

APPROPRIATION (CONSOLIDATED ACCOUNT) RECURRENT 2009-10 BILL 2009

Third Reading

MR T.R. BUSWELL (Vasse — Treasurer) [12.32 pm]: I move —

That the bill be now read a third time.

MR B.S. WYATT (Victoria Park) [12.32 pm]: I draw attention to the fact that the Leader of the Opposition was the lead speaker in the second reading debate, so I assume he has to be the lead speaker in the third reading debate. However, I do not think it makes any difference, because I think we all have 15 minutes in any event.

The ACTING SPEAKER (Ms L.L. Baker): The member does have 15 minutes.

Mr B.S. WYATT: It feels as though the budget bills have been around for a long time. There has been lots and lots of debate, and that has been exacerbated by the debate on the Loan Bill over the past two days. There has been extensive debate about the amount that the government —

Mr T.R. Buswell: It's the same debate.

Mr B.S. WYATT: If the Treasurer brings in the Loan Bill year after year, as opposed to once every five years, he might hear it again. In the past two days we have discussed in great detail the \$8.3 billion that the government intends to borrow in the general government sector by way of the authority contained in the Loan Bill. As I have pointed out time and again, by the time we get to 2013, every Western Australian will be bearing the burden of \$7 850 of debt—every single Western Australian. That is based on the fact that the moment that budget was tabled in this chamber, there was a whopping great hole in it. There was a whopping great hole of commitments made by this government—even Kevin Rudd, the Prime Minister, has indicated that he will also provide financial support—and those commitments have to be entered in the financial documents of this government and have to be accounted for in the forecast expenditures in 2009-10 and in the forward estimates, with the resulting implications for our debt levels.

It is clear that the assumptions contained in this budget are already out of date. I doubt that there was a budget in the past decade that was irrelevant within a week of it being tabled in this place and prior to debate. This budget will pass. The opposition will not oppose the appropriation bills; that is not the role of opposition. Our role is to scrutinise and expose the flaws contained in the budget, not to delay or prohibit the government making the decisions it has been elected to make.

Let me make this point clear: debt will always be lower under a Labor government than under a Liberal government. The past 20 years have proved that to be absolutely correct. The flaws in this budget, and there are many, can best be highlighted by the following sentence on page 43 of the *Economic and Fiscal Outlook*, budget paper No 3 —

The health system will incur significant operating costs in 2013-14 from operating the 400-bed RPH trauma facility and the commissioning of the new 643-bed Fiona Stanley Hospital. These costs are yet to be determined or considered by Government.

Therein lies the problem that affects this entire budget and the reason it is already in decay before it has passed. The government is not even thinking about the implications of Royal Perth Hospital. I accept that it does not have to be in the forward estimates yet. Next year it will be there, that big looming iceberg that the Premier has talked about. We have seen media reports on the \$400 million it will cost. It has not even been considered by the government. The Under Treasurer, Tim Marney, must be tearing his hair out knowing that the Department of Health is reluctant to enter debate on the issue.

Much has been made about not only what is in the budget but also what is not in the budget. Oakajee will cost at least \$339 million after the 50-50 split with the federal government. The Premier has said that it is the most important infrastructure project in Australia, not just in Western Australia. The opening up of the mid-west iron ore industry is the most important vital infrastructure project for Australia in the future. At the same time that Kevin Rudd committed funding, not one cent was allocated in 2009-10 or the forward estimates for Oakajee. Incredibly, at the same time the funding for the 330-kilovolt powerline was removed. The industry cannot grow to support what the Premier is hoping to see come out of Oakajee without power. There is an incredible dichotomy between what is in the budget documents and what is taking place in government reality—what is coming out of the Premier's mouth. Funding for the \$236 million Northbridge Link is not in the budget papers.

The ACTING SPEAKER: Member, I need to remind you that you can only debate what is in the budget, not what is not in the budget.

Mr B.S. WYATT: I have talked about the debt that is in the budget and now I am talking about the implications for that debt. I am highlighting that the impact on those debt levels, including \$100 million for the Esperance

nickel-loading circuit and \$180 million for the Midland hospital, and, as I mentioned, Royal Perth Hospital, the Premier's iceberg, is looming. The Deputy Leader of the Opposition already referred to the \$80 million hole for Albany Regional Hospital and the \$52 million in the budget for 2008-09 to settle a legal dispute with Leighton Contractors over the tunnel. All this spending has to take place; it has to happen. We saw what happened earlier this year when the Treasurer's Advance Authorisation Bill was introduced into this place. The Treasurer came into this house asking the Parliament to approve an extra \$750 million on top of the \$450 million he already had authority for, totalling \$1.2 billion to spend outside the budget process and to avoid the scrutiny of the budget process. I said then, and I say it again, that the government should have brought down a mini-budget when it was elected in September. There were significant adjustments in royalties, and royalties for regions obviously diverted the cash flow of this government. The mini-budget was not brought down. That did not take place, and we saw that drift manifest itself in the \$1.2 billion sought through the Treasurer's Advance Authorisation Bill for the Treasurer to spend. Last night, the third reading of the Loan Bill concluded two days of extensive debate on the borrowings that underwrite this budget—borrowings which are based on inaccurate forecasts and which do not include projects that could potentially add billions to the debt position.

The budget is an unreliable document; it cannot be trusted. The midyear economic review, which is due in December 2009, is going to be an absolute doozy of a document. The cut-off date for the budget was April. There will be eight months of drift between April this year and when the midyear economic review is handed down. I predict that the Australian dollar forecasts, let alone what is happening with the price of iron ore, will wipe out that \$400 million projected surplus for 2009-10. It seems that the Premier got lucky with his comment about something falling from the sky. I shudder to suggest that perhaps he may have had some knowledge that most of us did not when he indicated that something may fall from the sky. The price of iron ore alone could wipe out that projected 2009-10 surplus.

I have spent, and will continue to spend over the next four years, significant periods talking about debt levels and the assumptions that underlie them. As I have said, the interest rate assumptions are very optimistic. By the end of that four-year period, the economy will be growing. The budget predicts it, the Chamber of Commerce and Industry of Western Australia predicts it, the federal government predicts it, and every economist around Australia predicts it. The International Monetary Fund predicts that four years from now the economy will be growing again. That will result in increasing interest rates. They have not been factored into the budget in the conservative way that one would expect. The interest bill—the burden that every Western Australian will have to pay—will rapidly increase. The Treasurer has imposed on himself an obligation to keep the net interest costs at five per cent of operating revenue. He is already skating on very thin ice with that five per cent figure. That five per cent figure will be breached. I look forward to seeing the government scramble to readjust the financial parameters and its fiscal strategy contained in budget paper No 3, because that five per cent figure will rapidly get eaten up. As I have said, there are many projects that are not yet contained in the budget papers.

On the weekend we saw the Premier talk about cutting a waterway into The Esplanade to get the water flowing here and the water flowing there. The Premier wanders around the state with these random thought bubbles, but he does not test them with the Treasurer. The Treasurer scrambles along behind him. I have this image of the Premier wandering around like Alan Bond looking for his next project and saying, "Where's the next brewery to buy?" and then buying it, while a representative from Arthur Andersen, the Department of Treasury and Finance official auditor, wanders behind him wondering how it will fund the next brainchild of the Premier. But then Arthur Andersen got itself pinged for its unqualified audit of Alan Bond. Similarly, the Under Treasurer must be tearing his hair out wandering around after the Premier with his latest thought bubble and his latest fantasy project that he thinks might be a great thing. The Premier does not care about Treasury; he and Treasury have a very hostile relationship. That is apparent from the 2009-10 budget, which in no way reflects what the Premier is saying. The government must bring to this place a document that is an accurate reflection of the government's financial commitments and the projections that it intends to go forward with. It must bring to this Parliament a mini-budget well before the midyear economic review is handed down so that this chamber can have an accurate picture of what the government is doing, where it is spending its money, what the implications are for debt and what the implications are for services in Western Australia.

The debt levels that we are seeing now of \$7 850 for every Western Australian will result in even higher fees and charges for Western Australians beyond the \$334 average increase for 2009-10. Services will be cut and Western Australians will be paying more, yet we have only an unreliable document that does not reflect the government's or the Premier's commitments, many of which have been funded by the federal government. A document that completely and utterly misrepresents the financial position of Western Australia has been brought into this place. A mini-budget is required because we are in turbulent financial times; the Treasurer likes to point that out, and I agree that these are turbulent times. Every Western Australian and every member of Parliament, it does not matter on which side of the chamber they sit, must have a document that is an accurate reflection of what the government is doing, and this budget is not it. We can already ignore this document. Either we drift through to

December 2009-10 when the midyear economic review comes down and see another massive Treasurer's advance looming ahead, as all the extra spending outside the budget process looms, or after the winter recess we have the government bring to this place a mini-budget so that this place can accurately and appropriately assess exactly the government's financial position. At the moment, we do not know that position; we have only a vague best-estimate based on things that have not been included in the budget. The Premier knows this. The Premier and the Treasurer, those self-proclaimed economic geniuses, have brought into the Parliament perhaps the worst, the vaguest and the most fraudulent budget that Parliament has seen in the better part of a decade. It is not acceptable that members of Parliament, both opposition members and, indeed, government backbench members, will have to vote on a piece of legislation that is not accurate and that does not reflect the current or future projected financial position of the state. The Treasurer must bring to this Parliament an accurate and updated financial projections document after the winter recess so that we and, indeed, the credit rating agencies and the private sector, which bases a lot of what it does on what the government does, can make an assessment in a coherent, accurate and reliable fashion.

As I have said, state debt in Western Australia will always be lower under a Labor government than is the case under a Liberal government; the last 20 years have proven that. The net-financial-liabilities-to-operating-revenue ratio which was at 115 per cent under Richard Court and down to 42 per cent under the former Gallop-Carpenter Labor government is already heading back up to 85 per cent as projected for 2012-13 based on the at least \$1 billion—probably \$2 billion—of spending commitments made by the Premier that do not appear in the budget. The budget is a fraud. It is an inaccurate document. Every Western Australian, everyone in my electorate and everyone in every member's electorate, including the member for Nedlands' electorate, will by 2012-13 carry a debt burden of \$7 850. Every man, woman and child will be paying off the debts of sloppy government and a Premier whose economic management has already begun to unravel. Colin Barnett's name will forever be associated—as I said, like Alan Bond wandering around looking for breweries—with perhaps the most fraudulent budget document ever to be laid on the table of this Parliament.

MR D.A. TEMPLEMAN (Mandurah) [12.48 pm]: I will be very brief because I know we break in about a minute's time for 90-second statements. The shadow Treasurer has articulated a very, very strong case for an urgent mini-budget to be presented after the winter break to more effectively indicate the financial circumstances of the Western Australian economy. The shadow Treasurer's passionate address highlighted the need for such a measure. He prefaced his remarks with the sobering thought that nearly \$8 000 in debt will be incurred for every single Western Australian man, woman and child. It is indeed a sobering thought. We have already heard about a massive Treasurer's advance in the course of this Loan Bill debate. An unbelievable Treasurer's advance has been presented to this place for us to vote on. As the shadow Treasurer has said, this is a vague budget by an ultimately vague government. There are huge questions about the accuracy of this budget. There are huge questions about debt and where we are heading. The shadow Treasurer made a plea for a mini-budget. It was a very, very important call made by him. I hope the Treasurer listened very closely to the shadow Treasurer's plea, because he very clearly articulated the reasons why such a process needs support.

Debate interrupted, pursuant to standing orders.

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