what I had to say. When the government takes away those resources and rips out around \$100 million from schools—money that would otherwise go into literacy and numeracy, behaviour management, individual programs, assistance for level 3 teachers and providing primary schools with sufficient staff to cope with absences—all it does is hurt individual schools across Western Australia. An amount of \$100 million was taken from school budgets. Individual schools across the state are suffering as a consequence of the government's changes. Little schools, big schools, high schools, primary schools and education support centres are all suffering as a result of the changes made by this government. No matter how much the government tries to dress it up and make out it is not happening, all those schools are now presenting reports to parents and P&Cs are writing letters detailing the cuts to individual schools. We found more than 16 high schools will lose more than \$500 000—some much more—from their annual allocations of full-time equivalent staff; 18 high schools will lose more than \$400 000; 22 high schools will lose more than \$300 000; and the list goes on. More than 48 primary schools will lose \$200 000; and more than four primary schools will lose more than \$300 000, including a number in Warnbro and Rockingham in my part of the state. These are schools at which the parents of particular students do not like what is going on.

But what all these cuts to education and all the attacks on children of 457 visa holders can be brought back to is that, despite record revenues, the Premier and Treasurer have not been able to manage the state's finances over the last five years. No matter how much they ask, "What would you do, Labor opposition?" it is three and a half years to the next election and we will detail our commitments in the lead-up to it. No matter how many times the Premier says it, I will not endorse his breaking of promises. My side will not allow the Premier out with any simple excuses for breaking his promises when revenues are increasing and he was elected on the back of those commitments to rail, to not privatise and to individual schools and the like across the state. We will not let the Premier and Treasurer out of their commitments. That is not the role of an opposition. No matter how many times they try to make out that it is our responsibility, they are wrong. This is their responsibility; the Premier and the Treasurer created it, and we will hold them to account for these changes and these mistakes.

**MR P.C. TINLEY (Willagee)** [3.20 pm]: I rise to support this matter of public interest. This government has made a virtue out of blaming others, of misdirection, of misquoting and of abdicating its responsibilities.

I direct my comments in this MPI today to the backbench, particularly the class of 2013. They have come into the party of their choice and been sold a pup because they now have to go back to their supporters and explain why this government is rudderless, leaderless and spineless. This is a government of backflips, of lies and of misdirection; it blames others. They have seen it all here. There is no better example than Muja AB when the failed Minister for Education and failed former Minister for Energy can do nothing more than blame his own department and not take responsibility, leadership or control, as he ought to. This government will also tell people that, after the 2013 election, it was suddenly ambushed by an unexpected set of books as if it was a new government that had just got in and uncovered a dirty great big black hole. This government has been in office since 2008 and it has known since then from its own forward estimates and its own government departments

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what to expect. The Department of Planning, no less, puts out a population bulletin. The Premier might say 1 000 people move over here a week as though it is something he has just discovered, but that has been happening since 2008. The population bulletin from the Department of Planning has told him so. He does not need to be Einstein to take the next step. If 1 000 people a week are moving here, what extra services do they need, such as education, policing and utilities? The list goes on, not least of which is a public transport system that works properly and meets their needs.

This government has been too quick to invest in vainglorious monuments to itself and to its perception of its legacy instead of doing what state governments ought to do—deliver services to the people of Western Australia. When expenses growth has got out of control to the order of 36 per cent since this government came to power in 2008 and the government does nothing about it, it is letting down its constituents. The constituency of the conservative side of this house should be much aggrieved over backflips on tax cuts, and renegeing on axing stamp duty on non-real assets. Members opposite should hang their heads in shame and, in their party rooms make sure the leadership of their party does what it should be doing—servicing the people of Western Australia, and they know it. They know when, on the steps of this Parliament we hear backflips on issues such as the Dadour amendment and senior ministers are caught off guard. Members opposite know that is not leadership; it does not drive a government with a vision; it does not drive opportunity and vision for this state. It is an out-of-control, rudderless, spend and tax government. I am ashamed that after winning a second term with the biggest mandate this state has ever seen, it is squandering that mandate and the legacy it was left. What happens when spending is out of control? No less important is the Department of Education, the one place to which any state government ought to be able to deliver true change, both economic and social. The Department of Education's expenses have increased 15 per cent over the time of this government, yet it has done nothing about calling the department to account. After taking office in 2008, the government did not make the hard decisions early and, as a result, it has had to impose itself on that department and on the failed minister, the Minister for Education, who has failed at energy and at education. On this very day, evidence of that has been revealed in the other place. With a budget of \$3.8 billion, neither the minister nor his director general could answer the simple question about what percentage of the \$3.8 billion is wages. We expect them to come before the Standing Committee on Estimates and Financial Operations with that sort of information. They could not say how many people are on fixed-term contracts. That is no help to me in my electorate where for eight years a poor teacher has been on 12-monthly fixed-term contracts. She has struggled and worked hard to achieve level 3 teaching status, but she will fall into the abyss and people like her will not be counted when determining who will not be affected by the cuts. This government is out of control. It needs to be reined in. It does not believe in anything. It needs to deliver true change.

Several opposition members: Hear, hear!

**MS S.F. MCGURK (Fremantle)** [3.26 pm]: I will not speak for long but I want to support this motion, particularly how it relates to the cuts in school budgets. I also want to speak about the unfair fees 457 visa holders will have to pay for their children to attend school. A report has just come from the Standing Committee on Estimates and Financial Operations in the Legislative Council that indicates that the education minister, Hon Peter Collier, revealed that millions of dollars expected to be sourced as revenue from those fees will not be retained by the Department of Education or schools but will go direct to Treasury. In fact, the education minister also revealed he had no role in implementing that policy. He was asked by Hon Ken Travers in the estimates committee hearing —

“I mean, what role has your agency had in developing these figures that were in the budget papers?”

Mr Collier replied, “None”. The director general of the education department, Sharyn O'Neill, told Parliament that she did not receive any requests for information from the government or Treasury about these changes. It is extraordinary that schools are expected to shoulder the burden of losing students from their ranks, some of whom will rely on the attendance of children of 457 visa holders. Neither Treasury nor the education department has given any consideration to what impact the return of 457 visa holders to their countries of origin with their school-aged children and families will have. No wonder the finances of our state are in the parlous condition they are in.

A constituent of mine, Emma Herrick, spoke to me yesterday about a meeting she had with either the education minister or his advisers—I am not sure whether it was the minister—when she asked what economic modelling had been done to see what knock-on effect that might have on the state's finances. The minister's advisers could not answer that question and could not talk about any modelling that had been done about what flow-on effect the visa charges will have. It is obvious that the budget cuts and the financial impost on 457 visa holders and their families have been badly thought through, and for that reason I support this motion.

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**MR T.R. BUSWELL (Vasse — Treasurer)** [3.29 pm]: This matter of public interest debate is remarkably similar in content to a discussion we had in the house last week in relation to the same topic; however, I am happy to —

**Mr M. McGowan:** It's actually a big deal.

**Mr T.R. BUSWELL:** I know it is, Leader of the Opposition; that is why I am surprised the Leader of the Opposition built an entire argument around his capacity to cut and paste articles out of the weekend tabloid newspapers from the eastern states.

Several members interjected.

**Mr T.R. BUSWELL:** The entire capacity —

**The ACTING SPEAKER (Mr I.M. Britza):** Member for Kwinana, and other members on my left.

**Mr T.R. BUSWELL:** The entire research capacity of the Leader of the Opposition's office is constrained to its ability to get newspaper clippings out of eastern states tabloid newspapers! That is it! They cut and paste them together —

Several members interjected.

**The ACTING SPEAKER:** Member for Cannington, I call you for the first time.

**Mr T.R. BUSWELL:** They cobble them together and come into this place to try to present them as some sort of argument. Well, the Leader of the Opposition fell well short.

**Mr M. McGowan:** So were those people wrong?

**Mr T.R. BUSWELL:** Leader of the Opposition, I think the turn of phrase they used was “political wind blowing in from the west”, not acknowledging that nearly \$19 billion of support for the rest of this country flows out of this state—in fact, nearly \$20 billion; \$19.993 billion of net redistribution of resources from Western Australia to the rest of Australia. They do not talk about that. That does not come cheap. That requires investment to support the economy and it requires investment to support the population of this state, and that investment is happening and that investment will continue to happen. I will talk at the end about the legacy that the past five years will leave for the people of Western Australia, because it is a substantive legacy that will serve generations of Western Australians for years and years and years to come.

The Leader of the Opposition used terms like he did last week—“chaos” and “contradiction”; well, the greatest contradiction, again, is exhibited by the opposition in this chamber today.

Several members interjected.

**The ACTING SPEAKER:** Member for West Swan, I am calling you for the third time. Members on my left, you were heard in comparative silence; I want to hear the Treasurer.

**Mr T.R. BUSWELL:** The contradiction is in the basis of the opposition's approach to the financial management of the state.

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

**Mr T.R. BUSWELL:** I will repeat it again in very simple terminology, member for Armadale, who of course has a wish list for his electorate a mile long, but then comes into this place and criticises the government for spending too much money, as did each of his 20 lower house colleagues during their Address-in-Reply. The Labor Party simply cannot run that argument, Leader of the Opposition. It cannot run the argument that the government is not spending enough on a whole range of services or a whole range of infrastructure projects, and yet debt is too high! The Leader of the Opposition cannot have his cake and eat it if he wants to be seriously regarded as the alternative Premier of this state. The Leader of the Opposition simply has to have the courage to nail his flag to the mast and outline his plan. He refuses to do it. He has no plan. He comes into this place and, as I said last week, has effectively dealt himself out of meaningful debate around this issue. I suspect the Leader of the Opposition uses these debates not so much to address what is before us—it is a serious issue—but to attempt to rewrite history in terms of his loss at the last state election. That is all it is; a forum for him to come into this place and offer up a whole range of explanations for the people of Western Australia not supporting him and his party at the last state election. A classic case in point is the basis of this debate today in that on the one hand the opposition criticises the government for, effectively, spending too much money and losing the AAA credit rating, while at the same time opposing every single dollar of any reform designed to improve the efficiency of the education system. When Standard and Poor's referred to political will, it raised some issues —

Several members interjected.

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**The ACTING SPEAKER:** Member for Bassendean, I call you for the first time.

**Mr T.R. BUSWELL:** Standard and Poor's raised some issues about the performance of this government in and around that issue, and it is right. But if it looks at the Leader of the Opposition's commentary on this, it would raise a whole lot more issues. How can the opposition come into this place and, within the framework of this debate, criticise the government for developing a plan to deliver what I think are modest efficiencies in the delivery of education? At the end of the day, Leader of the Opposition, a system by which for every nine additional students—give or take—one extra full-time equivalent is generated is quite simply not sustainable.

**Mr M. McGowan:** It's not sustainable to break promises all the time either.

**Mr T.R. BUSWELL:** That has nothing to do —

**Mr M. McGowan:** It absolutely has; it has everything to do with it.

**Mr T.R. BUSWELL:** — with a promise in any way, shape or form, Leader of the Opposition. It has to do with efficiency of service delivery in government, and the Leader of the Opposition does not have the ticker to deal with those issues!

Several members interjected.

**Mr T.R. BUSWELL:** The Leader of the Opposition is happy to go out there with his union mates and get the cheap applause at the rallies!

Several members interjected.

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

**Mr T.R. BUSWELL:** The Leader of the Opposition simply —

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

**The ACTING SPEAKER:** Member for Kwinana, I call you for the second time.

**Mr T.R. BUSWELL:** When it really will be tested is when we have a look at some of the guidance, if I can put it that way, that Standard and Poor's has provided to the government in terms of a mechanism —

**Dr A.D. Buti:** We should not be in that position.

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

**Mr T.R. BUSWELL:** The member for Armadale should read his reply to the budget speech and add up the total amount of money he came into this place and begged for, for his electorate.

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

**The ACTING SPEAKER:** Member for Armadale, I have given you a lot of leeway with your interruptions.

**Dr A.D. Buti:** He interjected!

**The ACTING SPEAKER:** No. I am calling you for the third time, member for Armadale.

*Point of Order*

**Mr P.B. WATSON:** The Treasurer is continually baiting people on this side and they are answering, and you are calling us to order. I think if the Treasurer could have a proper debate, he would not get the interjections from this side.

**Mr B.J. GRYLLS:** Further to that point of order —

Several members interjected.

**The ACTING SPEAKER (Mr I.M. Britza):** That was uncalled for. I want the point of order heard in silence.

**Mr B.J. GRYLLS:** I was having great trouble hearing the Treasurer because of the interjections of the member for Armadale, and it would be good if the debate could proceed without constant interjections.

**The ACTING SPEAKER:** Members, there is no point of order. I just remind members that arguments have been heard from both sides that could have easily been responded to. But I caution the Treasurer to please keep to his arguments.

*Debate Resumed*

**Mr T.R. BUSWELL:** As I was saying, Standard and Poor's has provided some very strong guidance on what is required. It has provided it under its broad description of "budget flexibility". Budget flexibility involves revenue

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matters, expenditure matters and asset sales. So far, I have heard nothing but opposition from the Labor Party to any of those steps. All it will do, and all it has clearly indicated it will do, is oppose all the steps we will be required to take to address the issues Standard and Poor's has identified using the mechanisms it has suggested we should use. That is what the opposition will do. The big test for members opposite will be when the reforms to the Public Sector Management Act come into this place later this year; I cannot wait to see where the opposition positions itself around that.

Several members interjected.

**Mr T.R. BUSWELL:** That will be a test of the opposition's credibility. It is part of a plan we put forward in the budget that Standard and Poor's has endorsed. When we read the comments of Standard and Poor's, there is no doubt that it endorses the measures the government has committed to as part of the budget process. It is true that it has concerns about our willingness to implement some of the more substantive elements of the plan outlined in the budget and the fiscal action plan. In a way, I cannot blame Standard and Poor's, but we will see over the next three or four months who has the capacity to support those changes and to drive that reform in the Western Australian public sector. About 40 per cent of expenses in the general government sector, give or take, are made up of wages. About 60 per cent of growth in expenditure in the last financial year came from employee-related expenses. It is the single most important area that we have to focus on reforming.

I thought I would once again provide the house with my views—I think they are reasonable—on what Standard and Poor's has said in the document it released last week on 17 September—its research update. As I said in the house last week, Standard and Poor's has confirmed, as it identified in October last year, that there are structural issues embedded in the finances of WA. Those structural issues relate to growth in expenditure relative to revenue, levels of debt, inherent revenue volatility and population pressures. It has noted that we have to change it. It is a clear message to the state government. As I said last week, it is also a clear message more broadly to the community of Western Australia. There are significant problems with the business model of government in this state, and we simply have to reform it.

A lot of the commentary and observation of Standard and Poor's has been reasonably accurate. Its update also notes that some of the measures the government flagged it would introduce in its budget, particularly around workforce reform, are very important measures. I will just read the sentence again. It states that, overall, its view of financial management is positive; however, it considers that WA's financial management is more aggressive than that of domestic peers. That means we are more aggressively pursuing a reform agenda. We will need to show political will and nerve to deliver on that reform agenda. If we do not, we simply will not address the challenges between revenue growth and expenditure growth. Although we can look at asset sales and our capital investment program, which we will, if we cannot do the first, those other two become relatively insignificant. In other words, if we do not address that structural issue, other changes we make around our asset program and other changes —

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

**Mr T.R. BUSWELL:** Sorry, member for Armadale?

**Dr A.D. Buti:** The Treasurer who lost the AAA rating; that will go down in history!

**Mr T.R. BUSWELL:** Does the member for Armadale want me to get his contribution to the second reading debate and read out all the things he practically begged for?

**Dr A.D. Buti:** You are the Treasurer!

**Mr T.R. BUSWELL:** Moving on, that is the fundamental issue. There are a couple of other points that Standard and Poor's make. I will shortly refer to the third page of its document. The opposition often gets up and says that revenue growth has been very strong. It has been for some of the years. Standard and Poor's made the observation that WA's very strong economic growth has not translated to very strong revenue growth. That is the case and that is a fact. Economic growth drives population growth, or is related to population growth. It drives demand for government spending on infrastructure. It drives demand for government spending on services. There has been disparity between the rate of economic growth and the rate of revenue growth.

If I can locate them on my desk, I will share some figures with the house about what happened in 2012–13, perhaps to put that into perspective. The state's finances are now pretty much signed off. The *Annual Report on State Finances* will be released this week. That shows some interesting things. It confirms some of the trends highlighted in the budget. I will pick up on the point of Standard and Poor's about strong economic growth not translating to very strong revenue growth. Last year, the state's economy, as measured by real gross state product, grew by 5.75 per cent, give or take. Real state final demand was 4.9 per cent. Revenue grew by two per cent. If we take out the 2008–09 year, which was during the global financial crisis, that is the lowest rate

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of revenue growth for around 12 to 15 years. That was a very low rate of revenue growth. The flipside is that expense growth grew by only 3.7 per cent last year, which is a good outcome. It was still higher, though, than revenue growth. It is the lowest outcome in 14 years in Western Australia. There is still a disparity. Out of interest, \$7.4 billion was spent on infrastructure in this state last year. That was last year's asset investment. That is the highest level of infrastructure spending ever in the state's history. GST receipts were down by over \$500 million from the preceding year. Royalties were pretty much flat last financial year. It is not the case that we are awash with cash when we compare it with the rate of economic growth and the rate of population growth, which of course are the drivers of demand for government infrastructure spending and are the drivers of demand for government service provision.

Last week I said that the challenge for the government, in relation to what Standard and Poor's said, is to deliver the components of the fiscal action plan that we have developed and to continue to develop a measured response. I think that is really important. It is really important that we avoid a knee-jerk response to what is a serious message. It is really important that we develop that measured response. I want to spend a couple of minutes highlighting what that measured response will include—that is, things that we have already announced and things that we will announce. It needs to include an appropriate mechanism by which we will review our asset investment program. We need to understand where every dollar we planned will go and to understand whether those investments are still justified in the current climate. I do not make any apologies for that. It is too early yet, or not appropriate, to make announcements, but it is incredibly important that we work through an appropriate process. We also need to look at pulling together in a more formal way a lot of the 10-year asset investment plans that our agencies have to develop a longer term view of our asset investment profile in Western Australia. We have to be careful that we do not make short-term responses to issues involving long-term investments in infrastructure, which clearly have —

**Mr M. McGowan:** What does that mean in terms of commitment?

**Mr T.R. BUSWELL:** The Leader of the Opposition asked me the question today. We are looking at every element of our asset investment program to understand our capacity to deliver those within the changed environment that we are dealing with. I do not make any apology for doing that. My very strong view is that that is what the people of the state would expect of us, and nothing less. In terms of asset investment, we are looking at what we are doing, but, importantly, casting a longer term eye over what we intend to do so we can better understand that longer term profile—10 years or maybe more—and how we anticipate that will flow through and impact on debt.

**Mr P.C. Tinley:** What do you mean by “structural imbalance”?

**Mr T.R. BUSWELL:** Structural imbalance, member for Willagee, means —

**Mr P.C. Tinley:** What are you going to do? Obviously, it is not revenue control!

**Mr T.R. BUSWELL:** We will do things such as reform the education sector—the sorts of things that the opposition opposes. We will do things such as reform the way we employ public servants in Western Australia, which I suspect the opposition will also oppose. There will be a whole range of innovative approaches to deal with structural imbalances, which are supported by Standard and Poor's.

There is an asset investment component and a balance sheet component. In my view, it is entirely appropriate that the government, in particular in the current circumstances, not only has a close look at its balance sheet and at individual assets on the balance sheet, but also understands whether those assets are best held by the state or by the private sector. The argument is that if they are not held by the state and are held by the private sector, it helps reduce debt and may provide a source of funding for investments we were otherwise going to make. We are simply not going to engage in a fire sale of those assets. They are far too valuable to the people of WA, but, again, I maintain very strongly that that is a legitimate activity for the state government to be engaged in. Perhaps we should have done it earlier, but it is a legitimate activity —

**Mr D.J. Kelly** interjected.

**Mr T.R. BUSWELL:** We know where the member for Bassendean stands on these things. He is a public policy Luddite.

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr D.J. Kelly:** Is that your favourite word—Luddite? You used that last week!

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**Mr T.R. BUSWELL:** It is quite an appropriate word for the member for Bassendean. “King Ludd” we might call him!

**Mr W.J. Johnston:** Who’s “King Ludd”?

**Mr T.R. BUSWELL:** The leader of the Luddites! I will show the member afterwards.

**Mrs M.H. Roberts:** Is that the best you can do?

**Mr T.R. BUSWELL:** No; I am moving through.

It is appropriate that we look at the composition of the balance sheet. There are really three components to what we need to be doing. It involves balance sheet assessment, the asset investment program and the implementation of the components identified in the budget that will help deal with the structural imbalance. I think Standard and Poor’s is right to say that that is a big test for the government, and it will be. I am pretty confident—in fact, I am more confident now than I have been for a long time—that we will meet that test. I am more confident than I have been in a long time that we have the resolve to stand up and make those difficult decisions, argue in support of those difficult decisions and, importantly, implement those difficult decisions. I do not think that they are going to be easy. I do not think that it will be easy to get legislation through this Parliament that gives us the capacity to engage in involuntary severance for people in the public service. I do not know; I could be completely misreading the Leader of the Opposition. But, on form to date, the only outcome to that would be opposition, notwithstanding the fact that we are the only jurisdiction in Australia, as I understand it, that does not have those provisions in its employment relationship with its public servants. I suspect that there will be significant protests on the steps of Parliament House and that they may dwarf the protests about the education reforms. I suspect that they will, but we have a resolve to deliver on that reform. It is the core fundamental —

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr T.R. BUSWELL:** We will see where the member for Mirrabooka puts her hand up! She sits over there in the parliamentary branch of United Voice —

Several members interjected.

**Mr T.R. BUSWELL:** I will be interested because this reform is good but it is fundamentally important —

**Mr D.J. Kelly:** Is she “Queen of the Luddites”?

**Mr T.R. BUSWELL:** No, not at all.

I do not want to go on about it too much, but if members look at the composition of the fiscal action plan, they will see that the single biggest contributor is that particular suite of reforms. It is reform around the public sector workforce—how we employ and how we manage our staff—and around the way we manage our wages bill that is critically important. We are committed to delivering that reform.

Again, I just want to close with some observations on this issue of legacy.

**Ms J.M. Freeman:** Queensland and Victoria!

**The ACTING SPEAKER:** Member for Mirrabooka, we have heard it.

**Mr T.R. BUSWELL:** The member for Mirrabooka can always get up and speak. It might be her faction’s turn this week. I do not know how that all works over there.

We have made a massive investment in health, education and transport infrastructure, and in infrastructure that is transforming the city of Perth and regional communities the length and breadth of Western Australia. I make no apology for the fact that the government has had to borrow money and made a conscious decision to borrow money to invest in that infrastructure. We will deal with the issues that Standard and Poor’s identified. We will deal with issues around state debt. But we will leave a legacy for future generations of Western Australians built on those massive—I think once-in-a-generation—investments in infrastructure to service the people of this state and to support the state’s economy.

**MR B.J. GRYLLES (Pilbara — Minister for Regional Development)** [3.54 pm]: I take the opportunity to speak on this debate today. It pains me to have to oppose those opposite who are wearing their purple ties and purple scarves because we should be united at the moment. The three speakers today have all donned the purple, which is a virtue; however, after listening to the debate, there is absolutely no way that the motion the opposition has put before the house can be supported.

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The Treasurer finished on the legacy that this period of infrastructure investment will leave to the state and this needs to be compared with the comments that the Leader of the Opposition made in his contribution. He talked about the legacy that the Labor government left the state in 2008 in its debt level and the state of the economy. I well remember that period from 2001 to 2008. I sat on the other side of the chamber somewhere up towards the back and I watched what happened to the development and growth of Western Australia. I can sum it up by saying that I do not think that the Gallop or Carpenter government took the opportunity to invest in the infrastructure that we needed in Western Australia to set our state up for the future. Yes, the previous Labor government delivered debt of just under \$4 billion to the new incoming Liberal–National government, but a big challenge came with that. Debt may well have been low, but the infrastructure of metropolitan Perth and regional Western Australia had been completely wound back and it was a disgrace. It was an absolute disgrace!

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr B.J. GRYLLS:** I do not think that the previous Labor government had the ticker and the mettle to take those decisions to invest to grow the state. It makes me think of Ryan Crowley on the weekend and what he said to Kieren Jack after he ducked. When they needed to stand tall and take that tough mark, they ducked. That is what members of the Labor opposition did when they were in government; they did not seize the opportunity to back into the pack and make the hard decisions to set the state up for the future.

Several members interjected.

**Mr B.J. GRYLLS:** The previous Labor government did have the AAA credit rating; I agree with that. But I tell members opposite what they did not have: they did not upgrade the prison vans when people in Western Australia's prison system were dying in the back of prison vans. They did not invest in Kalgoorlie Hospital —

Several members interjected.

*Withdrawal of Remark*

**Ms M.M. QUIRK:** The minister has misled the chamber. He is talking about people dying in prison vans when it was an individual.

**Mr B.J. GRYLLS:** The bottom line was that the previous government did not make the decisions to invest in the important infrastructure of Western Australia. It did not make that decision because I remember sitting in the cabinet when we made the decision to invest the millions —

**The ACTING SPEAKER (Mr I.M. Britza):** I just want to clarify that we are taking away “people” as opposed to “one person”. It is a small point, but it is an important one.

**Mr B.J. GRYLLS:** I stand by the comments that I made.

*Debate Resumed*

**Mr B.J. GRYLLS:** We made the decision to put millions of dollars into investments that were critical for growth, such as Kalgoorlie Hospital. It was talked about by the Labor Party at election after election, but it did not make the decision; the Liberal–National government came to power and made the decision to invest in the hospital. At the launch of Kalgoorlie Hospital last year, a local Indigenous leader of the community said, “Walking into this hospital is just like walking into a hospital in Perth.” It is just like walking into a hospital in Perth because we made the investment in that infrastructure. Albany Hospital was talked about year after year and never done. The Albany community is now benefiting from a massive investment in Albany Hospital. Yes, the previous Labor government kept debt low, but it did nothing. It did not set up the state for opportunities in the future.

Several members interjected.

**Mr B.J. GRYLLS:** Let me now move to the Pilbara where I think the previous Labor government's greatest and most disastrous legacy was left. That was at —

**Ms M.M. Quirk:** Fibreglass cows and singing toilets!

**Mr B.J. GRYLLS:** The fibreglass cows raised \$400 000 for charities in Western Australia.

Several members interjected.

**Mr B.J. GRYLLS:** Members opposite criticise it. The biggest criticism of the royalties for regions program was a fundraiser that raised \$400 000 for charities in Western Australia!

In the Pilbara, when it was clear that there was potential —

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Several members interjected.

**The ACTING SPEAKER:** I do not want any other conversations.

**Mr B.J. GRYLLS:** When it was clear in the Pilbara that there was potential for the expansion of the resource sector, again, the Labor Party in government ducked. It missed the opportunity to make the investment and that is why there was no land, no community infrastructure and no support for the community. That is why rents went up to \$3 000 a week and that community imploded. That is why when that community had the opportunity to pass judgement on the Labor Party in the 2013 election, it did! It threw the Labor Party out of the local seat. Members of the community said, “We want a government that will invest in the infrastructure of the future. We want that infrastructure invested in now and we want to make sure that our community can benefit.” As the Treasurer said, whether it is in the CBD of Perth, the suburbs of Perth or regional Western Australia, decisions have been made to invest in the infrastructure for growth and that will have a legacy for years and years to come.

I concur with the Treasurer that the Liberal–National government will make the tough decisions to win back the AAA credit rating. We will take heed of what Standard and Poor’s has said. When we win back that AAA credit rating —

Several members interjected.

**The ACTING SPEAKER:** Members! Thank you, minister.

**Mr B.J. GRYLLS:** There are absolutely no prizes for the Labor Party now that it is in opposition for saying that it maintained the AAA credit rating during its term in government, because it did not do anything. The people of Western Australia made that decision in 2008, and they made that decision in 2013. They put us in charge of rebuilding the state and setting it up for the next 100 years, and the Liberal–National government will do that. We will make the tough decisions over the coming months to rein in expenditure growth, as the member for Willagee called for. We will make sure that we do not have massive contradictions in the debates in Parliament whereby the opposition criticises the Barnett government for its poor financial management but then it raises reform of the education budget as a negative. There is a double negative in the very motion that the opposition has brought to Parliament today. The Liberal–National government is proud of the decisions it has made. We will take the advice of Standard and Poor’s and we will make sure that Western Australia is set up for the future, unlike what happened at the start of this century when Western Australia had the opportunity to invest in growth and that opportunity was missed. That is what happens when the opposition does not back into the pack and that is what happens when it ducks its head. The Liberal–National government will not do any of that.

**MR B.S. WYATT (Victoria Park) [4.01 pm]:** The contribution from the Treasurer was very interesting. The problem is that it was not given in January this year. I think we recall all the promises made by the Treasurer and the Premier going into the election. The Treasurer talks about suddenly having ticker. I do not recall him complaining about the education funding model or the operations of the Public Sector Management Act before the election. That is the ticker when he says during an election campaign that all the government’s promises are fully funded and fully costed and it will impact net debt by only \$1.2 billion. People are entitled to think that maybe the government is telling the truth during an election campaign. The Treasurer has presided over this disaster. He has given us this loss of the AAA credit rating. He says that the test is on us. He has failed the test. When that credit rating downgrade happened, he failed the test. Now he is saying that this is a warning sign for the community. What did he say after the budget? He said that there was no limit on debt. Why was that? It was because the Treasurer said that the community wanted him to do that. Now the community is at fault for the problem with debt! These guys operate like a bunch of commentators. All the time they are commentating, commentating, commentating. The Treasurer seems to think that his job finishes with a glib line in Parliament. Every time the Treasurer has said over the past five years that the government has to cut its cloth to suit, he has walked out of Parliament and said, “Job done.” There were half a dozen occasions. Has he ever actually done it? No. The seven deadly sins of the Treasurer are the very reason why we have lost our credit rating. Let us not forget the budget last year. Net debt was peaking and then it was declining. They are the first and second sins. When the Treasurer hides revenue—the Insurance Commission of WA dividend—and is deceptive, we know that there is a problem with the way the finances are being managed. The third sin was when he talked about wages and the operation of the Public Sector Management Act. The nurses’ deal was signed by that well-known Liberal Peter Conran during the caretaker period of government. Under the wages policy, they were entitled to 8.25 per cent, but the Treasurer threw 14 per cent at them. Now he gets up in this place and talks about controlling growth in wages. The fourth sin was the fully funded, fully costed line with a net debt impact of \$1.2 billion. That was perhaps the greatest lie we have heard in an election in the last little while. For his fifth sin, the KPMG report showed that the Treasurer signed the guarantee that exposed taxpayers to the debacle that is Muja. The sixth sin was the solar feed-in tariff. Part of the Treasurer’s fiscal action plan was an illegal idea when he said, “We’re going to walk away from the contracts.” He said, “We’re going to stick with this”, but the

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dynamic decision-making processes of government overruled him. The seventh failure was regarding 457 visa holders. What a failure by Treasury! The number of students has gone from 8 500 down to 4 000 or 4 500. Did Treasury consult the Department of Education? No.

These are the Treasurer's seven deadly sins from the last 12 months. He has failed dramatically. He should not get up in this place and lecture the opposition. We did not preside over the spending mess that he has got us into. We did not preside over the loss of the AAA credit rating. That is his legacy, so he should not get up in this place and ask whether the opposition will support him to get out of the quagmire that he has got himself into. He is right; we are not going to do that. If he admits that fully funded, fully costed with net debt of \$1.2 billion is a lie, I will start thinking about the decisions that he is going to make because he did not have the ticker to mention it before the election.

*Division*

Question put and a division taken, the Acting Speaker (Ms J.M. Freeman) casting her vote with the ayes, with the following result —

Ayes (16)

Dr A.D. Buti  
Mr R.H. Cook  
Ms J.M. Freeman  
Mr W.J. Johnston

Mr D.J. Kelly  
Mr M. McGowan  
Mr M.P. Murray  
Mr J.R. Quigley

Ms M.M. Quirk  
Mrs M.H. Roberts  
Ms R. Saffioti  
Mr C.J. Tallentire

Mr P.C. Tinley  
Mr P.B. Watson  
Mr B.S. Wyatt  
Ms S.F. McGurk (*Teller*)

Noes (32)

Mr P. Abetz  
Mr F.A. Alban  
Mr C.J. Barnett  
Mr I.M. Britza  
Mr T.R. Buswell  
Mr G.M. Castrilli  
Mr V.A. Catania  
Mr M.J. Cowper

Ms M.J. Davies  
Mr J.H.D. Day  
Ms W.M. Duncan  
Ms E. Evangel  
Mr J.M. Francis  
Mrs G.J. Godfrey  
Mr B.J. Grylls  
Mr C.D. Hatton

Mr A.P. Jacob  
Dr G.G. Jacobs  
Mr S.K. L'Estrange  
Mr W.R. Marmion  
Mr J.E. McGrath  
Mr P.T. Miles  
Ms A.R. Mitchell  
Mr N.W. Morton

Dr M.D. Nahan  
Mr D.C. Nalder  
Mr J. Norberger  
Mr D.T. Redman  
Mr A.J. Simpson  
Mr M.H. Taylor  
Mr T.K. Waldron  
Mr A. Krsticevic (*Teller*)

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Pairs

Mr F.M. Logan  
Mr D.A. Templeman  
Mr P. Papalia  
Ms J. Farrer  
Ms L.L. Baker

Mr I.C. Blayney  
Dr K.D. Hames  
Mr R.F. Johnson  
Mr R.S. Love  
Mrs L.M. Harvey

Question thus negatived.

*Tabling of Paper*

**Mr T.R. BUSWELL:** I table the document I referred to earlier—"Western Australian State Aviation Strategy: Draft for Public Comment — August 2013".

[See paper 847.]