

**DUTIES LEGISLATION AMENDMENT BILL 2013**

*Second Reading*

Resumed from 12 June.

**DR M.D. NAHAN (Riverton — Minister for Finance)** [10.04 am] — in reply: I would like to complete my comments on the Duties Legislation Amendment Bill 2013. The purpose of the bill is to have a tax that was scheduled to end on 1 July 2013 continue for an indefinite period. As I indicated before, we come to this decision reluctantly, but we do so for a variety of reasons. First, in the latest commonwealth budget announcement, which gave the latest 2013 Commonwealth Grants Commission update, there has been a substantial reduction in the forecast goods and services tax revenue to the state to the tune of \$1.2 billion over the next four years—\$300 million a year. Over the last five or six years, although we have experienced very large drops in our GST revenue, we have replaced that revenue primarily through a growth in iron ore royalties, which had been fine. However, iron ore royalties, and royalties in general, are extremely volatile sources of income. I do not profess to be able to forecast iron ore revenue flows very accurately, because forecasts are based on spot market prices that vary significantly and, of course, exchange rates. I add that about a year ago the prices were in the vicinity of \$150-plus a tonne and in November they dropped to \$80 a tonne. They shot back up to about \$130 to \$140 a tonne and the last time I saw them they were about \$112 a tonne—that indicates the volatility of the market. The volatility has increased somewhat because the prices are in US dollars and so the exchange rate has to be applied. I learned long ago not to get into the business of trying to predict exchange rates. Therefore, there is a lot of volatility in our revenue stream and there are, without question, rising costs. Western Australia has a lot of demands on its public services with the population growing at three per cent a year and growth, for the first time in a decade, in the public school system, which is nothing but a positive; and, of course, there is inexorable growth in hospital and other demands, and we have a very thin budget. We take the perspective that it is imperative that a state live within its means and that if expenditure is growing, it has to be met on a recurrent basis, not capital, and it has to be matched by revenue. Therefore, we have come up with this policy to continue a tax, which, I might add, has been on the books and imposed since medieval times and since the foundation of the state, so it is an old tax. I will not say that it is a good tax, but it is an old tax and we will continue with it until we have found the capacity to cut it. We will also, no doubt in the budget and otherwise, work on the expenditure side. This is a signal to the public that we will live within our means and work on the revenue and expenditure side of the equation.

I might add that I think, as a person who has made a lot of comments about taxes and the types of taxes, that this is not the best tax in the world. As we discussed the other day, the existence of this tax has been debated for nigh on 15 years and decades before, and it was hoped that the tax would be eliminated after the GST began operation. It has not been eliminated. It was not eliminated in the first GST deal and it has been considered for elimination repeatedly by governments in Western Australia, both Labor and Liberal. We would like to get rid of it, but we need revenue now and, to be honest, even though this is not a good tax, there is no tax base open to the state that is any better.

Over the years our options have been wound down to a package of rather destructive taxes, and I will go through a few of them. There is payroll tax, which is not very good. The second largest is stamp duty and conveyancing fees on residential property, which is even worse. I might add that, over the past five years, in real terms, that tax revenue has dropped by 50 per cent or thereabouts. Payroll tax collections are up. There is also motor vehicle registration tax and land tax, which has been down because of stagnant land prices. There are very few options. That is an illustration of the mess that state and federal fiscal relationships are in and something that is a national priority crying out for reform. That is kind of extraneous, but when we get into issues of revenue raising we will be at the pointy end of the stick, no matter what we do. That is the reason we are retaining this tax.

We have had a long debate here, some of which has been entertaining, about transparency and being forthright with the public. I respect the responsibility of the people on the opposite side to hold us accountable for our actions, particularly on taxes. I welcome it. That is a major restraint on governments going too easy on the tax side. I assure members that we do this reluctantly only because it is necessary. We will work on both the tax and the expenditure side of the budget but our priority is to have the state grow, to provide adequate and efficient government services, but to live within our means. I commend the bill to the house.

*Division*

Question put and a division taken, the Acting Speaker (Mr I.M. Britza) casting his vote with the ayes, with the following result —

**Extract from *Hansard***  
[ASSEMBLY — Thursday, 13 June 2013]  
p1493b-1505a

Dr Mike Nahan; Mr Paul Papalia; Ms Rita Saffioti; Mr David Templeman; Acting Speaker; Mr Bill Johnston;  
Mr Ben Wyatt

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Ayes (33)

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

Noes (17)

|                  |                |                    |                                     |
|------------------|----------------|--------------------|-------------------------------------|
| Mr R.H. Cook     | Mr F.M. Logan  | Mrs M.H. Roberts   | Mr B.S. Wyatt                       |
| Ms J. Farrer     | Mr M. McGowan  | Ms R. Saffioti     | Mr D.A. Templeman ( <i>Teller</i> ) |
| Ms J.M. Freeman  | Ms S.F. McGurk | Mr C.J. Tallentire |                                     |
| Mr W.J. Johnston | Mr M.P. Murray | Mr P.C. Tinley     |                                     |
| Mr D.J. Kelly    | Mr P. Papalia  | Mr P.B. Watson     |                                     |

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Pairs

|                 |                 |
|-----------------|-----------------|
| Mr A.J. Simpson | Mr J.R. Quigley |
| Mr B.J. Grylls  | Ms L.L. Baker   |
| Mr C.J. Barnett | Ms M.M. Quirk   |

Question thus passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

*Consideration in Detail*

**Clause 1: Short title —**

**Mr B.S. WYATT:** It is worth quickly reflecting on our position this morning because most of the debate has not taken place today. For the benefit of members who have not been listening, today we are legislating to impose a \$527 million tax increase on the business sector of Western Australia. It is not actually a tax increase because the tax will stay the same. There will be no new tax. At least during his response to the second reading the minister had the courage to confirm that it is indeed a tax increase. But for those members on the government benches who still do not think it is, I assure them that the businesses that assumed in their books they would not be paying that tax after 1 July are now certainly aware they will be paying that tax. The fact that the government will be booking in its revenue side of the upcoming budget another \$527 million in revenue shows that it is indeed a tax increase. It has been quite an interesting performance. Not only has the backbench contradicted the minister, the minister has contradicted the minister! I have not seen a minister walk away from his second reading speech before the legislation has even passed Parliament. I have never seen that before. Second reading speeches are quite important. Ultimately, if it ends up in court, the judiciary often like to refer to the second reading speech to see what the legislation is meant to do. I dare say this will not end up in court; it is not that complicated. The minister, in his second reading speech, reflected on the fact that this was a tax that was supposed to be removed pursuant to the intergovernmental agreement that led to the GST. The same minister, in his second reading reply, said, "No, no, no; it was never the case." When I had a chance to quote the minister back to himself, it was as though he had never heard his own second reading speech! It had only been delivered less than a week ago. The Minister for Finance could not even remember his second reading speech in which he said—indeed confirmed—that this tax was supposed to be abolished pursuant to the deal that gave us the GST.

There is something that I am always curious about when debating these sorts of bills. I was curious about it last time the Liberal government deferred this tax cut back in 2010; it deferred it for only three years. The government said, "It will come in. We'll get ourselves through the global financial crisis and deliver this tax cut for the business sector." I note the absence of support for this tax rise from the Liberal backbench—only one or two got up to speak. If the minister is honestly committed to the transparency that he talked about—he said "We're being open and transparent"; open and transparent post-election, not open and transparent pre-election—now that the election is over he will be honest and transparent with the businesses of Western Australia and tell them that he is hitting them with a tax increase.

It is time to look at how we name these bills. In 2010, it was called the innocuous Revenue Laws Amendment Bill 2010. The average person would not know that would deliver tax increases of \$350 million, as it did back then. It is now called the Duties Legislation Amendment Bill 2013. The average person would not know that will increase taxes by \$527 million on the business sector. The last time I moved a similar amendment to call the bill

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Mr Ben Wyatt

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what it really is, the tax slug amendment bill, was 2010. The member for Eyre remembers this debate. I recall that he was very keen to vote with me back then! I said, “Let’s call it the Tax Slug Amendment Bill.” Back then, the Treasurer was keen to support it. I quote the Treasurer from 22 April 2010 —

We could put this to our advantage, because if we adopt this amendment, we can un-slug when the changes come in. We could actually create some future publicity!

I am giving the minister the opportunity to create some future publicity. I am giving the minister the opportunity to accept this amendment.

**Mr P. PAPALIA:** I am very keen to hear a little more from the shadow Treasurer. It is outstanding.

**Mr B.S. WYATT:** Thank you, member for Warnbro.

I know the minister would love to bring into this chamber an un-slug amendment bill. I know he would! The Treasurer wanted to, but he has now managed to hive off tax increases to the Minister for Finance. The minister now has that pleasure. I know that all members opposite, for small government and low taxes, will support my proposed amendment. I remember those beautiful maiden speeches referred to courage and the entrepreneurial spirit of our business sector; that is why they were elected to be in here. Let us call this bill what it is, that gives the minister the chance to come in, in 78 years when the Liberal Party moves to remove this tax, the un-slug amendment bill! I move —

Page 2, line 3 — To delete “*Duties Legislation Amendment Act 2013*” and substitute —  
*\$527 Million Tax Slug Amendment Act 2013*

I know the government will support this proposed amendment because I heard the minister say that he would be transparent: “We’re being transparent with the business sector of Western Australia. We’re telling them what we’re doing. Admittedly we’re telling them after the election. We didn’t really want to talk about this prior to the election.” Transparency does not exist pre-election but it certainly exists post-election. It is a chance for the government to be transparent. Rather than call this bill the Duties Legislation Amendment Bill 2013—I do not think any Western Australian would know, looking at that title, what it actually will do—if we change that name to “\$527 Million Tax Slug Amendment Act 2013” everybody will know exactly what we are doing here today. Every Liberal member who recently got to their feet talked about the entrepreneurial spirit and courage of our business sector and how they have to support that entrepreneurial spirit and courage. If they believe in a low-taxing environment, they get the chance to transparently vote for what they are doing. That is what Liberal Party members need to do. If they have any of that courage they talked about, they will vote for the amendment I have moved. That is what they will do.

I note that in the minister’s reply to the second reading debate—I wrote it down because I thought it was hilarious—he said, “We’ve got to live within our means and that’s what we do.” The problem is the government keeps increasing its “means”. It is easily within its means if it keeps increasing taxes; it is very easy to do that. The problem is this government has never been able to control its expense growth so it had to keep growing its means to control the insatiable appetite of Premier Barnett! Government members all know that. He is a big taxing spender! He has no interest whatsoever in the delivery of tax cuts, which is why, as the member for Cannington pointed out yesterday, the government has not managed to change one taxation rate in nearly five years in government. It gives one-off rebates and calls that tax reform!

**Ms R. Saffioti:** Teasing.

**Mr B.S. WYATT:** Teasing—that is right.

When the one genuine cut was supposed to come in since the Barnett government was elected in 2008, it deferred it for three years, and now it is killing it forever. The member for Churchlands said he cannot wait to come in here and vote for it when it is eventually removed. We will get the chance to address the member for Churchlands’ concerns in future amendments to this bill. This is the opportunity: if government members have the courage to impose this tax increase, if they are going to be transparent, if they believe in what they are doing, support this proposed amendment because this is nothing more than a \$527 million tax slug on the business sector. Let us have the courage to call it exactly that.

**Ms R. SAFFIOTI:** I support the proposed amendment. I congratulate the member for Victoria Park on his proposed amendment. It is very important to have truth and honesty in our legislation. The proposed name would better reflect the intent of this legislation. We saw in the division on the second reading how proud the Liberal members of this Parliament were to vote for a tax increase in WA. We encourage them to come and vote with us to oppose this Liberal tax slug. We say, “Come and vote against this massive tax slug —

**Mr W.J. Johnston:** I thought the member for Forrestfield was going to.

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Mr Ben Wyatt

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**Ms R. SAFFIOTI:** The member for Forrestfield was a little confused; he was going to vote against this massive tax increase but chose not to. The government chose to vote for a \$527 million tax increase. From that, I take it that government members are all very proud of this tax increase. While we encouraged all members from the other side to stand at the close of the second reading debate to explain why they were voting for this tax increase, only two or three took that opportunity. I hope at the third reading stage more members stand and put on record explicitly why they are voting for this massive tax increase. Having the name of the legislation changed is very important, because when I go out to talk to people in the electorate, I will say we voted against this tax increase but the Liberals voted for it. I know those people will search *Hansard* for “tax slug” and will want to find that legislation very easily to see whether their Liberal member of Parliament voted against a tax decrease and for a tax slug. That is why this amendment is very important.

I want to allude to some of the comments of the member for Riverton on the justification for this tax increase. It appears that today is the only time a tax increase has ever been justified. State governments have imposed tax increases in the past, but none were ever justified. There was never a real need to increase taxes. Today, it appears, is the first time in the history of Western Australia that a tax increase is justified, and it appears the only reason a tax increase is justified is that it is being done by a Liberal government. No other previous tax increase has ever been justified, particularly those from the Labor side, but today, because it is a Liberal government bringing in a tax increase, it is justified.

I also want to refer to the fact that the member contradicted his own second reading speech.

**Mr B.S. Wyatt:** Minister.

**Ms R. SAFFIOTI:** Yes, the minister contradicted his —

**Dr M.D. Nahan:** Be careful there, member.

**Ms R. SAFFIOTI:** Why? The minister is a member, too.

**Dr M.D. Nahan:** Go ahead, go ahead.

**Ms R. SAFFIOTI:** The minister contradicted his own second reading speech. He clearly stated in that second reading speech that the abolition of this tax was part of the GST agreement. He then, in his second reading reply, stated that it was not part of the GST agreement. So he actually contradicted his own words —

**Dr M.D. Nahan:** Be careful; you’re on *Hansard*.

**Mr B.S. Wyatt:** Yes, correct.

**Dr M.D. Nahan:** Go ahead, go ahead.

**Mr P.B. Watson:** You’re so intelligent to let us know that. We would never have known that!

**Dr M.D. Nahan:** I know it is confronting to you —

**Ms R. SAFFIOTI:** The minister thinks he is more intelligent than anybody in WA and anyone in this place.

**Dr M.D. Nahan:** I am just giving you a friendly warning.

**Ms R. SAFFIOTI:** The minister stated in his second reading speech that the GST agreement—I will go to it.

**Dr M.D. Nahan:** I have it in front of me.

**Ms R. SAFFIOTI:** The minister stated —

Western Australia previously undertook to abolish this duty from 1 July 2010, as part of the GST agreement between the commonwealth and all states and territories. This abolition was legislated for in the Duties Legislation Amendment Act 2008.

They were the minister’s own words. When we said that during our contributions to the debate, the minister said we were wrong, and he said it was not part of the GST agreement. They were his own words in the second reading speech. I do not know how much clearer it could be than —

Western Australia previously undertook to abolish this duty from 1 July 2010, as part of the GST agreement ...

Absolutely clearly he contradicted his own words, and he cannot—he does not have the ability or capacity to—admit that.

I support this amendment. The suggested change to the title of this bill better reflects the intent of the bill, which is a massive tax slug on all Western Australian business.

**Mr D.A. TEMPLEMAN:** I am very, very pleased to rise to support the amendment moved by the member for Victoria Park. I have in front of me the voting record that is forever enshrined in history as part of this

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Parliament's *Hansard* record. A few minutes ago, of course, we voted on the second reading of this bill, and, as we know, the opposition recorded its opposition to an additional imposition on businesses in Western Australia. We did not hear very many members opposite actually speak during the second reading debate, but we heard the brave member for Joondalup; he is a brave man.

A member: Courageous!

**Mr D.A. TEMPLEMAN:** A brave and courageous man! As I said yesterday, as soon as he spoke to the bill during the second reading debate, he then disappeared from the chamber. I rose, and all I saw was the back of his heels as he zipped out there. We had a good conversation earlier this morning, and it was jovial, because I like the member for Joondalup.

**Mr P.B. Watson:** He does go to the gym.

**Mr D.A. TEMPLEMAN:** He does.

**Mr P.B. Watson:** So watch it!

**Mr D.A. TEMPLEMAN:** He said he went to the gym earlier than normal this morning. His car was there again in the car park! I got there at 6.30 am —

**Ms R. Saffioti:** How do you know it's his car?

**Mr D.A. TEMPLEMAN:** That is true! I hear he has a fleet of cars!

**The ACTING SPEAKER (Mr I.M. Britza):** Come back, member.

**Mr D.A. TEMPLEMAN:** Yes.

I have in front of me the record, and it is very important because it relates directly to the amendment moved by the member for Victoria Park, and it is why I support it. Let us go through some of the people from the other side who supported this imposition on small business in the division on the second reading, despite the fact that in their inaugural speeches they talked about, as the member for Victoria Park highlighted, the importance of transparency, honesty and integrity. I will just read the list of new members, rather than the cast of *Fraggle Rock* who were in the last Parliament. Voting for this bill —

**Mr W.J. Johnston:** The tax slug.

**Mr D.A. TEMPLEMAN:** The tax slug bill. Voting for this bill was the new member for Perth, the new member for Belmont, the new member for Forrestfield, the new member for Alfred Cove —

**Dr G.G. Jacobs:** You read very well.

**Mr D.A. TEMPLEMAN:** I am, because I am going by their names. The new member for Forrestfield, who I think I mentioned.

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr D.A. TEMPLEMAN:** The brave new member for Joondalup. Then of course we go to the Nationals (WA), and Mr Love, I think.

**Mr R.S. Love:** Yes.

**Mr D.A. TEMPLEMAN:** And, of course, the new member for Central Wheatbelt and the new member for Kalgoorlie. They all voted to support this tax slug on small businesses in Western Australia. I will not go through the members from our side who opposed the bill, but obviously it is now in *Hansard* that the opposition did.

The member for Victoria Park has now said, "Okay, you guys and ladies have now voted to strike down a law"—a legislated tax cut, by law. Members opposite have now voted to get rid of that. Now we are saying, through this amendment of the member for Victoria Park, "Let's be honest about what the title of the bill should be." New members of the Liberal Party and National Party across the other side should demonstrate the integrity they highlighted so importantly in their inaugural speeches and support this motion because it is about transparency, honesty and integrity. That is why I support the amendment.

**Mr W.J. JOHNSTON:** I, too, rise to support the member for Victoria Park in his attempt to make this an honest piece of legislation. It is interesting; I pointed out that the minister has in the past written a lot of stuff, and he kept challenging members on this side of the chamber on whether we had actually widely read his works. I understand why he would do that: not many people actually did widely read his works, because, as I pointed out, they were not of a high standard and they did not actually provide any direction for Australia or Western

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Australia. However, I will point out to the minister and suggest that if he wants to look at why there is no tax reform, he should buy a mirror. One of the quotes of the minister from the July 2006 *IPA Review* states —

Instead of pursuing reform to tax and service delivery, the States have spent their tax windfall on more of the same: more highly paid staff, more services, more programmes, more studies, more publicity —

And this is the good part —

and more infrastructure.

Let us be clear. The minister says, “We need this tax to pay for hospital infrastructure, we need this tax to pay for road infrastructure and we need this tax to pay for other state government infrastructure”; however, before this minister got to this place he said that that was the wrong approach for government. This is why we keep making the point that there needs to be some honesty in this debate. There was no honesty in this debate by the title of this bill. This bill does not properly reflect what is happening here. What is happening here is that the Liberal Party is slugging business. I did note that the minister said, “Well, not all goodwill and intellectual property that will be covered by this stamp duty will be owned by small business.” That is true. Of course, some large businesses will have to pay the costs here, so some of this \$527 million will come from large business. I am interested to know how that makes it okay, in the view of the minister; it is okay to increase taxes on the mining sector and on large companies—those sorts of organisations. But I make the point that small business is not excluded by this legislation; small business is going to be charged. As the member for Southern River pointed out so eloquently in the previous Parliament when we were debating franchising, the goodwill is often the key part of the wealth that has been created by small business people. The member for Southern River went on in some detail in the last Parliament about how that was important with the conflict in the franchising industry between the value captured by the large companies and the franchisors compared with the franchisees. Of course, as you know, Mr Acting Speaker (Mr I.C. Blayney), I supported the member for Southern River’s arguments and I was a prominent supporter of the franchise reforms that the member for Southern River proposed.

Let us understand what is happening here. The Liberal Party is slugging business in this state, and we are very concerned about it slugging small business. The Liberal Party is rejecting all the work and all the words of the member for Riverton before he entered this chamber. It is interesting that the member for Riverton, the Minister for Finance, has had two opportunities to vote on tax issues in this Parliament since he was elected. Despite the thousands and thousands of words he wrote, which very few people ever read, before he came here, when he got here and could make a difference, he voted in favour of higher stamp duties. I might need a couple of extra seconds to get through the words that I want to get on the record here, because the minister also talked about that. To quote the minister again from the same article, he said —

Stamp duties are less transparent, have a narrow base, are paid infrequently and as a lump sum, and are often simply added to the credit card rather being paid out of regular income.

The point that the minister made was that if we were going to do tax reform, the first type of tax that we would eliminate is the tax that he is going to increase today. As I said, the minister did talk a lot of rubbish before he got here, but we need to judge him on his own behaviour. What did he say before and what did he do when he got the authority to say something here?

**Mr P.C. TINLEY:** I am very interested to hear from the member for Cannington about the words and actions of the minister.

**Mr W.J. JOHNSTON:** Thank you very much. It will be interesting to see what we get here. This is a tax slug. That is what is happening. Let us not pretend we are doing something else—like the member for Churchlands’ careful use of the term “transfer duty” so he does not have to say stamp duty or stamp tax. It is a deliberate changing of the way in which the government presents this argument. When the Liberal Party was in opposition, stamp duty was a crime against entrepreneurial Western Australians. In government, it is what the Liberal Party does; it increases stamp duty. Before the minister got to this place, he said that stamp duty should be eliminated; there should be tax reform; things should change; state governments should take responsibility and act. What he said about the GST is interesting. Again quoting from the same article, he said —

As such, the GST increased the tax take and generated more funds for all levels of governments—and it did so in spades.

He went on to say —

Peter Costello has now forced all States to eliminate the agreed set of taxes, though not before 2011.

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I pause there to make the point that as the minister's second reading speech explained, the transfer duty that we are reimposing today is one of those taxes that were to be eliminated by that agreement that the minister talked about in his article. He goes on to say —

The States, however, will keep the revenue repeated from postponing the cutting of those taxes.

That is a very interesting point, because in 2006 he railed against state governments postponing the elimination of these taxes that were agreed to be eliminated under the GST arrangement. What did he do when he got the power to do something about that? Did he act to eliminate the taxes that he complained about in 2006 as having been delayed? He delayed them further.

**Mr B.S. Wyatt:** Indefinitely.

**Mr W.J. JOHNSTON:** Indefinitely, as the member for Victoria Park correctly interjects. It is sometimes appropriate for people to stand up on principle. I am not quite sure what principles are left on the other side of the chamber. This is a tax slug. Let us be honest; let us tell the people of Western Australia what the government is doing. If the minister has spent his lifetime writing about these matters, we would have expected that when he got here and had the power to make a difference, he would try to make a difference. Twice this minister has had an opportunity to do something about the very issue that he raised in that lightly read article in 2006. What did he do? He did exactly what he complained about—exactly what he said was a bad idea, was the wrong approach and was not the way forward. Let us be honest in this. It is a tax slug. The member for Victoria Park has correctly identified that. Let us support this amendment.

**Mr B.S. WYATT:** I do not want to labour the point, but I want to reflect on a couple of points. The point that has already been canvassed is how unusual it is for a minister to admit that his second reading speech was wrong before the legislation has even been passed by the lower house. It is unusual and suggests to me an element of chaos emerging from the government about why this legislation has indeed come to this place. In my second reading contribution I said to those members who were in the chamber, “What did you say during the party room debate?” When the minister came in here, he said something in his second reading speech about this tax that he then contradicted, and admitted that he was wrong in his second reading speech. That is unusual and also reflects the overall lack of transparency that surrounds this government in how it has gone about doing business. The minister said, “We're being transparent; we're being honest and transparent”, which is the nature and purpose of this amendment to the title of the bill. The problem was that it was never raised at all during the election that there was going to be a tax increase. The government has form. A tax cut was promised in 2008; the government did not meet that promise. Since the election we have seen a number of withdrawals from commitments made during the campaign. The Metro Area Express light rail is now apparently much more complex than when the government committed \$1.9 billion to it. God knows when that will be delivered. I am waiting for the time frame for the airport line to slip. The 24/7 police station in Ballajura was one of those more micro election promises. The government had been telling the people of Ballajura for four years, “You don't need a police station. You're actually being serviced much better now since we closed the police station.” Then, in the dying days of that campaign, the people of Ballajura were promised not only a police station, but also one that would operate for 24 hours, seven days a week.

*Point of Order*

**Mr C.J. BARNETT:** We are in the consideration in detail stage of a bill, and while there might be a debate about the title, to talk about the Ballajura police station has no relevance to this. I would request that members stick to the content of the bill.

**The ACTING SPEAKER (Mr I.C. Blayney):** Point of order taken, member.

*Debate Resumed*

**Mr B.S. WYATT:** I appreciate the Premier's sensitivity on that point, Mr Acting Speaker. He should be sensitive, because when we talk about transparency, which is what this amendment does, the Premier has been found wanting. The people of Ballajura waiting for their 24/7 police station know that. The business sector waiting for its tax cut knows that. The title of this bill does not reflect the many Liberal lies that were told during the election campaign and the promises that were broken as soon as that campaign concluded. That is why we moved this amendment. I think the title “\$527 Million Tax Slug Amendment Act” shines some light on this government. It makes people, and businesses in particular, aware of what this government is doing. I tried to change the title of the Revenue Laws Amendment Act 2010. The government was not interested, although the Treasurer made the point at that time that he wanted to support it, he was inclined to support it, so he could then bring in an “Un-slug Amendment Act”. Therefore, I hope the minister, looking at future publicity, is also so inclined. This is members' chance. Government members do not like talking about the 24/7 police station in Ballajura that is not going to be delivered, they do not like to talk about all the other promises that are not going

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to be delivered and they do not like to talk about something they are doing that was not mentioned during the election campaign. This did come up; I debated the Treasurer on this very issue in a room of 600 people from the business community when he announced his tax package—a small increase in the threshold for payroll tax. He did not then go on to say that he was going to hit businesses even more with this tax increase; that was not mentioned. This amendment to change the title of the Duties Legislation Amendment Act 2013 to the “\$527 Million Tax Slug Amendment Act 2013” shines some light on the honesty of this government. It makes businesses aware that they have a tax rise coming. We now know, courtesy of the Insurance Commission of Western Australia Amendment Bill 2013, that another one is coming. Members of the government backbench have been sold a pup. It is time that they start questioning their Treasurer and Premier.

*Division*

Amendment put and a division taken, the Acting Speaker (Mr I.M. Britza) casting his vote with the noes, with the following result —

Ayes (18)

|                  |                 |                    |                                     |
|------------------|-----------------|--------------------|-------------------------------------|
| Dr A.D. Buti     | Mr F.M. Logan   | Ms M.M. Quirk      | Mr P.B. Watson                      |
| Mr R.H. Cook     | Mr M. McGowan   | Mrs M.H. Roberts   | Mr B.S. Wyatt                       |
| Ms J. Farrer     | Ms S.F. McGurk  | Ms R. Saffioti     | Mr D.A. Templeman ( <i>Teller</i> ) |
| Mr W.J. Johnston | Mr P. Papalia   | Mr C.J. Tallentire |                                     |
| Mr D.J. Kelly    | Mr J.R. Quigley | Mr P.C. Tinley     |                                     |

Noes (34)

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

Pairs

|                 |                 |
|-----------------|-----------------|
| Ms L.L. Baker   | Mr B.J. Grylls  |
| Ms J.M. Freeman | Mr A.J. Simpson |

**Amendment thus negatived.**

**Clause put and passed.**

**Clause 2: Commencement —**

**Mr B.S. WYATT:** These commencement clauses have always caused some confusion and I was unable to get an answer from the Treasurer about something similar in another piece of legislation in the previous term. Perhaps the minister might provide the house with some clarification, particularly clause 2(2), which states —

Part 2 does not operate if assent day is 1 July 2013 or later and Part 3 does not operate if assent day is before 1 July 2013.

Why is that the case?

**Dr M.D. NAHAN:** This bill is designed to stop an existing tax from expiring on 1 July 2013. If this bill is agreed to and gets royal assent before 1 July 2013, the tax will continue. If it does not, we need arrangements in place to make sure that the tax applies until royal assent is received. Part 3 deals with that. When will royal assent be received? This house and another house have to decide that. The bill is structured to address two issues, and they relate to when, and in turn the effectiveness is determined by when royal assent is received. If the legislation is passed in this house and the next house in time, it will not phase out. If it does not, then part 3 is needed to have the liability to pay the tax to be paid when royal assent is received.

I would like to comment on a few other statements made previously.

*Point of Order*

**Mr W.J. JOHNSTON:** On a point of order. I think the Acting Speaker already has had some advice on this issue, but the minister needs to be relevant to the clause before the chamber.

Several members interjected.

**The ACTING SPEAKER (Mr I.C. Blayney):** Member for Willagee.

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**Mr W.J. JOHNSTON:** Indeed, if he wanted to say something during the debate on clause 1, perhaps he should wait for the third reading debate when he will have ample opportunity to make any comments in the 45 minutes allocated to him.

**The ACTING SPEAKER:** I have considered the member for Cannington's point of order, but I will give the minister latitude to answer in the next three minutes.

*Debate Resumed*

**Dr M.D. NAHAN:** The chamber has debated a range of clauses in the bill, but to rectify and clarify some issues, I will go through those responses more fully in my third reading speech. This bill deals with a transfer duty. Some time ago the previous government changed the Stamp Duty Act, which changed a stamp duty to a transfer duty; so members in this house were accurate. It is important to be accurate, and that is something members opposite have not been. Much was made about statements and the agreement during the first debate, and that is important to the structure of the bill. I stated in my second reading speech, and I reiterate —

Transfer duty on non-real business assets is the only state tax identified in the GST agreement with the commonwealth that has yet to be abolished in Western Australia.

That is true. I said in my speech that members opposite repeatedly accused the Richard Court government of signing an agreement to eliminate this tax. It did not.

**Mr W.J. Johnston** interjected

**Dr M.D. NAHAN:** There are a number of agreements on the GST that relate to this tax and others. The first one was put in place but it was not signed. It was altered because the commonwealth changed the nature and scope of the tax. The revised agreement came out and this tax was not on the list of agreed removals.

*Point of Order*

**Mr W.J. JOHNSTON:** On a point of order, Mr Acting Speaker. The minister appears to be reading from a document. I would appreciate the document being tabled.

**Dr M.D. NAHAN:** It is tabled. It is the second reading speech. I just read it out to be accurate. I am trying to be accurate. The member asked me to be accurate so I am reading out that part of the second reading speech. Members have already heard it; it is in *Hansard*. I can table it if members wish.

*Debate Resumed*

**Mr W.J. Johnston:** Explain to us what you were saying today that is different to last week.

**Dr M.D. NAHAN:** That is what I am trying to do. I will go again.

This tax, the stamp duty transfer duty on non-real business assets, was included in the first agreement that was tabled in commonwealth parliament and was scheduled to be eliminated when the GST was put in. There were changes to the GST arrangements in the commonwealth.

**Mr W.J. Johnston:** On what date?

**Dr M.D. NAHAN:** I am not going to tell the member the date. I do not know the exact date. There was a vote in commonwealth parliament which I was not party to.

**Mr W.J. Johnston:** On what date?

**Dr M.D. NAHAN:** Then it came out. Then the final agreement was called the revised agreement. This tax was not included in it and therefore the Court government did not sign off on the elimination of this tax.

**Mr W.J. Johnston:** That is absolute rubbish. It is just not true. You are wrong; 100 per cent incorrect. You don't know what you're talking about.

**Dr M.D. NAHAN:** May I have some protection, Mr Acting Speaker?

**The ACTING SPEAKER:** Member for Cannington, we are having trouble hearing the minister.

**Dr M.D. NAHAN:** There were subsequent discussions about the elimination of this tax following the GST in 2002 and 2008–09. There was an agreement with the commonwealth to eliminate these taxes, and that tax was included in that agreement in 2008–09 and that is what I referred to, just to be accurate. The member for Victoria Park said that the government did not cut any tax rates. He was here. It did cut land tax. I will go through that in greater detail.

**Mr W.J. JOHNSTON:** The point the minister has got wrong again is that the rates have not been cut. The thresholds of the land tax were changed, as were the thresholds of other things with the rebate on payroll tax, but

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there is not a single rate different today from the rate applying in September 2008. That is a fact. Unlike the minister, I am happy to talk about the facts. The fact is that not a single rate has been changed by this government. If the minister stands in this place and says that is not right, he is wrong. Yes, the land tax thresholds were modified. The opposition agrees with that. It voted in favour of that legislation. But that did not change the rate of land tax, and that is the problem the government has.

In respect of the nonsense coming out of the minister's mouth a minute ago about the GST agreement, let us get this straight. The minister's second reading speech says that this tax is to be eliminated because of the GST agreement. They are the words of the minister in this chamber. If the minister's second reading speech is wrong, which is what he has just said, then that is a very serious matter. Second reading speeches of ministers are used by the courts to interpret legislation. The minister needs to correct his second reading speech if he is now saying that his second reading speech was wrong. I have never heard of any competent minister coming into this place to say that their second reading speech was wrong; that is why the opposition should not criticise them. What a stupid and ridiculous position for the minister to take. If the minister wants to start treating his job and this chamber with respect, he will not come into this place with these stupid positions. The problem here is his incapacity to do his job. If he wants to get on in this chamber and have his legislation dealt with appropriately, the first thing he should do is know what he is talking about, because now he does not. He has come into this chamber and delivered a second reading speech that was not accurate. Has a minister ever come into this chamber and said, "My second reading speech was wrong"? That is unbelievable behaviour by this minister. He sits there in his usual pathetic way, nodding his head and crossing his arms, doing all those things. Next he will stand up and wave his arms around, because we know what he is like. He needs to do his job properly and should not come in here and say, "My second reading speech was wrong."

**Dr M.D. Nahan:** People should shut their mouths and listen.

**MR W.J. JOHNSTON:** The minister cannot say the member for Victoria Park is wrong when he quotes the second reading speech. If the shadow Treasurer is wrong when he quotes the second reading speech, it means the second reading speech was wrong. There is only one conclusion: either the shadow Treasurer got it correct when he quoted the minister's second reading speech and the second reading speech is accurate, or the second reading speech is wrong and the minister needs to correct the record. I do not care which one it is, but the minister has to choose because never in the history of Western Australia has a minister come into this chamber and said, "Ignore my second reading speech because it is wrong." That has never happened. It would be the greatest incompetence ever for a minister to come into this place and say, "Do not listen to my second reading speech. Do not quote my second reading speech. Do not pay any attention to my second reading speech because my second reading speech is wrong." That is not acceptable behaviour by any competent person. If it is acceptable behaviour for this government to deliver a second reading speech that does not reflect the truth, then there is a deeper problem here than just the incompetence of the minister. We need to know if the minister's second reading speech is true; if it is, the member for Victoria Park is right and the minister needs to explain that. The minister should do his job.

**Dr M.D. NAHAN:** I thank the member for his impassioned plea. I will read out part of the second reading speech again, and table the document again if he wishes. It reads —

Transfer duty on non-real business assets —

The duty to which we refer today —

is the only state tax identified in the GST agreement with the commonwealth that has yet to be abolished in Western Australia.

I stand by that statement.

**Mr B.S. Wyatt:** Do you stand by the third paragraph as well?

**Dr M.D. NAHAN:** The member should let me deal with this one first. There were a number of agreements, and this was raised by the member for Victoria Park when he made accusations against the Court government for signing off on an agreement to eliminate this duty. We also referred to a report that was prepared to help members opposite—they might not like this report! The "Overview of State Taxes and Royalties 2012–13", appendix 2 contains a complete history of the evolution of state taxes under the goods and services tax agreement—a history that goes back about 15 years. There was an agreement with the commonwealth and all the states on a GST, which listed a raft of taxes, and the experts here will confirm, if my memory serves me, that the first agreement included conveyancing on residential properties. The first GST agreement included a raft of taxes, including stamp duty on non-real business assets.

**Mr W.J. Johnston:** Is the minister saying it was part of the original agreement?

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**Dr M.D. NAHAN:** As I said from the start, the original agreement was not signed by the Court government. A subsequent agreement was —

**Mr W.J. Johnston:** Was this tax identified in 1999?

**Dr M.D. NAHAN:** Yes, it was identified on 9 April 1999.

**Mr W.J. Johnston:** So, it was part of the original agreement, because that is what you said.

**Dr M.D. NAHAN:** Yes, it was. But it was not part of the agreement signed by the Court government on 28 May 1999. The revised agreement was ratified in June 1999.

**Mr W.J. Johnston:** No; you are misleading the house.

**Dr M.D. NAHAN:** No, I am not!

**Mr W.J. Johnston:** You are!

**Dr M.D. NAHAN:** If the member would listen, he would understand. He wants me to mislead the chamber, but I am not. I am precise. It came up in the context of the member for Victoria Park accusing Richard Court's government of agreeing to eliminate this tax.

**Mr W.J. Johnston:** It did; you just said so!

**Dr M.D. NAHAN:** No!

**Mr W.J. Johnston:** You said it was part of the 1999 agreement.

**Dr M.D. NAHAN:** There were two agreements in 1999. The member should listen: there was an original agreement.

**Ms R. Saffioti:** Which he signed.

**Dr M.D. NAHAN:** It was revised. He did not agree to eliminate the tax. The binding agreement was the revised agreement. This was not included in the revised agreement.

**Mr W.J. Johnston:** That is not true.

**Dr M.D. NAHAN:** That is the advice I have, and that is all I can say. Were members opposite involved in that agreement? Show me your advice otherwise! Show me the evidence otherwise!

**Mr B.S. Wyatt:** How about the minister's second reading speech? That is what I quoted from.

**Dr M.D. NAHAN:** I have quoted from that twice today.

**Mr B.S. Wyatt:** Do you stand by the third paragraph? Read it out!

**Dr M.D. NAHAN:** The context was that the member for Victoria Park accused the Richard Court government of agreeing to eliminate this tax.

**Mr B.S. Wyatt:** Read the third paragraph.

**Dr M.D. NAHAN:** I will—just let me finish! It reads —

Western Australia previously undertook to abolish this duty from 1 July 2010, —

That is true.

**Mr B.S. Wyatt:** Read the next sentence, keep going.

**Dr M.D. NAHAN:** Yes, yes, yes! It continues —

as part of the GST agreement between the commonwealth —

That was an agreement in 2008–09.

**Mr B.S. Wyatt:** It continues, “and all states and territories.” You said yesterday that you were wrong. That is now wrong, apparently. Do you stand by it?

**Dr M.D. NAHAN:** Western Australia previously undertook to abolish this tax in 2010. Yes, it did. It agreed to abolish this tax in 2008.

**Ms R. Saffioti:** You said 2008–09. The legislation was passed in 2007–08.

**Dr M.D. NAHAN:** They had a ministerial review and in 2008 the Ripper government agreed to do away with the tax. Under the revised commonwealth agreement on the GST, this tax was not included.

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**Ms R. SAFFIOTI:** The minister is all over the place. He said today that the government agreed to abolish this tax in 2008–09.

**Mr W.J. Johnston:** That is when they actually abolished the tax. That is not when they agreed to do it.

**Ms R. SAFFIOTI:** The minister said that they agreed and they signed in 2008–09. There was an agreement in 2008–09. However, the former member for Belmont brought in the legislation in 2007.

**Mr W.J. Johnston:** What he said is not true.

**Ms R. SAFFIOTI:** What the minister said is impossible, because the former member for Belmont, the former Treasurer, Hon Eric Ripper, brought in the legislation in late 2007, which was when the debate started, and I think the debate finalised in 2008. The minister has just said there was an agreement in 2008–09 to abolish that tax. That is wrong, because the legislation was already in this place. That is the first fundamental issue.

The second issue is that the minister's second reading speech is obviously wrong. I have read the 2012–13 review of state taxes, which is the document to which this minister has referred today. However, I have also read a number of other documents, including state and commonwealth budget papers over the past 10 years, while researching the history of this tax. I think the 2006–07 federal budget papers list the 10 taxes that were agreed to be abolished, and this was one of them.

The 2012–13 review of state finances is a lovely document—I use it quite a lot. The annual publication of this document is an interesting read, but I do not think we can use this document over and above every other official document on this issue over the past decade—since 1999—including the intergovernmental agreement tabled and published in 1999, the subsequent budget papers, and the tables and documents that all listed this as one of the key taxes to be abolished. I recall that I referenced the 2006–07 federal budget papers. Frankly, federal and state budget papers are not often wrong—particularly federal budget papers. Although having a nice tidy publication called the 2012–13 review of state finances is an interesting read, we cannot say that this document takes precedence over every other document produced by state and federal departments since 1999. The key issue is that Richard Court signed off on abolishing this tax. It has always been on the table. There have been renegotiations over the timing, and that is one of the key issues. I am aware of the focus of the debates between the commonwealth and the states since 1999. The minister can ask whether I was there—yes, I was at the Council of Australian Governments meetings when this was discussed, so I understand this matter.

**Dr M.D. Nahan:** That is why I am surprised at the member's comments. She has forgotten a lot of it.

**Ms R. SAFFIOTI:** The minister was just a commentator, but he now has the opportunity to practise what he preaches and he has failed on his first day. Honestly, day after day the expert debates himself in the mirror and does not actually debate the people in this chamber. He does not look at us. He does not debate us. He debates himself in his own little world and has no reference to the reality of this place. The reality is that the minister stood up and said —

Western Australia previously undertook to abolish this duty from 1 July 2010, as part of the GST agreement between the commonwealth and all states and territories.

The minister said that because that is the fact—that is the truth. In 1999, a GST agreement was struck between Richard Court and John Howard, and that was signed. As I said, there has been a lot of debate about the timing of this abolition—not whether it exists, but the timing of it. I know because there was significant debate. Of course the commonwealth wanted us to abolish it earlier, and Eric Ripper finally put forth that date. He brought in the legislation at the end of 2007, and today the minister just told us that there was an agreement to abolish this tax in 2008–09. That is simply another mistake. Frankly, for a minister of the Crown to come in —

**Mr B.S. WYATT:** I am very interested to hear what the member for West Swan has to say.

**Ms R. SAFFIOTI:** The minister has all the resources of government—they are plentiful apart from the cuts the government makes today!—the Treasury documents, the budget documents and the intergovernmental agreement that would be stored away. This minister of the Crown relies solely on the glossy *Overview of State Taxes and Royalties 2012–13*, which is an interesting read as I said; I quite enjoy reading it. Each tax and its history is gone into, it is nice light reading, but the minister relies solely on that document today and ignores all past documents, including the signed Court–Howard document, which is in the government's filing cabinet. He ignores previous budget documents and ignores federal budget documents. He relies on this *Overview of State Taxes and Royalties 2012–13*, which contradicts everything else, including my own speech—this document somehow takes precedence. The Minister for Finance is being found out. As I said, as a commentator, he sat there throwing stones at previous Premiers. Today he is handling legislation that contradicts everything he has ever been known to believe in—a new tax and an increase in tax.

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**Dr M.D. Nahan:** I supported the GST; that was a new tax.

Several members interjected.

**Ms R. SAFFIOTI:** I just highlight this. The then head of the Institute of Public Affairs, the current member for Riverton and Minister for Finance, supported the GST agreement. When John Howard and Richard Court signed this GST agreement that would deliver less to WA over time, the current minister supported it. He supported the GST agreement that has penalised WA. The issue is: why was a better deal not done for WA at the time? It was because the Liberal Party had the so-called independent economic commentator cheer squads supporting it. Why was a better deal not done? Exactly for that reason—the Liberal government and the economic cheer squad. Maybe if the government had actually thought about federalism at the time, it would have —

Several members interjected.

**The ACTING SPEAKER (Mr I.C. Blayney):** Members, it is getting quite hard for Hansard to follow this exchange. Could the member for West Swan finish please?

**Ms R. SAFFIOTI:** As I said, one of the reasons we do not have a good GST deal today is that the Liberal Party and its conservative little cheer squad did not fight for a better deal.

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

*Point of Order*

**Mr D.A. TEMPLEMAN:** The member is on her feet, she has one minute and 44 seconds left and she is persistently being interjected on by the minister. The minister will have an opportunity to speak when the member sits down and I ask the Acting Speaker to call the minister to order.

**The ACTING SPEAKER:** Thank you, member. Yes, minister, if you could just restrain yourself and we will hear out the member for West Swan.

*Debate Resumed*

**Ms R. SAFFIOTI:** Calling someone “you” all the time is not very parliamentary either, minister.

Several members interjected.

**Ms R. SAFFIOTI:** I think he does.

Anyway, the key point is that the GST deal was bad for WA. Now we know why there was not a better deal. There was not a better deal because the Liberal Party signed up to it and the cheer squad led by the Institute of Public Affairs was saying, “Sign it; do not worry about WA. It’s a great deal; you’ll be better off.” Look at what has happened now: the government is using the bad GST deal as a reason for increasing this tax. The same person who said this was a great GST deal that will make WA better off is now a minister saying that a bad GST deal means that the government needs to increase this tax. Not only that, the minister’s second reading speech was right, this tax was part of the GST agreement but he now is trying to change things with his only basis the *Overview of State Taxes and Royalties 2012–13*.

Debate adjourned until a later stage of the sitting, on motion by **Mr J.H.D. Day (Leader of the House)**.

[Continued on page 1514.]