

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

DUTIES LEGISLATION AMENDMENT BILL 2013

Second Reading

Resumed from 22 May.

Declaration as Urgent

DR M.D. NAHAN (Riverton — Minister for Finance) [4.20 pm]: I move —

That the bill be considered an urgent bill.

The reason for this motion is that the bill has sat on the notice paper for two weeks and six days. We need to get to this issue, so we have brought the bill forward as an urgent bill.

MS R. SAFFIOTI (West Swan) [4.21 pm]: We oppose this motion for a number of reasons. This bill should have been foreseen when the government brought back Parliament in April this year. This government brought back Parliament three or four weeks after the election on the basis that it had all of this legislation to deal with. For the four weeks that Parliament has sat, the government has been scrambling to try to organise legislation to deal with. This is another example of the incompetence of this government in dealing with its legislative agenda. We have had a three-week sitting. The government could have brought this bill on in any of those weeks but it did not. It is ridiculous to now declare this bill urgent. The only bill that the government has on the notice paper to debate in a significant manner for the entire week is the Duties Legislation Amendment Bill 2013. On the notice paper, government business order of the day 1 is the Duties Legislation Amendment Bill.

Mr B.S. Wyatt: What is 2?

Ms R. SAFFIOTI: I cannot see 2, member for Victoria Park.

A government that was re-elected in March urgently brought back Parliament in April because it had all this legislation to deal with, but all we have debated so far has been the Address-in-Reply, the Supply Bill 2013 and some minor health bills, and that is it. The government tried to give the perception that it had a massive agenda and that it needed to recall Parliament as quickly as possible to implement that agenda. But it has no agenda, and that can be seen in the one piece of legislation in government business orders of the day. The only substantial new legislation that this government has brought in since the election has been a bill to increase tax. I cannot remember the government promising a tax increase at the time of the election. I was busy doorknocking and phoning, but I cannot remember—I do not know whether anyone on this side can remember—the government promising a tax increase. The first substantial new legislation that it has brought to this chamber, and the first legislation brought in by the Minister for Finance, a former head of the Institute of Public Affairs, who, as I recall, was not very supportive of tax increases in the past —

Mr B.S. Wyatt: He was not supportive of tax.

Ms R. SAFFIOTI: The first bit of legislation that the government has brought in will impose a \$500 million tax increase. There is no reason for this bill to be declared urgent. The government brought back Parliament in April, we had a three-week sitting and it could not organise itself. It still cannot organise itself, because we have one bill to debate for an entire week—the Duties Legislation Amendment Bill 2013. I compare it with the number of notices of motion that the opposition has under private members' business on the notice paper.

Mr B.S. Wyatt: It is very active.

Ms R. SAFFIOTI: It is a very active opposition. There is a notice of motion from the Leader of the Opposition on Browse and Oakajee projects; one from my colleague the member for Cannington on the amalgamation of Verve and Synergy; one from the member for Mandurah about assistance to Western Australian farmers; and one from the member for Collie–Preston about a review of the Forest Products Act. There are a number of things that the opposition believes are urgent, but there is only one piece of legislation from the government. There is no reason, apart from government incompetence, for this bill to be declared urgent today. The bill could have been brought in earlier. There was mass confusion in the last parliamentary sitting week about whether we were going to debate it and when the briefing was going to be held. Now the government has tried to declare the bill an urgent bill. There is no reason for that but pure government incompetence.

MR B.S. WYATT (Victoria Park) [4.26 pm]: I, too, rise to express the opposition's opposition to this motion to declare the Duties Legislation Amendment Bill 2013 an urgent bill. The member for West Swan has outlined perfectly well why the opposition will oppose this motion. We have now started the fifth sitting week of Parliament since the election, and, as the member for West Swan pointed out, we have one piece of government business under orders of the day. Again, as the member for West Swan pointed out, it is for a tax rise. I sense some awkwardness from the Minister for Finance, noting that the first substantive piece of legislation that he has

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

brought to the chamber will impose a tax increase on the business sector of Western Australia, particularly at a time when, as the Treasurer said during question time—I wrote it down because it was a good line—the state's economic pie is as big as it has ever been. We are declaring urgent a bill to impose a tax increase.

I sat in this place and listened to some new members of Parliament on the other side talk about the importance of low taxes, the Liberal Party philosophy and how they oppose big government, regulation and further taxes. This is a challenge for those new members of Parliament. They should not support this motion to declare the bill an urgent bill; they should join the opposition in expressing its disquiet and lack of support for a government that has simply not been able to get its house in order in the introduction and debate of legislation since it was elected. As I said, this is the fifth week that Parliament has been back. The government has had plenty of time. This is not a complicated bill. The government gets it drafted and introduces it. It is a bill to impose a tax increase. It is not that complicated. As the member for West Swan pointed out, the opposition does not recall any commitments by the Treasurer during the election campaign to increase taxes. I do not recall that. I paid particular attention to the issue of tax increases and tax reductions. I had the pleasure of debating the Treasurer on this very issue in a debate hosted by *Western Australia Business News*. During that debate, the Treasurer made an announcement about the threshold of payroll tax. He said that he thought it was an important first step, that he hoped it would not be the last step—it certainly was not the last step—and that he was sure it would not be, but that at least from an incoming Liberal government there would be a commitment that the payroll tax bill would be lower, as the threshold would go back to \$850 000. We had a debate specifically around taxation up or taxation down, and the Treasurer said during that debate that an incoming Liberal government would bring taxes down. We also know that the quarterly financial results for March 2013 had not shown any reduction in government revenue since the *Pre-election Financial Projections Statement*. One can only assume, in light of the fact that everything was fully funded and fully costed and there has been no change in revenue, that when the Treasurer was talking about a reduction in payroll tax, this was always at the back of the government's mind. It was always the intent of the Liberal government to increase tax. It was always its intent to defer indefinitely the abolition of stamp duty on non-real assets. The only problem was that the government did not declare this to the people of Western Australia. At no point did it say that it would be deferring that indefinitely. The excuse detailed in the second reading speech was the decline in GST revenue, as though that is something new; I will be addressing that in my contribution to the second reading debate. There is no way this government should be given the privilege of declaring this an urgent bill.

I want all those new Liberal members of Parliament who stood up just four parliamentary weeks ago and said that they were here representing the Liberal Party philosophy of small government, lower taxes and less regulatory burden to stand up and speak in support of this legislation. If not, they should get over here and vote with the opposition on this bill. This is the first substantive bill of the new Minister for Finance, the former boss of the Institute of Public Affairs in Western Australia, and what is he doing?

Mr M. McGowan: He's putting up taxes!

Mr B.S. WYATT: He is putting up taxes on the business sector of Western Australia. I look forward to those Liberal Party members voting with the opposition in opposing this bill.

MR M. MCGOWAN (Rockingham — Leader of the Opposition) [4.31 pm]: I think the Leader of the House was going to move that this matter be put. Extraordinary! We have four lots of five minutes each to debate whether the Duties Legislation Amendment Bill 2013 should be declared an urgent bill. Just so the entire Parliament understands, what is being declared urgent here is a tax increase on business in Western Australia. The most urgent item on the agenda of the Barnett Liberal government is to put up taxes on small business in Western Australia. That is the most urgent thing it is doing. The reason this bill is being declared urgent is that it is the only thing the government is doing. Of course it is being declared urgent, because the government has nothing else to do! The only thing we have to do in here is that. I urge new members to read the notice paper. It is on their desk every day. There it is. It sets out what is going on. Go to the part headed "Government Business—Orders of the Day". Ordinarily there is a list—1, 2, 3, 4, 5, 6, 7, 8, 9, 10—to choose from. Today, all we have to choose from is one—the Duties Legislation Amendment Bill, otherwise known as the \$527 million tax increase on small business in Western Australia. That is what it should be called—the \$527 million tax increase on small business in Western Australia bill. We will amend the bill to call it that, because that is what it is! That is what the government is doing.

I have heard the Premier say numerous times that Liberal Party members have the right to cross the floor on important matters of principle. I look forward to members opposite exercising that right, because this is kind of an important matter of principle—a \$527 million tax increase on small business in Western Australia. What I would suggest as well is that in light of all those columns the Minister for Finance wrote about cracking down on tax rises and making sure that we cut taxes, he should lead the Liberal Party across the floor! He is the one who should exercise the right. What we will do is pull out all those articles that were in *Western Australia Business*

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

News and *The West Australian* by that so-called independent commentator. Do members remember him? Maybe it was the moustache that put me on the case, but I had a suspicion that he was not that independent. Lo and behold, there he is in the Liberal Party caucus and party room. As a man of principle who wrote all those columns in the paper about cracking down on tax rises, he has to be the first one to cross the floor; otherwise, everything he said and wrote before is absolutely and completely worthless. It will be interesting to see whether he does.

This bill will be declared an urgent bill, because despite my plea, as erudite and articulate as it has been, I think I will have failed to convince members of the Liberal Party. Even though members opposite have that right to cross the floor, none of them will have the courage to do it. I did a search of the Premier. After all the Premier's protestations about how he has the right to cross the floor under Liberal Party rules, how the Liberal Party is full of principle and how everyone can act independently, how many times has he crossed the floor in 23 years of parliamentary service? None! What we have here is the Liberal Party putting up taxes on business in Western Australia by \$527 million. The government wants to declare the bill urgent because it has nothing else to do. No doubt because the government has nothing else to do, if we do not talk about it, it will put up speaker after speaker to somehow talk about other issues in order to occupy the Parliament's time. Not only is the government putting up taxes on business in Western Australia by \$527 million over the next four years, but also it called the Parliament back even though it does not have an agenda. The government pulled us all in here without an agenda, so it has to declare things like this bill urgent. There has not been proper time to consult the broader community, the business community, the small business community, the tourism community and the like on this bill. All those people are going to be affected because they are going to have to pay more tax when there is any sort of business transaction that is impacted by stamp duty, such as goodwill and items of that nature, which we will go into in the general debate. That is what the government is doing. It is wasting the Parliament's time, truncating a well-established process and putting up taxes on small business, and it is not exercising its principles—well done!

MR J.H.D. DAY (Kalamunda — Leader of the House) [4.36 pm]: I want to reiterate what the Minister for Finance said in his brief comments. The Duties Legislation Amendment Bill 2013 has been on the notice paper for two weeks and six days; it falls short by one day of not having to be declared an urgent bill, so it is hardly a radical departure from routine practice as provided for in standing order 168, which indicates that, generally speaking, bills should be on the notice paper before the house for three weeks. It is two weeks and six days. It is an important fiscal issue for the state. There are major financial pressures on the state's finances. The Minister for Finance can explain that more fully in his reply to the second reading debate if that is what members require. Many of the points that have been raised by the opposition in this brief debate go in fact to the substance of the bill rather than to whether this bill should be declared urgent. We have been reasonably efficient as a house since we resumed after the election. We have actually passed five bills. There has been reasonable cooperation from the opposition, but it is not as though we have not had issues to deal with. Notice has been given today of another four bills.

Mr W.J. Johnston: Are we going to debate them when we get back in August?

Mr J.H.D. DAY: One of them at least I think the opposition has been briefed on and we may well debate that later this week if the opportunity arises; that is, the Rates and Charges (Rebates and Deferments) Amendment Bill 2013.

Mr W.J. Johnston: How?

Mr J.H.D. DAY: Again, that will be subject to the bill being declared urgent of course. This is an important financial issue for the state. It is important that the legislation passes both houses before the end of June unless there is some completely unavoidable reason for it to not do so. The Minister for Finance explained that more fully in his second reading speech. It is hardly a radical departure from routine practice. It has been on the notice paper for two weeks and six days. It is entirely reasonable that we debate the issue now.

MR W.J. JOHNSTON (Cannington) [4.38 pm]: This is my delayed contribution to this debate on whether the Duties Legislation Amendment Bill 2013 should be declared an urgent bill. There were three months and 22 days from the 1996 state election to the 1997 resumption of Parliament. What that allowed the government of the day to do was to have an agenda. The Governor's Speech back in 1997, which I recently looked at in respect to another bill, outlined a detailed agenda. It was not an agenda that I agreed with, but it was a detailed agenda that set out a plan for the next four years. The reason we are subverting the rules of this house today is that this is a government without an agenda. If this government had an agenda, it would have had this place full of work. Instead, we come in here with the Leader of the House hoping that the Labor Party will filibuster bills to get the government through to Thursday. That is the position the government is in. It is giving us no work. It is giving us a \$527 million increase in taxes, because this is a tax-and-spend Liberal government. Liberal members are all

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

very proud of being part of the highest taxing government in the history of Western Australia. There has never been a government in this state that has had as high a tax take as this government. I imagine that that is one of the urgencies here.

We still do not actually know why it is urgent for us to increase taxes by \$527 million. Of course, we will probably find that out when we get to the minister's reply, but it should have been in his second reading speech. He should have explained in his second reading speech why it was so urgent, so soon after an election, for the government to renege on all the promises it had made and suddenly increase taxes. It is an outrage that the government is subverting the proper rules of this house to do things that it never told the people of this state it would do. Not one member on the other side of this chamber told the people of Western Australia that the government's plan was not only to be the highest taxing government in the history of this state—it already has that record—but also to take things to a new level and cancel legislated tax reductions. We still do not know why that is urgent, and we should not support the subversion of the practices of this Parliament. The Leader of the House says that he will do that again before the end of the week. It is an outrage; the government should have had a program, and it should give us proper work, instead of doing what it is doing.

Division

Question put and a division taken with the following result —

Ayes (34)

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

Noes (17)

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

Pairs

Mr R.S. Love	Ms J. Farrer
Ms E. Evangel	Mr C.J. Tallentire
Mr R.F. Johnson	Ms J.M. Freeman

Question thus passed.

Second Reading Resumed

MS R. SAFFIOTI (West Swan) [4.46 pm]: I am the lead opposition speaker on the Duties Legislation Amendment Bill 2013 and I want initially to talk about why this is an extraordinary bill; it is extraordinary on a number of fronts. It is extraordinary because it is the only bill that this government believes is important to itself and to the people of Western Australia at the moment. A bill for a tax increase of \$527 million is apparently the only bill that this government believes is important at this time.

As the Leader of the Opposition has already outlined, many government members have, in their speeches in this Parliament, talked about the need to cut taxes and to be more efficient. As it turns out, the first act for many government members in this place will be to support an increase of more than \$500 million in taxes on businesspeople in WA. As the Leader of the Opposition said, the Liberal Party always states that it does not have to vote according to a party room decision and that its members have the freedom to vote how they want. Well, this will be a test for many government members in this place—whether or not they support a tax increase on business in Western Australia. It will be a true test for many members on the Liberal side who, as I have said, have commented over and over again about how they believe in cutting and removing taxes, because the first real new legislation that the Liberal government has brought into this chamber is a tax increase.

The bill is extraordinary in the volume of the tax take—\$527 million over the next four years. The minister claimed in his second reading speech that the tax take would be around \$120 million, but in fact it climbs to more than \$140 million in the last year of the new forward estimates, so that is a tax take of \$527 million. It is also extraordinary because, in most instances, a government will bring in legislation to enact its election commitments; in this case, the government is bringing in legislation to break a key election commitment. The

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Liberal Party made a commitment to reduce the tax burden, not to increase it, so this is clearly another broken election commitment by this government. It is extraordinary, as we have said, because it was introduced by the Minister for Finance, the member for Riverton. As we have said, there are volumes of information and articles written by the Minister for Finance, in particular from 1995 to 2005 when he was the independent commentator hired by *The West Australian* newspaper, amongst others, to comment on the management of the finances of the then Gallop and Carpenter governments, and even the Court government. As we know, he was not as independent as maybe he purported to be. We always knew there was something a little suspicious about what the member for Riverton was writing.

The bill that has been introduced by the Minister for Finance is extraordinary. As I said, it would be like the member for Bassendean bringing in WorkChoices as his first piece of legislation. That demonstrates the level of hypocrisy being shown here by the Minister for Finance. I would bet everything I own plus my children that the member for Bassendean would never bring in WorkChoices legislation. Maybe I would not bet my children, just the house. I know that he has to live with himself, and there is no way that he could ever bring in legislation that went against the core of his existence. I am surprised that the Minister for Finance, the member for Riverton, brought in legislation that goes against everything he has written, said and believed in. He will stand up and say that we need the money. I think this goes to the real issue, which is that the member for Riverton does not believe in a low-taxing environment. All he has ever believed in is Liberal good, Labor bad, and it is not any more sophisticated than that. All those documents and all those purported words of wisdom—that economic commentary that he provided year in, year out—can be summarised in four words, Liberal good, Labor bad, and it is not any more sophisticated than that. It is beyond belief that anyone who spent every living minute for years attacking governments for increasing taxes and spending too much could come into this Parliament and bring in a taxing bill. I know that the minister also has some other beauties in the cupboard, such as massive losses on a bit of power generation. A member of Parliament and a former economic commentator who argued against government waste and mismanagement is now overseeing a beauty relating to energy production and has brought in a tax bill. The level of absolute hypocrisy is beyond me.

I now want to turn to the particulars of this bill. As members would know, a tax cut was scheduled to commence on 1 July this year. The tax that was scheduled to be cut was the transfer duty on non-real business assets. Currently, purchasers of non-real business assets are required to pay transfer duty on that purchase, similar to the stamp duty being paid on the real parts of the business. Unreal assets, otherwise known as business assets in both the Office of State Revenue and throughout the accounting world, include things such as goodwill, a restraint-of-trade arrangement, a business identity, a business licence, a right under an uncompleted agreement to supply goods or services, intellectual property, rent rolls, client lists and similar items. As I said before, it basically covers all non-real items, including land and chattels. The second reading speech claims that this tax is worth approximately \$120 million. I understand it is difficult to estimate this tax but we were advised in our briefing that the tax is worth about seven per cent of total transfer duty, and that is how the government came to the estimation of \$120 million. We also learnt that while it starts off at \$125 million in 2013–14, the tax is worth a lot more in the out years. Our advice is that this tax is worth \$125 million in 2013–14, \$122 million in 2014–15, \$133.5 million in 2015–16 and \$147 million in 2016–17. We understand that this tax is worth \$527 million over the next four years.

Mr B.S. Wyatt interjected.

Ms R. SAFFIOTI: As the member for Victoria Park has just stated, it has been deferred indefinitely. That is the four-year value of the tax but of course there will be other value beyond the four years as no date has been set for its abolition. As I said, \$527 million is a significant impact in anyone's terms. When we compare it with some other tax changes that have been made in Western Australia over the past 12 years, it is one of the biggest tax increases that has been undertaken.

This is a tax that primarily impacts on business around Western Australia, in particular small businesses, because they are often the ones purchasing the smaller cafes and other places where goodwill might be a factor. It means higher costs for small business. It also creates a disincentive for businesses to restructure as that transfer duty has to be paid when that restructuring takes place. In essence, it is an inefficient, indirect tax that is being retained and not abolished. Labor committed, both in its financial books and also through legislation, to abolish this tax. The Liberal Party has now said that it will not abolish an indirect, inefficient tax that hits business.

It is interesting when talking about tax cuts to look at the importance that the member for Riverton once placed on tax cuts. I refer to a comment made in *The West Australian* of 25 May 2005. The member for Riverton, the Minister for Finance, said —

The party that most clearly promises to cut taxes, or puts tax cuts, first deserves the job of government.

He went on to say —

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

White elephants have a tendency to do great harm and the Kimberley canal and the desalination plant both at the moment look elephantine.

As has been demonstrated today, this is a government that puts tax increases first. It does not put tax cuts first; it is the complete reversal—the complete 180 degrees! The Liberal Party's first substantive bill brought into this house in its new term will not deliver a tax cut; it will deliver a tax increase. Of course there is also the real impact on small business, as we saw when I asked a question in this chamber of the Minister for Small Business a number of weeks ago. I asked what will be the real impact on small business; that is, how much of the approximately \$120 million a year or more of the \$527 million over four years will impact on small business? We understand that it is difficult to estimate but the Minister for Small Business had not even asked the question. It would be fair enough if she had stood and said, "I asked about the impact of this tax rise on small business and this is the answer I got." But it is clear that the Minister for Small Business, when going into cabinet to agree or disagree to this proposal, did not even ask what impact it would have on small business. It became clear that she may not have even found out the definition of small business as part of her responsibility as Minister for Small Business. The Minister for Finance brought in a tax increase after arguing for tax cuts in hundreds of newspaper columns and on television again and again, and the Minister for Small Business was not even asking the question: hang on; this tax increase, what impact will it have on small business in Western Australia?

I want to quickly go on to how the value of non-real assets is calculated. As I said, this is an indirect and inefficient tax. I will talk a little about why it was on the list of being abolished in a few minutes. But one of the key things we tried to understand, and it was a question that was put to me by one of my colleagues, is: how do you value non-real assets? It is difficult. As I understand it, the method of calculating the dutiable value will depend on the nature of the business and the business assets. I understand that the valuation of non-real assets is very difficult in some instances. Information provided from Value Adviser Associates, which basically is an opinion based on the evaluation of goodwill, states —

... the legal view of goodwill is based around a notion of "the attractiveness force of custom". The accounting view is that it is the residual after deducting net identifiable and quantifiable tangible and intangible assets from fair market value of equity. In most circumstances these concepts will be the same. Despite this general agreement, actually determining the value of goodwill can be an uncertain and contested process.

As I recall, this advice was provided as part of, I think, the Origin Energy case in Western Australia. It tried to understand how to value, in particular, goodwill. Valuation is difficult because unlike many other assets that attract stamp duty—in particular, land—valuation is far more problematic.

I want to go through the history of the bill for those who are not aware of why this duty had been scheduled for abolition. I remember that the GST agreement back in 1999–2000 was freely entered into by the then Court government in which the current Premier was a senior minister and deputy Liberal Party leader. This agreement was struck between the then Prime Minister, John Howard, the then WA Premier, Richard Court, and the then deputy Liberal Party leader, the member for Cottesloe. As part of this agreement, a number of state taxes were listed for abolition. From my reading of it, I understood that the state taxes included as part of this intergovernmental agreement were nominated by the states themselves as being undesirable on efficiency and equity grounds. The taxes nominated for abolition in most instances were quite tiny or they were being applied to high-volume but low-value products, such as rental duty. They were inefficient to collect.

Mr W.J. Johnston: Cheques.

Ms R. SAFFIOTI: Yes. The states got together and worked with the commonwealth to identify what they believed were the most inefficient and indirect taxes. Some 10 state taxes were scheduled initially for abolition. The tranche 1 taxes included financial institutions duty—otherwise known as FID; debits tax; quotable marketable securities duty; and the accommodation tax. Of course, the accommodation tax was levied in New South Wales, not in WA, and the goods and services tax was a direct replacement in a sense; therefore, we did not have to abolish that tax. The tranche 2 taxes included mortgage duty, rental duty, lease duty, non-quotable marketable securities duty and non-real, non-residential conveyance duty. A timetable was reached. As I understood it, there was tranche 1, and an agreement was reached in 2007 on the timetable for the tranche 2 taxes.

In Western Australia, when the former member for Belmont was Treasurer, significant progress was made in the abolition of all these taxes. Therefore, FID—otherwise known as financial institutions duty—and quotable marketable securities duties were abolished in Western Australia in 2001–02. Non-quotable marketable securities duty was abolished on 1 January 2004. Cheque duty was abolished on 1 January 2004, as was lease duty. Debits tax was abolished in 2005–06. The 50 per cent of mortgage duty was removed on 1 January 2007, together with rental duty, and the remainder of the mortgage duty was abolished on 1 July 2008. Non-real, non-

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

residential conveyance duty—that is the other named tax we discussed today—was scheduled for abolition on 1 July 2010. The former member for Belmont brought legislation into this chamber in 2007 to abolish duty on non-real business assets. On changes to abolish duty on non-real businesses, in his second reading speech of 28 November 2007 on the Duties Legislation Amendment Bill 2007, the former member for Belmont stated —

Finally, the bill delivers on the government's commitment to abolish duty on non-real business assets by removing business assets from the dutiable property list, and repealing a number of associated provisions, with effect from 1 July 2010. This commitment was announced in the 2006–07 budget, with an estimated cost of \$119 million in 2010–11.

The debate at the time was very interesting because the then member for Cottesloe raised a number of issues. I quote one of the key issues he raised on 11 March 2008 —

... it needs to be placed on the record that this is a high-taxing government; by any measure, both the Carpenter and Gallop Labor governments have been high-taxing governments.

That is an interesting comment given what he currently is overseeing. As the member for Cannington said, this is the highest taxing government in the state's history. In fact, back in 2007–08, state taxation was \$6.3 billion. Today, under this Premier, it is \$8.2 billion. At that time he was criticising the Gallop and Carpenter governments for being the highest taxing governments in the state's history, and, lo and behold, he is now the highest taxing Premier in the state's history.

In 2009, after the 2008 election, the member for Vasse came into this place and sought to defer this tax cut. The member for Vasse, in his time in opposition, made extraordinary claims about levels of stamp duty and commitments to cut stamp duty, but one of the first things he did in 2009 was to seek to defer a tax cut that was legislated by the previous Labor government. In his second reading speech, the Treasurer, the member for Vasse, stated —

Part 3 of the bill contains amendments to delay the abolition of transfer duty on non-real business assets until 1 July 2013.

The proposed abolition date of 1 July 2013 is still consistent with the requirements of the "Intergovernmental Agreement on Federal Financial Relations", and will result in additional estimated revenue of \$325 million over three years.

As I said, members opposite actually promised to cut taxes in the 2008 election campaign. I think the member for Cannington and, in particular, the member for Victoria Park have outlined this on numerous occasions over the past five years. Members opposite promised to cut taxes by \$250 million. Then, one of the first things they did in that term of government was to increase taxes by over \$300 million.

Let us now fast forward to 2013—that is, the election campaign we just went through. Again, promises were made to cut taxes. There was the specific promise on payroll tax that was not welcomed by business, given the small cut that had been proposed and the significant increases in payroll tax collected.

A clear commitment was made by the Liberal Party in its small business policy for the 2013 election. The Liberal Party said in this commitment that "the Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate." When I read the words "lifting the tax burden", I assumed it meant decreasing the tax burden. I now think it meant lifting the tax burden—literally! The Liberal Party promised in that commitment to cut taxes. The Liberal Party made a clear commitment in its small business policy to lift the tax burden to free up funds so that businesses would have more funds to invest, expand, employ and innovate. But what has this government done? It has taken from businesses \$527 million that they could have spent on investing, expanding, employing and innovating and has added that \$527 million to the state's taxation coffers. The government has taken money out of the hands of small businesses in Western Australia, as opposed to putting money into the hands of small businesses in Western Australia. It a complete con, and it is a complete broken election commitment.

Another key election commitment that this government made—I think we all remember these words—was "fully costed, fully funded". At the time, we knew that was not right. But it was difficult to get clean air on this issue during the debate. I think the government knows that in the last two or three days, the debate has become about "He said, she said". But the government does not really care. The government put that fully costed, fully funded stamp on everything. But it knew that it was not fully costed, fully funded. I refer in particular to the Metro Area Express light rail project. The Liberal Party said that it was fully costed, fully funded. It said also that it would be delivered regardless of whether the state government received any financial help from the commonwealth. The Liberal Party said that it knew the route of that rail line. It said that all the details had been ticked off. However, a few weeks later, after the election, the government said two key things. It said, "If the commonwealth does not stump up with the money, we cannot do it." It said also, "It is a bit trickier than we thought it would be, to put

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

light rail through the middle of Fitzgerald Street and Hay Street mall.” Who would have known that sticking a light rail through the middle of Hay Street mall would be a bit tricky? The Liberal Party knew all along that it would be a problematic project, and it committed to it in the full knowledge that it would not be able to deliver on that project.

This is my biggest problem with this government. The government went into the election campaign and made promises. But it never did anything and it never said anything. The examples are never ending. Another example is the electronic signs in my electorate saying that the government would deliver a 24/7 Ballajura police station. Everyone would have seen those signs. When the Premier went out on election day to start claiming victory in my seat at three o'clock in the afternoon, he would have seen those signs. The idea that the Liberal Party did not know that those signs were there, when they were authorised by the Liberal Party and put there by the Liberal candidate, is again a lie. The Liberal Party knew that it could not deliver on that promise.

As I have said, the fully costed, fully funded MAX is another example. The Liberal Party knew that MAX was not fully costed. It knew in particular that it was not fully funded. The member for Victoria Park—I hope I do not take some of the points from his speech—reminded me the other day that we made the commitment to fund the Ellenbrook rail line, and the Liberal Party matched us. However, when the Liberal Party won the election, it said, “We expected that all the detailed work would have been done, that all the detailed feasibility studies would have been done and that the plans would be ready; we thought the project would be just about laying the tracks.” The Liberal Party expected that from us, yet it made a commitment on MAX when it knew that absolutely none of the groundwork had been done. The Liberal Party lied to the people of Morley; it lied to the people in the member for Mirrabooka’s electorate, and it lied to the people in Mt Lawley. It just lied.

The Swan Valley bypass is another broken election commitment—similar to the massive tax slug that has been introduced in this bill. The Liberal Party has been saying for years that the Swan Valley bypass—or Perth–Darwin highway stage 1—is its biggest priority for that area, and it created the new route from the Tonkin Highway–Reid Highway intersection up to Great Northern Highway at Muchea. During the election campaign, the Liberal Party had pictures showing the full connection—the full 37 kilometres. All the reporting of that commitment was that the Liberal Party would build Perth–Darwin highway stage 1, and it would get some money from the commonwealth for that project. What happened after the election was that the commonwealth in its budget said, “Here is \$418 million to build it, and here is a \$25 million advance to make it happen earlier”. So not only did the commonwealth put \$418 million on the table, it also put down \$25 million as a cash advance, and it said to the government, “Here you go. Start to build that number one priority that you have been going on about for the past two or three years.” Every Liberal, both elected and non-elected, has been running around that area saying, “If only the federal government would listen and put the money on the table, we will do it.” The federal government put the money on the table and what did we hear from the other side? The Premier said, “Hang on. We are not going to build that Swan Valley bypass. It is not a priority. The commonwealth should have put that money somewhere else.” The Premier completely backtracked on that commitment.

The Premier now has \$418 million on the table. There is supposed to be \$196 million from the state government. I have gone through the Treasury costings for this project, member for Victoria Park, and I notice that Treasury ticked off on the Swan Valley bypass at \$196 million. I cannot understand how Treasury ticked off on that and why it did not put a note on the website saying how stupid that was. I am not sure how that happened. The Treasury costings show no net debt impact for this project over the next four years, and they show the total cost of the project at \$196 million, when it has always been up around \$900 million. I have gone off track there. But, basically, the commonwealth has put the money on the table, and it is up to the state government to make sure that it builds the Swan Valley bypass and it is just not another broken election commitment.

Again, the key issue for people on this side is: why did the Liberal Party lie about this tax slug during the election campaign? What is the government’s excuse for breaking yet another election commitment? Why is it that the first thing that the member for Riverton—the person who rallied the most and commentated the most on tax cuts in his professional career—has done as Minister for Finance is bring in a tax increase? This issue is purely about this government’s mismanagement. I want to go to some of the excuses that the Minister for Finance put forward in his second reading speech on this bill. The first excuse given by the minister is —

... volatility in the state’s revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state’s finances.

The argument put by the government is that because of the volatility in the state’s revenue base, and the rapid economic and population growth, the state needs to raise this extra revenue.

What is known today that was not known before 9 March? Nothing. What has changed today that had not changed before 9 March? Nothing. This is where we have the very disturbing contradictions from the Treasurer. We argued that there is no global financial crisis–type event happening; there is no global financial crisis. What

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

is happening in the economy was pretty much known before 9 March. The Treasurer said that the economy was just terrible and that things had completely changed. It was commented that he said that there was a GFC-like crisis a number of weeks ago. He said today that the economy was just fine and that we are moving from an investment phase to a production phase. We all knew that. When a project has finished being built, stuff normally starts being produced and exported; that is what happens. We always knew that. However, the government had Oakajee and Browse on the agenda, which it has failed to deliver. When all the projects that were basically started under the previous Labor government had finished, this government ran out of things to build. Business investment has fallen significantly over the past year and Browse and Oakajee—big projects that were to allow a significant construction workforce to continue in WA—are not there. That poses real and significant risk for the WA economy. This is something that the government is partly responsible for, because they were the two projects that the Premier committed to delivering and that he has not delivered.

As I said, there has been no GFC-like event, and revenue continues to grow strongly, in particular when compared with the situation in other states. Revenue growth has been strong since the Barnett government was elected in 2008. Since 2007–08 there has been strong revenue growth with general government revenue growing from \$19.3 billion, which was the 2007–08 actual, to \$25.5 billion, the 2012–13 estimated actual. That is an increase of over 30 per cent. The tax take has increased, as I stated before, from \$6.3 billion to \$8.2 billion—an increase of 30 per cent. Also, royalty income has increased significantly from \$1.7 billion to \$4.5 billion—an increase of 170 per cent. There has been no shortage of income under this government. Revenue, in particular from the mining sector, has increased significantly over this government's term. There is no excuse for this tax take.

I want to read the second excuse put forward in the Minister for Finance's second reading speech. He said the following about volatility in the revenue stream —

This has been exacerbated by the commonwealth government's refusal to implement the recommendation from its own goods and services tax distribution review to immediately reduce by three per cent the effective redistribution of mining royalties among the states. This represents a cost to Western Australia of over \$100 million per year.

This is the other excuse: the commonwealth government is not implementing one recommendation made out of that Brumby–Greiner review. Let us go through the facts of that. That review was released publicly on 30 November 2012 after interim and other reports were released. It was very clear before the midyear review, and in particular before the *Pre-election Financial Projections Statement*, that the government was not acting on those recommendations. That was very clear back then. The idea that somehow since the election the government has realised that some of these recommendations were not being taken up and that it therefore had to do this tax slug is wrong and false. The government always knew in the preparation of both its midyear review and its PFPS that the federal government would not adopt the recommendations. I seriously think the government went through the recommendation list in that GST review and found a recommendation that was worth about how much this tax slug is worth—around \$100 million—put it in in a speech, and said the state government had to do this tax slug because the federal government had not adopted that recommendation. It is the only explanation, because there is absolutely no logic to it. The government knew before the election that that recommendation would not be endorsed, and now it is using the recommendation as an excuse for this new tax increase.

I was also interested in some other comments on the second reading speech, because normally those sorts of arguments are not made in the second reading speech of a new bill. There are not normally arguments in a minister's second reading speech attacking federal governments or making such political points. I was also interested to read what the member for Riverton wrote in 2003 when he was head of the Institute of Public Affairs Australia —

Is WA getting a fair share of the Federal revenue pie? Since Federation, the States have blamed the Commonwealth for their every budgetary woe. WA Premier Geoff Gallop is at it again, blaming the Commonwealth's stinginess for the recent rises in State taxes.

That is what he said on 19 January 2003. He said the states should not blame the commonwealth for their budget problems; they have to look after their own set of books. That is exactly what the current member for Riverton said. He went on to write in 2005 —

Also, a Commonwealth–State fight is looming over taxes. The Commonwealth Government is understandably miffed. It spent the political capital on the GST with the express purpose of giving the States a growth tax so that they could eliminate a range of taxes and reduce others.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Not only have the States not eliminated all the initially agreed taxes, but some, such as the Gallop Government, have actually raised taxes. As demand for tax reform rises, the Commonwealth is pointing the finger at the States as the place to start.

Mr B.S. Wyatt: Who wrote that?

Ms R. SAFFIOTI: The member for Riverton wrote that. He said state governments cannot blame the commonwealth for their own increases in taxes, yet in his own second reading speech, he blamed the commonwealth for the state government's increase of taxes. Again, this whole philosophy is based not on anything economic but on Liberal good, Labor bad—that is it. It is not any more sophisticated than that.

In respect of the GST argument, those comments from the conservative commentator, the current member for Riverton, reflected what was being told to Labor time and time again. We were told that the GST was a growth tax, that we would be sharing in a growth tax and that we should enjoy it. That is pretty much what was said. Every Liberal said that the GST was a growth tax and, for once, the states would get access to these growth taxes. We were told to go away and not to worry about horizontal fiscal equalisation and not to worry about the operation of the Commonwealth Grants Commission. They pretty much said, "It's a good tax; it's a growth tax. The states have access to the growth tax, so go away and enjoy it." Do members know what we said at the time? We said it may be a growth tax in that it is based on consumption, but the share to the state is actually determined by a different body called the Commonwealth Grants Commission, which determines the states' needs and revenue-raising capacity. We knew that the way things were going Western Australia, because of the strong mining sector, would get a smaller and smaller percentage. Therefore, we argued in this house and publicly that the GST deal was a very bad deal for WA because more of our revenue was being subject to an equalisation process. Yes, we were giving up all the state taxes to get access to a growth tax, but we were not in control of that growth tax. We were not in control of not only the total pool, but also the share. That was always a fundamental problem of that GST agreement. Conditions today demonstrate why that is a problem with the state's GST share falling to such a point. I place on record again that I think questions about the current forward estimates in relation to GST share still need to be answered by this government. In recent months the government has said that the royalty take of the state will be hit by \$1.5 billion over the next four years. At the same time, it says there is a GST decrease of around \$500 million to \$600 million. I know there is a lag impact; there is always a lag impact, but if royalty revenue is written down to such a point, surely the goods and services take should not fall by that amount. In my view, it would probably increase a little compared with the current estimates. I am a conspiracy theorist—I hope the government will not show in the forward estimates such a low share of the GST that, should there be a change of government federally and the correct numbers are put in, it is seen as a big gift from a potential Abbott government. I hope that is not the case, but I am a bit of a conspiracy theorist and I believe the government is intentionally writing down the GST revenue in the forward estimates for that scenario and to justify tax slugs like this. As I said, I do not understand, and the Treasurer has not been able to outline it to me—no-one has, frankly—how at the same time the government can write down \$1.5 billion worth of mining royalties in the forward estimates and write down \$600 million in GST share. I do not see how that can happen. As I said, I hope it is not a ploy to cook the books to try to demonstrate something that has not happened.

The two reasons given by this government for the tax slug were, first, volatile revenue. That is not the case. Nothing has happened since the election to show that our revenue has been hit by such an amount that we need this tax slug. The second point is the GST argument. What is known today is pretty much what was known at the time of the pre-election financial statement. Again, there are no excuses. What is the real reason for this bill? This is a classic big-spending government with no control over its finances. It is a government that the member for Riverton —

Mr D.C. Nalder interjected.

Ms R. SAFFIOTI: The member for Alfred Cove should check the budget papers; he will be pleasantly surprised. Let us face it, this is a government that has no financial control. If the Labor government had done what this Liberal government is doing and the member for Riverton was head of the Institute of Public Affairs, article after article would be written slamming us for our bad financial management. There would be hundreds of articles saying how badly we are managing the state's finances. Any person looking at what this government has done can see that it has squandered the best set of books in the state's history and turned them into the worst set of books in the state's history. Its spending is on the wrong priorities.

Mr D.C. Nalder: Not the hospitals?

Ms R. SAFFIOTI: We put a down payment of \$1.5 billion on Fiona Stanley Hospital.

Mr D.C. Nalder interjected.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Ms R. SAFFIOTI: What about Elizabeth Quay? They were the best set of books in the state's history and now they are the worst. The Labor government left significant operating surpluses, net debt —

Mr P. Abetz: You're not very old if you can't look back any further. You said "in the state's history". History goes back to the beginning, to 1810.

Ms R. SAFFIOTI: I will check the state's finances in 1810 shall I, everyone? We had a strong operating surplus and net debt for the total public sector was down to \$3.6 billion. We had no net debt in the general government sector. This government has reversed that; it cannot manage its finances. Now the government will have to make some very tough and bad decisions because it has not managed the finances. There is no program for tax decreases or tax reform, which the member for Riverton would have been calling for. There is only a plan for tax increases. There is ad hoc, panicked decision making in relation to expenditure control. Each week there has been a different approach to expenditure control. I cannot remember them all. There was a cut in the use of consultants and some voluntary redundancies.

Mr B.S. Wyatt: Travel, pens and paper.

Ms R. SAFFIOTI: Yes.

Mr B.S. Wyatt: Real reforms!

Ms R. SAFFIOTI: Compulsory redundancies were flagged.

Ms J.M. Freeman: Overtime for police.

Ms R. SAFFIOTI: Yes. It is all over the place. Schools are unable to order pens.

Mr A. Krsticevic: Rubbish.

Mr W.J. Johnston: Go and talk to your principals.

Ms R. SAFFIOTI: Talk to the government schools. There has been ad hoc, bad decision making because this government has not managed the state's finances.

Several members interjected.

Ms R. SAFFIOTI: I am glad members opposite are all here supporting a tax increase. I am glad the Liberal Party is outspoken in its support of a \$527 million tax increase. That is what is happening. Let us make it very clear. The Labor Party legislated to cut this tax. The member for Vasse came into government in 2008 and deferred the abolition of that tax. Now the Minister for Finance is scrapping that tax cut altogether. I am glad members opposite are getting involved in the debate, because I think we will need to talk about this over the whole week. I want them all to rise and support this tax. I encourage all of them to stand and support this tax.

Mr P. Abetz: I will take your encouragement with enthusiasm.

Ms R. SAFFIOTI: Thank you, member for Southern River. I look forward to it if the government will let you. Members opposite are in here and will support a tax increase. They have all come in and said that they oppose big government; they want tax cuts. They want to leave it to the business sector because they make the most efficient decisions; they want to have small government and leave it to the market, yet this government has brought in a tax increase.

Mr D.A. Templeman: The member for Southern River will franchise it!

Mr W.J. Johnston: That's a good point. This is a tax on franchises.

Ms R. SAFFIOTI: It is a tax on franchises so I hope the member for Southern River speaks on this bill.

Mr P. Abetz: I will.

Ms R. SAFFIOTI: As I said, if members opposite want to contribute to this debate, I welcome it, because the first substantive bill brought into this place by this Liberal government is a \$527 million tax increase. I welcome their interjections because I want them all to stand and wholeheartedly support the first bill introduced by the Minister for Finance—a \$500 million tax increase. I look forward to their contributions and to the vote when they side with their leader, their Minister for Finance and the Treasurer in supporting a massive tax increase.

MR B.S. WYATT (Victoria Park) [5.37 pm]: I am sorry; I was expecting members of the Liberal Party to jump to their feet and speak on the Duties Legislation Amendment Bill. However, I will give them a minute to recover and get their composure back before they jump to their feet to strongly endorse this tax increase on the business sector of Western Australia. The speech by the member for West Swan was absolutely outstanding. She outlined in great detail the incredible hypocrisy of the Minister for Finance. The Minister for Finance and the Premier now have something in common. The minister's very first piece of legislation is a tax increase. Did he

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

know that when the Premier was Treasurer during the last term of government, his very first piece of legislation was deferral of the same tax cut? Of course, the legislation, like this bill, was introduced by the member for Vasse; however, something occurred early in 2010 so that the member for Vasse was unable to continue with the passage of the legislation. The Premier therefore became the Treasurer and his first act was to impose this tax increase—this three-year deferral. During debate on 4 May 2010—I like to quote myself occasionally—I said —

... it is an enormous leap of faith to assume that the government will have the ability to impose that sort of spending constraint upon itself, which is why I dare say the abolition of this tax will be deferred again.

When I predicted that we would again defer this tax cut, I never would have guessed that it would be done indefinitely. I would have thought that at the very least a government committed to the philosophies of the Liberal Party would give itself a time frame and impose a bit of discipline on itself so that at some point it could deliver these tax cuts. The reality is that under this government, expenditure growth has averaged 10 per cent every year.

Ms R. Saffioti: Double digits.

Mr B.S. WYATT: Yes, there has been double-digit expense growth every year under this government. I recall when I sat on the other side of the chamber the now Treasurer, the member for Vasse, railing against the former Labor government's spending growth, which averaged 7.5 per cent, as opposed to 10 per cent. I also remember the great Liberal lie of the 2013 election campaign—fully funded, fully costed—which the member for West Swan went through at some length. If that were true, there was a clear intent by the government to deceive the people of Western Australia about this tax increase. It did not tell anyone about it. The reality is—I think we all know this, as the member for West Swan has gone through it in some detail—that it has no idea how it will fund its election promises. Since the general election in March this year, we have seen the government walk away from many of its big-ticket infrastructure commitments, particularly the Swan Valley bypass and the Metro Area Express light rail, and I dare say that the time frame for the airport rail line will be pushed out as well. The member for West Swan was correct; who would have thought that MAX light rail would be complicated? Seriously, what an extraordinary performance from the Premier: "I've given this a bit of thought and it's a bit more complicated." Let us go back to when the Minister for Transport walked away from the Premier's commitment on the Ellenbrook rail line. This is what the minister said in this place to justify walking away from the Ellenbrook rail line —

... upon coming to government we sought advice from the Public Transport Authority about the business case or, at the very least, the feasibility studies that the former government had used to support its decision to commit \$700 million or thereabouts of taxpayer money to a railway line to Ellenbrook ... We could not find one, because no justification had ever been developed.

When the government committed, initially, northwards of \$1 billion and, finally, \$1.9 billion of taxpayers' money, surely there must have been a feasibility study or a business case to justify that, and surely that feasibility study and business case would have looked at the route, the complexities of putting rail down the Hay Street Mall, the number of train stops there should be and those sorts of basic issues. I would have thought that the government may have done that but, no, apparently not, because the Premier has told us that MAX light rail is a bit more complicated than the government initially thought when it committed \$1.9 billion of taxpayers' money to it.

Mr C.D. Hatton: It's lucky you didn't get Metronet in.

Mr B.S. WYATT: The good thing about Metronet is that we took responsibility to deliver it. We did not assume that a magic \$3 billion would fall out of the sky from the federal government. Then, as the member for West Swan outlined, when the federal government does cough up for half of one of the commitments—that is, the Swan Valley bypass—the Premier runs a mile; he no longer wants to deliver on it, despite the fact that, incredibly, he got half the funding from the federal government. This was always the madness of assuming that election promises would be paid for by a third party. Seriously, it is the Aunty Ethel approach to election commitments: Aunty Ethel will die and she will leave us some money and we will pay for it that way. That is how this government is going to deliver on these sorts of election commitments.

Returning to the GST, the member for Riverton has outlined his reasons for imposing this tax increase on the business sector of Western Australia. The reality is that the GST revenue that we have received in Western Australia has not really differed at all from our budgets. We know in advance what our GST revenue will be. I would expect, and I think the people of Western Australia expect, the government to manage the financial circumstances in which it finds itself. This government does not really want for money. There has been 30 per cent revenue growth over the term of the government, which is significant revenue growth by any stretch of the

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

imagination. Unfortunately, there has also been 40 per cent expense growth at the same time because the government cannot apply any form of financial discipline to itself. I went and had a look. The difference between the budgeted GST and what the government has actually received between 2008–09 and 2012–13, assuming that the *Pre-election Financial Projections Statement* holds up, and the latest quarterly figures suggest that those figures are still correct—that is, there has been no decline in the GST return—is \$380 million. The government has received only \$380 million less than it thought it would.

Mr P. Abetz: That's a lot less.

Mr B.S. WYATT: That is a lot less! I will tell the member how much less it is in the revenue that the government has had during that time. It is 0.33 per cent. If the government is running its finances in such a way that it cannot handle a negative revenue fluctuation of 0.33 per cent, and it cannot handle a reduction of \$380 million when its revenue during that time was \$114 billion, it should quit.

Mr D.J. Kelly: With the world's best Treasurer!

Mr B.S. WYATT: I thank the member for Bassendean. Quite simply, that is absurd. The government has had an extra \$350 million in capital grants during the same period and an extra \$400 million in revenue from the sale of goods and services. The revenue has held up. The problem for the government is its spending growth of 10 per cent every year. If it had stuck with the long-term average of the former Labor government of 7.5 per cent, the difference would have been \$9.4 billion.

Mr D.C. Nalder: No hospitals.

Mr B.S. WYATT: No hospitals! This is priceless. These are inane interjections. I listened to members opposite and their Liberal Party philosophies. They do not believe in hospitals, so they should stop talking about them! They believe in the private sector providing them. They believe in small taxes. I know that. What did the member for Alfred Cove say in his first speech? He said —

Our vision for this state must not come at the expense of our fundamental philosophies of lower tax —

What happened to the fundamental philosophy of lower tax —

of leaving businesses with more of their own money and of not burdening future generations with debt to fund expedient policies today.

That is correct, member for Alfred Cove. That is why there has been a massive increase in state debt. Not a peep. The first speeches that members opposite gave were wonderful; they just did not reflect the government they have joined! It is perplexing. Many members opposite will have to come over to this side of the chamber because I think they have a philosophical approach that is much closer to that taken by members on this side. The member for Forrestfield also had some interesting things to say. He said —

For someone whose family is, and has been, involved in small business for the last 30 years, I realise that as a government we need to enable these people; we need to support people who are willing to stand up and take a risk to create wealth, employment and opportunity. By supporting these people we grow our state ...

I agree, member for Forrestfield; we have to support them, not lie to them during an election campaign and then, through the first bill that the member for Riverton, the Minister for Finance, brings in, impose on them a tax slug of \$527 million. And that is just across the forward estimates, because it has been deferred indefinitely. This slug is going to stick around for quite some time, because at 10 per cent growth every year, there has been no discipline from these guys opposite to suggest that they will ever be in a situation to get rid of this tax, which the GST was supposed to remove.

The member for Joondalup said —

I feel strongly about supporting small businesses by reducing bureaucratic red tape and unnecessary regulatory burdens.

The member for Bateman said —

The business community is also concerned with costs such as ... stamp duty.

The member for Bateman is right. The member for Balcatta said —

I look forward to working with a government that will foster entrepreneurial spirit and confidence.

Member for Balcatta, that is wonderful! The problem is that the member is about to vote for a tax slug that will squash the entrepreneurial spirit and confidence of our business sector. That is what he is about to do, and it is on goodwill. For many in the small business sector, their most significant asset is goodwill. That is the beauty, the

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

entrepreneurial spirit and confidence! Come on! Come and vote with us as we oppose this bill! I know members opposite want to, because they are worried about it. The member for Balcatta said in his maiden speech —

I am aware of the impact of excessive taxes, charges and fees, and the impact of processing delays —

Yadda yadda yadda! He is aware of them. This is his chance to be a hero for them. The member for Churchlands wanted to discourage taxation measures. All members opposite will be voting with us; I know it! I am looking forward to sharing the benches when we vote down this bill, because we, too, care for the entrepreneurial spirit and courage of our business sector; that is why we are voting against this bill. The Minister for Finance may even come and join us as well. Going on what he used to say, he is keen on the entrepreneurial spirit of the business sector. I made the point, before I was so rudely interrupted by somebody—I have forgotten who it was now—that if the government had actually managed to impose on itself the average spending growth of the former Labor government from the moment it was elected, it would have \$9 billion extra. The government has also not managed to impose on itself the exact thing that the now Treasurer demanded of the former Labor government—the per capita spending cap, which is population growth plus inflation growth. The member for Vasse said —

I suggest to the Treasurer that the point he could start at, with all due respect to his obvious wisdom and experience, is a real per capita cap. The Treasurer might recall a real per capita cap in government expenditure; it is the sum of the rate of inflation and the rate of population growth yielding a percentage term, which should then be applied to the annual increase in government spending.

If the member for Vasse had managed to live up to the rhetoric he used in his demands on the former Labor government, he would have an extra \$14 billion. These are significant differences. The government might then have been able to encourage the entrepreneurial spirit of the business sector, not lie to it during the election campaign and then come in here and deliver a \$527 million tax increase.

The member for West Swan spent some time going through the history of the goods and services tax. She made the fundamental point that when the GST, as a consumption tax, was introduced, all these inefficient taxes were going to be removed. The tax we are debating tonight, the abolition of which the government is now deferring indefinitely, was supposed to have been removed when the GST was introduced. Interestingly, I went back to some debate that took place in the lead-up to the passage of the intergovernmental agreement through this Parliament in September 1999. I want to quote the former member for Belmont, Eric Ripper, who was the shadow Treasurer at the time. He made the key points that the member for West Swan has pointed out. Mr Ripper said on 13 October 1999 —

We will receive a bigger proportion of our revenue from the Commonwealth than we have in the past, which will, therefore, be subject to the deliberations of the Commonwealth Grants Commission.

The problem of vertical fiscal imbalance, to use the technical term, is made worse by the Commonwealth Government's tax reform package. The State's ability to be independent in financial matters is made worse by the tax reform package. The State's vulnerability to eastern States' notions of what is a fair distribution of commonwealth tax revenue is made worse by the tax reform package.

He went on to say —

I ask the question: Why will this problem not continue? If it does continue, as I expect it will, it will apply to a much larger slice of the State's revenue than it has before. As a result of accepting this legislation and as a result of the Premier agreeing with his Liberal colleagues at the federal level on this tax reform package, Western Australia will be both less independent in financial matters and more vulnerable to commonwealth government decisions which will take revenue from this State and distribute it to other States, perhaps New South Wales, Victoria or Queensland.

If only then Premier Court and now Premier Barnett had listened to what the then member for Belmont was saying. What their government effectively did was to hand over more of the state's revenue to the Commonwealth Grants Commission to equalise. That is what the former Liberal government did. Liberal members cannot now say, "I can't believe we're losing revenue!" They were warned about it in 1999. Do members know what Mr Court had to say during that same debate, in defending the GST? He said —

At least with this regime we will be given access to all of a major growth tax.

He got that key point fundamentally wrong. Eric Ripper responded directly —

What a straw man! We must either accept the goods and services tax or secession.

That was the nature of the debate going on at the time. He continued —

The Treasurer —

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Mr Court —

has given up on his historic battle with Canberra. He says that we will be given access to a growth tax. Let me put that more precisely: We will be given access to a share, to be determined by the Commonwealth, of that taxation revenue. That share might change from time to time depending on whether the Commonwealth thinks that Victoria or New South Wales needs a bit more.

The Liberal Party was warned.

[Member's time extended.]

Mr B.S. WYATT: The debate went on into 2000. Mr Ripper put a specific question to the now Premier, the member for Cottesloe, on 28 June 2000 —

Does the minister think there will be an effect on the Commonwealth Grants Commission?

Mr Barnett replied —

I predict that within five years there will be a reassessment of the GST and revenue-sharing arrangements.

Mr Ripper interjected —

Should the grants commission determine our share of GST revenue?

Mr Barnett replied —

I would prefer that it did not, but that is the system that we have.

Mr Barnett then made the point that we would have to worry about that later. The former Liberal government missed its opportunity. The federal government was desperate to get through that GST tax reform. That is when the state government should have been looking at the Commonwealth Grants Commission. That is when it should have been putting in the floor. That is when it should have been protecting the future revenue sources of Western Australia. Now we have the Premier complaining about the GST return when he signed up to the very system that he was warned about! The system is working exactly the way it was intended to work; it is working in the way that the former member for Belmont, Eric Ripper, warned the Premier it would work. We know how this works. It is not new. The reality is that the government has not been able to manage the budgetary circumstances in which it finds itself. GST revenue has always come back basically the same as has been budgeted for. There have not been any last-minute shocks; the government has not been expecting \$3 billion and then, oh my God, got only \$1 billion. The changes, as I outlined previously, have been offset by the other unexpected increases that the government has had, particularly around capital grants and the sale of goods and services. That is the reality. The minister cannot now come in here and say, as he does, that because of declining GST revenue the government has got to slug the business sector. Revenue growth has been strong; 30 per cent over five years is good. Expense growth has been the government's problem, and it is a problem of its own making. The government has made the decision to attack what is traditionally considered to be at the heart of Liberal Party philosophy—the small business sector. It can pay for the government's financial mismanagement. It was the Liberal Party that was desperate to sign up for the GST and was desperate to get its hands on what is clear from *Hansard* was Premier Court's flawed understanding of the return of the GST to Western Australia. The Liberal Party is now leaving it up to the current generation of business owners to pay for its mistakes. It is perplexing that a Liberal government would be doing this.

I read through the first speeches of some of the members who are here tonight, which they delivered just a month or so ago. They said they are committed to the principles of lower taxes, smaller government and the entrepreneurial spirit of our business sector. Did they debate this bill in the party room? Did it come up for discussion? Did those members rage against this being the very first piece of legislation that a Liberal Minister for Finance, the former boss of the Institute of Public Affairs in Western Australia, was not only going to bring into the chamber but also declare urgent because it is so important to get through? It is such an important part of the agenda of the new Liberal government that one of the very first things it has done is to declare the bill urgent and bring in a tax slug on the business sector. Did members opposite debate that in their party room? I doubt it. I listened to some of the first speeches from some Liberal members here. I believed them. I believe their commitment to those philosophies. I am sure they would have been pushed back had this gone through the party room. The government cannot now say that hospitals and other things are being built, when the member for Vasse sat on this side of the house and demanded that the former Labor government impose a real per capita spend cap on itself. The Liberal government has blown that out of the water, spending billions of dollars that could have been used to deliver real, meaningful tax reform. Liberal members sit here silently. It is perplexing. I often find myself aghast at this Premier.

Ms R. Saffioti: Agog!

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Mr B.S. WYATT: Agog at this Premier. He has not really had too much interest in financial management. I think he is looking into the future and considers —

Sitting suspended from 6.00 to 7.00 pm

Mr B.S. WYATT: Before I was rudely interrupted by the dinner break, I was reflecting on my colleagues' commitment to the Liberal philosophies of small government and lower taxes. In conclusion I point out that this government has comprehensively failed in its commitment to tax reform and tax cuts. In the lead-up to the 2008 election a commitment was made to the 500 Club, in return for its \$400 000 donation, to deliver \$250 million in tax cuts. When that commitment was made it was to be costed and delivered by the end of the 2012–13 financial year. Instead of tax cuts a series of rebates were to be delivered six years after the government was first elected in 2008.

I will refer to two other election commitments in 2008. The first was to return all windfall surpluses by way of tax cuts to the people of Western Australia. There was an exchange in Parliament in which the former Treasurer and member for Bateman, Mr Porter, explained what “windfall” meant, and he successfully—in his mind—redefined “windfall” to a point where there is no such thing as a windfall, and therefore there would not be any windfall surplus delivered by way of tax cuts. The other commitment was that all savings identified and made by the Economic Audit Committee would be returned by way of tax cuts. We know that \$900 million in savings was apparently found courtesy of the Economic Audit Committee. That is \$900 million in tax cuts that were not delivered in that first term. The Liberal government's commitments to tax cuts and tax reform have been nothing but a comprehensive failure. Despite healthy revenue growth, this government has not been able to impose on itself spending discipline to create the opportunity to deliver those tax cuts.

I have a sneaking suspicion that some of my colleagues from the government may make the point that it is not really a tax rise because it has never really gone. Of course, it is a tax rise, and for two reasons. Firstly, the legislation to cut this tax went through the Parliament in 2007. The business sector was preparing itself to respond to the change in the regulatory circumstances in Western Australia in 2010 to encourage the entrepreneurial spirit that these tax cuts would have delivered, but then the government deferred that to 2013. Again the small business sector had to respond: “We have to pay these taxes for another three years.” Secondly, it is a tax increase because the forward estimates do not include the revenue from this legislation. Once this legislation goes through, presumably in the budget brought down in August, there will be an extra \$527 million brought into the forward estimates because it is a tax increase. When legislation passes the Parliament to remove a tax, the argument cannot then be made it is not really a tax because it was never cut.

I have reflected, as the Minister for Finance did in his second reading speech, that this is a tax that should have been abolished under the arrangements that gave us the GST. We made the decision. Premier Court and then Minister Barnett made the decision to take more of Western Australia's tax revenue, over which we had independent control, and put that into the hands of the Commonwealth Grants Commission, which would therefore subject a bigger proportion of our revenue to the equalisation that takes place through the black box of the Commonwealth Grants Commission. That decision was made with open eyes. I have been through the *Hansard* debates of 1999 and 2000, when Eric Ripper, the then shadow Treasurer, made that point crystal clear to the then Liberal government. The fatal flaw in 1999 was that then Premier Richard Court operated on the assumption that all GST growth tax would be returned to Western Australia, despite warnings from the then Labor opposition that that was not correct. All Western Australia would be entitled to would be access to a proportion of that revenue, and that would be determined by a body over which we had no control. The Liberal Party made the decision in 1999 to reduce Western Australia's financial independence by signing up to the GST and handing over its revenue raising capacity, and to have that distributed to the other states. We knew that. The GST is operating as predicted by the Labor opposition in the late 1990s and in 2000, and now Premier Colin Barnett is trying unsuccessfully to change a system that he should have changed back in 1999 when he had the whip hand in the bargaining. Peter Costello and John Howard were desperate to get that GST legislation through, and that is when he should have done it, because Premier Barnett is now signed up to a system that requires unanimity from all states. He has not been able to convince the federal Leader of the Opposition, Tony Abbott. Members have seen the advertisement taken out by Tony Abbott in the Tasmanian newspaper, which reads —

The coalition fully supports the existing GST arrangements. We will not change them.

“Fully supports”! Despite everything, it is not that Tony Abbott is ambivalent—Tony Abbott would like to change, but he cannot—Tony Abbott “fully supports” it. Premier Barnett has monumentally failed to convince the federal Liberal Party to even consider any changes. Instead, the federal Leader of the Opposition is taking out front page ads in a Tasmanian newspaper saying, “We fully support them.” Of course, he fully supports them; it was his former boss who signed up to them and who created these arrangements. Members opposite are doing this. I have mentioned some of the comments made by members opposite during their inaugural speeches and I

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

look forward to those members showing their commitment and voting with Labor against these tax rises, the very first act of the new Minister for Finance.

DR A.D. BUTI (Armadale) [7.08 pm]: I also speak in opposition to the Duties Legislation Amendment Bill 2013. The member for Victoria Park has mentioned the GST and how Premier Barnett was one of the main players when Western Australia agreed to the GST. The Minister for Finance has written about this and I will come to some of his writings shortly. Here we have a situation in which the Liberal Party, allegedly the party of lower taxes, should be seeking to remove tax imposts from businesses, but what is it doing here? It is doing the reverse. The provisions of this bill are nothing more than an impost, a continued impost and an increase on the impost. As the member for Victoria Park said, legislation was enacted and these tax cuts are enshrined in law—“L-A-W”.

Mr W.J. Johnston: “L-A-W” law!

Dr A.D. BUTI: That is right; I think we have heard that before!

We have tax cuts enshrined in legislation that this bill will seek to remove. The party of low taxes and small business is renegeing on its commitment to small business. When during the election campaign did Premier Barnett or Treasurer Buswell state that the Liberal Party’s first substantive bill, if it were to be re-elected, would be a bill that sought to increase taxes on small business? When? I ask the Minister for Finance where in the Liberal Party’s 2013 election platform it was stated that a Liberal government would introduce legislation —

The DEPUTY SPEAKER: I draw the attention of the two members entering the chamber to standing order 38; members are to acknowledge the Chair when coming into the chamber.

Dr A.D. BUTI: Where in the Liberal Party’s 2013 election manifesto was it stated that a Liberal government would increase taxes on small business? Where in its election manifesto did the government state that within three months of being re-elected it would bring into this house a bill that would scrap tax benefits that were enshrined in law? Where, Minister? Has the minister lost his tongue?

Dr M.D. Nahan: I’m not going to respond.

Dr A.D. BUTI: I look forward to finding out when, during the election campaign, the minister stated that he would bring this piece of legislation into this house. This legislation takes away much-needed relief from small business. The minister and every member of this house, on both sides, know that small businesses are doing it tough at the moment. They were looking forward to some relief in this difficult time, but all the government is doing with this bill is to bring in a tax hike. I am sure that this goes against the philosophy of the Minister for Finance, and I am sure that it runs contrary to some of the writings he has published in the past and to which I shall refer shortly. This is nothing but a fraud on the public of Western Australia; this is a fraud on the small business community of Western Australia. The Minister for Finance has ratted on his small business constituency because, as the member for Victoria Park stated, this is a tax increase. Legislation was in place that would have resulted in a tax cut for small business and would have come into effect from 1 July 2013. The government, with this bill, is increasing taxes. The so-called party of small business is ratting on small business; just as the member for North West ratted on those who put him into Parliament, the Liberal Party is ratting on those who re-elected it into government. I am not sure whether the Minister for Finance had a conversation with the member for North West to learn about ratting on those who put him into government, but he is sure doing a good job of it!

Let us now turn to the minister, because he is very interesting; we knew about his philosophy for a long time before he came into this house. We have had a number of exchanges over his hero, Professor Milton Friedman, who once stated that he was in favour of cutting taxes under any circumstances and for any excuse, for any reason, whenever it is possible. It is interesting that he also stated that society did not have values, people had values. That is a bit like Margaret Thatcher, who did not believe there was any such thing as society. It is therefore interesting that the Minister for Finance, a disciple of Milton Friedman, is the architect of a bill before this house that is completely contrary to the philosophy of Milton Friedman and to the minister’s own stated philosophy.

The Minister for Finance was formerly quite a prolific writer before he came into this house. An article of his that was published in *The West Australian* on 19 July 2003 was headed “WA Gets Its Share of Canberra Pie”. The first sentence reads —

Since Federation, the States have blamed the Commonwealth for their every budgetary woe. Dr Gallop is at it again, blaming the Commonwealth’s stinginess for the recent rises in State taxes.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

That has a familiar ring to it; I think Premier Barnett and Treasurer Buswell seem to be blaming Canberra for all the woes of this state. The article goes on to talk about how the state will receive sufficient revenue from the commonwealth.

I turn now to an article that was published in the March 2005 edition of the journal *Review*, titled "Taxes, Health and Federalism". The now Minister for Finance, who was then the executive director of the Institute of Public Affairs—that well-known progressive institution—stated, in the second paragraph —

Taxation should be near the top of the list—especially for Liberals—but it isn't.

Mr W.J. Johnston: It is at the top of the list!

Dr A.D. BUTI: Exactly right! What he did not add was that tax increases should be near the top of the list for Liberals! Of course, we know that he really meant that taxation reform—lower taxes—should be at the top of the list, especially for Liberals. That is a stated Liberal philosophy, yet we have something completely contrary to that here. It is like the member for North West being elected as a member of the Labor Party, then deciding that he will no longer be a member of the Labor Party. It is like the Minister for Finance being an avowed economic Dry, saying that he believes in lower taxes, and then becoming a cabinet minister and reneging on one of his own basic philosophical tenets of low taxes and reducing the imposts on small business.

Further along in the same article the now Minister for Finance states —

A cynic might argue that the Howard team, having mastered the art of buying votes with judicious dollops of taxpayer largesse, is loath to limit its capacity to do so in the future by cutting taxes now.

The question to be asked is: the government is increasing taxes through this bill; is this because in four years' time the Premier and his team are going to do what they did in 2013, which was to mislead the public with bribes by saying it was going to do X, Y and Z and then, within the first two weeks of Parliament being reconvened after the election, reneging on promises made during the election campaign? The Liberal Party knew during the election campaign that it could not keep those promises, so one of the ways it is now trying to keep those promises is by increasing taxes on small business.

Further along the article reads —

Of course, from a classical liberal perspective, the views of the median voter should not matter, particularly when, in reality, a very small proportion of tax revenue is spent on classical public goods such as defence, —

Of course, that is from a federal perspective —

police, public health, and pollution abatement and control. People should have the right to reap the benefits of their own labour and saving.

Well, small business people will not be able to reap the benefits of their labour and their enterprise because the government is going to increase their taxation through this bill. Further along, again in the same article, the now Minister for Finance states —

Costello is also correct in arguing that the focus needs to be on the States and Territories—they are responsible for service delivery and infrastructure where the major gains are to be made.

What is interesting is the way the article ends. It states —

Third, over time, we must develop a health system that is based on individual choice and responsibility rather than socialism.

I ask the minister, the Medicare system that we have now—is that socialism? If we are to take the last sentence in the minister's article from 2005 at face value, he is stating that the Medicare system—the great health system that we have in Australia—is socialism. I know that the Tea Party in the US would believe that it is socialism; it would be interesting to find out whether a minister of the Crown in Western Australia believes that the Australian health system is a form of socialism. Is the minister prepared to offer an opinion?

Dr M.D. Nahan: I'm writing everything down that you said and I'll respond.

Dr A.D. BUTI: I look forward to that one! I look forward to the Minister for Finance justifying that.

Mr W.J. Johnston: The situation is that he only had opinions when he didn't have any authority; now he has authority, he has no opinions!

Dr A.D. BUTI: That is right; I forgot about that. I thank the member for Cannington.

Mr D.J. Kelly: He only had principles when he had no authority.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

The DEPUTY SPEAKER: Order, members!

Dr A.D. BUTI: Member for Bassendean, I think that actually is very true. The principles went once the cabinet position was thrust upon him.

Mr D.J. Kelly: Salary.

Dr A.D. BUTI: The salary, the car et cetera. A more extensive article published by the Institute of Public Affairs, which was one of its backgrounders, "IPA Backgrounder, June 2006, Vol. 18/3", states —

About the Author

Dr Mike Nahan is a Senior Fellow with the Institute of Public Affairs.

He holds a Ph.D. in economics from the Australian National University. —

It is a very fine university —

He has worked as an academic, public servant and consultant in Australia, the US and in the Asia-Pacific region.

He has published widely on a range of issues including fiscal policy, federalism, globalisation, the environment and the governance of the non-profit sector. He is a frequent commentator in the Australian and regional media and writes a fortnightly column for the Herald Sun.

In 2000, Dr. Nahan was awarded the Centenary Medal for his contribution to public policy.

That is all very impressive, but since he has become minister, as the member for Cannington said, he now has no opinions. As the member for Bassendean said, he has thrown away any principles that he may have had. But he had some very strong principles; he had some strong philosophy when he was executive director of the IPA. No-one could be excused for not knowing the political and economic philosophy of the Minister for Finance when he came to this house. At least I will give him that: before he came to this house, he was very forthright in his opinion and views of where he stood on economics, taxation and governance. Even when he was on the back bench, many of those principles were still held. However, since he has become a minister, as the member for Bassendean just correctly stated, they have disappeared into thin air.

Let us look at the more substantial article called "Opportunity Squandered: How the States have wasted their reform bonus". The member for Victoria Park talked about where this government has gone missing on taxation reform. In the introduction, the minister states —

Moreover, the States have repeatedly justified maintaining high tax rates or failing to eliminate taxes on grounds that they need to meet infrastructure demands and undertake reform of services.

...

While the Commonwealth has done much to undermine the standing of the States by usurping taxing and spending power, in the end, the States are responsible for their own poor reputation and for fixing it.

Therefore, it would be a good idea if the minister, in his response, does not blame the commonwealth. As he stated in his own extensive article in 2006 —

... the States are responsible for their own poor reputation and for fixing it.

The state of Western Australia, the Barnett government and the Minister for Finance are totally responsible for introducing this bill to the house that increases taxes for small business. The article also states —

The two main sources of revenue growth were Commonwealth grants—(both GST and tied grants)—and own-State taxes.

The minister talks about GST. Of course, as the member for Victoria Park told us, Premier Barnett was one of the architects of this state joining up to the GST. So, it is a bit rich now for Premier Barnett and the government to complain about the GST when they signed up to the formula. If they did not have the foresight to think about what might happen down the track, that is their fault—no-one else's. They will not get any relief if there happens to be a change of government at the federal level on 14 September. The minister also stated —

WA ... has been most tardy in meeting its GST commitments to cut agreed taxes ...

That is interesting, is it not? This was written in 2006!

Ms R. Saffioti: I didn't read that one!

Mr B.S. Wyatt: You missed that one!

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Dr A.D. BUTI: I will read the whole paragraph seeing as members enjoyed it so much! The article states —

WA and Tasmania also received large windfalls from both own-taxes and grants. WA, which, along with NSW has been most tardy in meeting its GST commitments to cut agreed taxes ...

Dr M.D. Nahan: It's true.

Dr A.D. BUTI: What is the minister doing with this bill? Being tardy—very tardy! It is amazing; I do not know how the minister sleeps at night.

Ms R. Saffioti interjected.

Dr A.D. BUTI: Actually, it is very interesting, member for West Swan, because —

Several members interjected.

The DEPUTY SPEAKER: Order, members!

Dr A.D. BUTI: There is no doubt that the Minister for Finance is highly trained and educated in economics. There is no doubt and I would not dispute that.

Ms R. Saffioti: He uses it for evil!

Dr A.D. BUTI: He may use it for evil, but he is so political about it. He was not an academic economist; he was a political economist. Of course, down the track I am sure he was thinking about becoming a member of Parliament —

Dr M.D. Nahan: You were an academic; were you a political academic?

Dr A.D. BUTI: No, I was not actually. Read my stuff and see where I am very fair-handed in my criticism of either side of government. I think the minister should read it. He should not make accusations without reading any of my readings.

Dr M.D. Nahan: You haven't read mine very widely.

Dr A.D. BUTI: No, and just as well, otherwise we would have a really full day today, would we not?

Let us keep going. The article also states —

The bottom line is that all States have benefited significantly from the introduction of the GST. They received substantially more revenue than was expected at the time the Inter Governmental Agreement (IGA) was signed ...

Blah, blah, blah —

The funds received in the form of higher-than-expected GST payments alone have been sufficient to have allowed all States to meet their tax-cutting commitments under the IGA. But, so far, none has done so.

[Member's time extended.]

Dr A.D. BUTI: The fact is that this state continues not to meet its GST commitments. The minister then went on about the spending spree —

In the main, the States have squandered their reform bonus. While there is variation among the individual States in terms of fiscal performance, through a combination of sloppy budgeting, failure to control public service wages, and a propensity to throw money at problems, they have, in aggregate, consumed their reform bonus without undertaking reform or investing in infrastructure.

It will be interesting to see how the Minister for Finance, the fiscally conservative former executive director of the IPA who wrote extensively about taxation reform and how WA had failed in its GST commitments to reduce tax, can justify introducing into this house the Duties Legislation Amendment Bill 2013. The minister had an insert called "Revenue Gains: States vs Commonwealth" in his article, which states —

A continuing complaint of the States, used as an excuse not to undertake reform, is that despite receiving the GST, they still do not receive a fair share of total tax revenue. This claim is not supported by the evidence.

The minister then went on about the commonwealth and the states. The insert continues —

The big difference between the two levels of government lies with tax cuts and reform.

... in contrast to the States, the Howard Government used a sizeable portion of its reform bonus to facilitate reform. Since coming to office ten years ago, the Howard Government has instigated a series

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

of reforms accompanied by large increases in spending designed either to bolster support or to compensate those who lost from the changes ...

Et cetera. Then one of the reforms that the minister talked about was —

- a number of incremental but nonetheless useful and costly reforms to the welfare system ...

It would be interesting to know the minister's views on opposition leader Tony Abbott's paid parental leave scheme. I would gather that is a welfare measure. I would also say that it is an impost on business. It is interesting that the minister is supporting—in his eyes, hopefully—a Prime Minister Abbott to bring in a system that I am sure deep down in his beliefs the minister does not agree with. But as we know, as the member for Bassendean told us, the minister does not seem to have those beliefs anymore since he became a minister. The article also stated —

What about the Future?

While the reform bonus flowing to the States as a whole is likely to wane somewhat, for most States it is expected to continue. The GST is expected to generate an extra ...

Amount of income for the states. It continues —

Most States are also forecasting growth in own-tax receipts—particularly in payroll tax ...

Blah, blah, blah —

As revenue growth slows to more sustainable rates, the States will need to cut back on spending to match their lesser—but still abundant—revenue flows. This will require a level of fiscal discipline that appears to be alien to the current crop of State governments.

Being 2006, I assume the now minister was referring to, in the main, state Labor governments; I wonder whether he will be saying that about his own government.

Dr M.D. Nahan: Read back.

Dr A.D. BUTI: Read back in the article?

Dr M.D. Nahan: No, look back to the 1990s; it did not just exist then.

Dr A.D. BUTI: The report continues —

This task has been made more difficult by State politicians having constantly fed the public a message of cash shortage, and the need for more spending by Labor Governments in all states with their close ties to public sector unions.

What is this government's excuse then? What is its excuse if it thinks our reason for spending was our close ties to the public sector unions? What is this government's excuse for its spending and inability to provide a tax cut for small business—the people it says it represents?

Further on in the report —

Despite periodic complaints, the States have, in the main, acquiesced in the Commonwealth's take-over of their taxing and spending powers. They have regularly decided that more money raised by the Commonwealth was better than raising the funds themselves. They accepted the GST deal because it gave them more money with fewer responsibilities. The GST also gave them the scope for hand-balling responsibility for their own taxes over to the Commonwealth—as witnessed by the need for the Commonwealth to force them to meet their tax-cutting obligations under the GST.

But of course this government will not comply with its tax-cutting obligations under the GST agreement. The Duties Legislation Amendment Bill 2013 is a classic demonstration of how this government complains about the GST—an agreement signed up to by the current Premier. Labor was not in power in Western Australia when WA signed up to the GST agreement, and this government is now complaining about GST and not complying with its tax-cutting obligations under the GST deal.

This bill completely reneges on the so-called Liberal Party philosophy of smaller taxes; furthermore, it compounds the lie—the hypocrisy—told to those they say they represent, being small business. It says it represents small business. It went through an election campaign only three months ago, and not once that I can recall—it will be interesting to see whether the Minister for Finance will correct me—did it mention that it would be coming to this Parliament and introducing a piece of legislation that would actually increase taxes on small business; not keep taxes at the same level, but increase taxes. As we know, from 1 July there was to be a tax cut that had been enshrined in law—“L-A-W” law. That is what this government promised, and it should be

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

absolutely ashamed of having reneged on its promise to small business. We heard the Treasurer say, in debate with the member for Victoria Park during the election campaign, that this government was going to bring relief to small business by reducing taxes on small business. But what has it done? It has brought this bill before this house. Shame, shame, shame on this government and this minister, who has, for most of his adult life insofar as his public statements and academic writings, always advocated taxation reform and lower taxes. But what has he done? He has brought into this house legislation that will increase taxes on small business people, who are the people he says he and this government represent, and who the Liberal Party has a history of saying it represents. How can the government look into the eye of any small business owner in my electorate, in the finance minister's electorate—in any electorate on either side of the house—and say they stand to help small business in these tough economic times, while introducing legislation that will increase costs on small business? Small business is demanding and crying out for tax relief. Small business had a promise made to it; it had a legal framework that stated that it would benefit from tax relief as of 1 July 2013. But, no, this minister—the champion of economic rationalism, a so-called dry, and a disciple of Milton Friedman—has brought in legislation that will actually increase taxes on small business. I find it hard to believe that this minister put his signature to this piece of legislation. It would be interesting to know whether this minister brought this bill to cabinet or whether it was a directive imposed on him by Premier Barnett or Treasurer Buswell. I really find it difficult to believe that the stated philosophical beliefs of this minister have allowed him to be the instigator of this bill. Okay, he brought this bill to this house and has championed it, but the minister has to remember that this will be in *Hansard* forever. He will be known as the minister who threw away all his ideals, philosophies and beliefs because he cherished the comforts of a cabinet position. Shame on the minister and shame on his government for misleading the public of Western Australia during the election period, particularly the small business community, which he says it represents.

MR P. ABETZ (Southern River) [7.35 pm]: I rise to address the Duties Legislation Amendment Bill 2013. Tax is one of those subjects everyone agrees on. Everyone wants to pay less tax; there is no question about that. But, as the old saying goes, there are two absolute certainties in life: taxes and death. But when it comes to taxes and the government's situation, there is always this issue of people wanting to pay less tax while wanting more services. One of the challenges is to achieve that balance, and where one draws the line of balance is obviously a subjective decision.

People quite regularly come into my office in my electorate of Southern River saying, "The government should do this or the government should do that", and often it is an issue that requires a fair bit of government money. The question I sometimes put to people is, "Which current program would you like the government to cut to make way for your suggested program?" They kind of look at me in a bit of shock and say, "What do you mean?" I say, "Well, the other alternative is which tax do you think we should increase to pay for this program you are suggesting?" That brings home to people the fact that governments are exactly the same as our households: we cannot afford, in the long term, to spend more in a month than we earn. It is as simple as that. In the short term, sure, we can put a bit on the credit card and pay it off next month, but the bottom line is that in the long term we cannot afford to spend more than is coming in.

The reality is that there was a massive backlog of capital projects that the Liberal Barnett government has undertaken to complete, and I can mention some in my own electorate such as the Nicholson Road roundabout. That was a nightmare for many years before I was elected to this Parliament, and it just went on and on. It took people 20 minutes to half an hour to get through that traffic bottleneck; \$3 million resolved the problem. I am absolutely certain that residents in my electorate who use that roundabout would say, "We would have been happy to pay a little more tax eight years ago so that roundabout could have been fixed."

We have a massive shortage of sportsgrounds in the south eastern corridor. The question is: how can we get them? They cost money. Again, I suggest to members that many people in my community—although not everybody—tell me that they would prefer to pay a little more tax and get some of these things in the electorate rather than continue to put up with the shortage of sportsgrounds or traffic bottlenecks. For example, the number one traffic problem in my electorate, since the Nicholson roundabout has been fixed is Ranford Road between the Livingston shopping centre at Nicholson Road and the Canning Vale markets at Bannister Road, but it would cost \$6 million to put an extra lane each way on Ranford Road.

Mr W.J. Johnston: You're saying that you have to increase taxes to do government work. Is that what you're saying?

Mr P. ABETZ: I am saying that if we want work done, the government cannot do any more than it can with the tax revenue it raises.

Mr W.J. Johnston: There is a philosophy in politics that says the trick of government is not to do more with less; it is to do less with less. Are you saying that is the wrong philosophy?

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Mr P. ABETZ: No, what I am saying is that if we want to put a third lane on Ranford Road, it would cost \$6 million. If we can do it for \$5.5 million, that is brilliant, but if the council tells me it is a \$6 million project, we have to deliver \$6 million to the council or it will not happen.

Mr W.J. Johnston: So what you're saying is —

The DEPUTY SPEAKER: Order!

Mr W.J. Johnston: He is accepting the interjection. Are you saying that if the state government wants to spend \$30 billion, you need to raise \$30 billion? Is that what you're saying?

Mr P. ABETZ: If the government wants to spend \$30 billion, it needs to raise \$30 billion; absolutely.

Mr W.J. Johnston: And if we need to spend \$35 billion, you have to raise \$35 billion.

Mr P. ABETZ: Absolutely.

Mr W.J. Johnston: And if you want to spend \$40 billion, you'd raise \$40 billion.

Mr P. ABETZ: Exactly right. The government must raise whatever it is going to spend. It can borrow for capital works for a certain period and then pay it off.

Mr W.J. Johnston: So are you against the idea of cutting spending rather than increasing taxes?

Mr P. ABETZ: The issue is that we need to make a decision about whether we accept a reduction in tax revenue and have an associated reduction in services or capital works, or whether we will not have a reduction in the stamp duty on the non-real business assets when people sell their businesses as a way of maintaining some of that revenue stream to allow us to do more works in our community. As I said, the issue is very much one of deciding on the balance. I am all for finding efficiencies in government expenditure. We do not want inefficiencies and waste. That is why when trying to find the two per cent efficiency dividend savings every year, each government department must look at its expenditure and ask where it can find the two per cent saving. They must make decisions about what is not needed anymore. Often programs roll along in not only government, but also big corporations. People keep on spending money because it is the way it always has been. We need to look at the budget and say that we need to trim two per cent. After having trimmed two per cent off what is least needed, if something extra needs to be done because we want to do a new project, by all means add extra money to the budget. I am all in favour of continuing to review budgets for the purpose of efficiency. The bottom line is that we need to generate the revenue that we need to provide services to our communities.

The Duties Legislation Amendment Bill 2013 affects the transfer duty on non-real business assets such as business licences, goodwill and intellectual property. It is not a cost that is imposed on ongoing businesses; it is a cost that is incurred only when a person purchases a business. The impact that it has on the small business community is that it diminishes the value of a person's business in the sense that when the business is sold, the person buying it looks at the total cost of the purchase, including the stamp duty. Depending on the profitability of the business, the cost of the stamp duty is part of the capital cost of the purchase. Therefore, the potential purchaser would want to pay a lower price for that business to recover the extra money that would have to be paid as stamp duty. We need to keep in mind that this is not an impost on doing business on a day-to-day basis; it is an impost only on those who purchase a business. In that sense, it affects the person who sells the business because they will receive a slightly reduced price on account of the stamp duty being payable. We need to be clear that this is not an ongoing impost on people who are running the local IGA store or a car detailing business. It does not affect them in any way, shape or form unless they want to sell their business. From that perspective, I believe that it does not affect the business community in the sense that it does not make a person's business non-viable because we have pumped up the tax. It does not work that way. Although not being able to offer this tax relief is regrettable, given the circumstances of the state's finances and the need to do so many more capital works projects, it is simply a decision that the government had to make. Although I would certainly prefer to see lower taxes—as would everyone else—at this time I would rather see the tax maintained and the funds used to provide services and additional infrastructure in the community.

The desire for additional infrastructure within my electorate, at least, is very strong. Two businesspeople saw me at about the middle of last year and said that Ranford Road is a nightmare. They asked me to find out how much it would cost to get that fixed and so I asked the council. The council gave me some costings about six weeks later and estimated it would cost \$5.8 million—or \$6 million as a round figure. I got back to the businesspeople and they said they believed there was enough money within the electorate that if the funds could be raised and the money loaned to the government interest-free to get this work done now at the current costs, in four years when the government had done the work, the government could then repay the money to the people who invested in that infrastructure in the community. There is a sense of frustration at having to take so much extra time to travel to and from Canning Vale in the mornings and evenings. Real estate agents have told me that people in Canning Vale have sold their house because of the traffic congestion issues and are willing to lose

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

\$20 000 or \$25 000 in stamp duty because when they sell their house and buy another one, it costs them \$25 000 in stamp duty. If a number of people were willing to pay \$25 000 each to solve the congestion problem, everyone would be better off. These two businesspeople are very keen to get that moving. Thankfully, the removal of the Nicholson Road roundabout bottleneck has resulted in a lot less traffic on Ranford Road as people take Nicholson Road and turn left into Bannister Road and the Canning Vale industrial area. That has alleviated the bottleneck of people turning right from Ranford Road into Bannister Road, which has allowed the traffic to flow much more freely. The immediate pressure for that work has been removed. Perhaps it has delayed the need for it by a year or two.

I say again that no-one likes to pay more tax, particularly someone selling a small business. It is perhaps their, if you like, superannuation. Say someone has come to retirement age and they want to sell their business. If the purchaser has to pay stamp duty on the goodwill and intellectual property of the business, they will obviously pay the small business a lower price than if they did not have to pay that stamp duty. Therefore, it affects people when they sell their businesses. Apart from that, this bill will have zero impact on the day-to-day running of small businesses.

Perhaps with that I will conclude my remarks. This bill, I understand, will contribute approximately \$120 million a year to the state's finances, which will certainly go a long way to addressing some community projects that state government needs to fund. The Canning Vale railway connection between Thornlie station and the Mandurah line is a \$250 million project and two years of this would fund that.

Mr W.J. Johnston: So have you got that? Are you building that?

Mr P. ABETZ: I am not saying that, but I am saying that that is what it would cost.

Mr J.E. McGrath: Join the queue.

Mr P. ABETZ: Join the queue, yes. There are so many projects that we need to do —

Mr W.J. Johnston: We should be increasing the taxes by another \$250 million so that you can pay for your rail line.

Mr P. ABETZ: I am saying that if we want projects, we need to fund them. I am saying that that \$120 million extra revenue for the state will mean that an extra \$120 million worth of projects can be done.

Mr W.J. Johnston: Do you want that built or not?

Mr P. ABETZ: I certainly want that rail.

Mr W.J. Johnston: So you want another \$120 million of tax to pay for it.

Mr P. ABETZ: We have to pay tax; otherwise it will not be built.

Mr W.J. Johnston: You're saying you want more tax to pay for that line.

Mr P. ABETZ: I am not saying that there necessarily needs to be another \$120 million. I am saying that the overall state budget —

Mr W.J. Johnston: How much extra tax are you saying we need for this line?

The DEPUTY SPEAKER: Allow the member to answer.

Mr P. ABETZ: We do not need that.

Mr W.J. Johnston: How much?

Mr P. ABETZ: It is a matter of our total budget. It is a bit like saying, "If the kids in a household want a holiday to Bali, how much extra would dad have to earn for them to afford to go to Bali?" No, it is a matter of discretionary spending. We have to make that decision. As a government we have to make the decision. We have been charged by the community to make that decision on where we spend revenue and also to what extent we want to increase revenue. That is a value decision that we need to make.

Mr W.J. Johnston interjected.

The DEPUTY SPEAKER: Member for Cannington! The member on his feet is not accepting your interjection at this stage, so I ask you to allow him to finish his comments.

Mr P. ABETZ: I conclude my remarks and I certainly support this bill.

MR D.J. KELLY (Bassendean) [7.53 pm]: WorkChoices—where was I before I was so rudely interrupted by the federal Labor government?

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

I rise to speak on the Duties Legislation Amendment Bill 2013. To start with, I have some good news for the Minister for Finance. We have heard a lot from previous speakers who have gone through and trawled through his previous writings to point out the gross contradictions between what the minister has said previously and what he is doing today. The minister will be pleased to know that I have not trawled back through his past writings, for two reasons. Mainly I have seen enough of what the minister has said in *The West Australian* and other publications to know that I would rather watch paint dry than read his previous writings! I have a shed at home that is full of rubbish. I have not cleaned it out for three years. I will clean out my shed before I trawl through the minister's past writings.

Mr W.J. Johnston: You and the minister agree on that.

Dr M.D. Nahan: I am waiting for the member for Bassendean to chastise me for raising taxes. I am waiting for that.

Mr D.J. KELLY: Just be careful for a minute, will you? I will not put the minister through comparing what he has written previously and what he is doing today; I have better things to do with my time. As members know, I am new to this house. I am really surprised that we are dealing with this as an urgent bill. I expected to come into this house and debate some of the really important issues facing Western Australia such as the housing crisis; WA jobs, or the lack of them, from our dwindling resources boom; and youth suicide. I thought that the government, having been re-elected, would come into this Parliament with an agenda to deal with some of those really pressing issues. I must say, I am really surprised to be on my feet dealing with this bill as an urgent bill, but here we are. The government says it is urgent.

Probably the first thing the minister will say to me is, "What do you know about small business anyway? You have previously worked for unions. What would you know?" The minister would probably be surprised to know that I think I know quite a lot about small businesses. He may or may not be aware that I am one of the locals in my area who started one of Western Australia's most successful community banks 10 years ago when big business let down our community. When the big banks in our area deserted my local shopping centre, a number of locals and I decided that we would not put up with that; we were not going to take it lying down. We started a company with the assistance of other small businesses in the area—a community bank. That has been so successful in the past 10 years that we have opened a second branch. We now have two community bank branches and we make hundreds of thousands of dollars profit each year. That is split between a very healthy return to our shareholders and a return to local community groups. It has been very successful. As I said, we started two branches. We have employed dozens of staff. We have given back more than half a million dollars to the local community. We are now looking at starting a third branch in conjunction with a nearby community bank. I have certainly had experience with small business. I know how tough it is to get a business up and running, especially when there are bigger and more powerful competitors in the marketplace trying to make sure that it does not succeed. I know how important it is to keep down costs. Certainly Liberals at the federal level pretend that the global financial crisis did not exist, but it certainly did for the banking sector and we managed to make our community bank profitable throughout the global financial crisis. I know it is important to treat staff well. That is one of the things I did not need to be taught, really, by being involved in the community bank; I already knew that from my union background. Treating staff well is very important and that is something we have always tried to do in the community bank. Although our community bank is a small business, it has more than \$200 million in banking business under its management. I have had that experience for the past 10 years.

My first real up-close look at small business was when I worked for the Transport Workers Union Western Australia not long after I left university. One of the experiences I had then was owner-drivers coming into the union office with various issues; we represented them as well, but they were small business operators. They had gone from being truck drivers working for a company to wanting to start their own businesses, buy their own trucks and potentially be the next Lindsay Fox. They used to come into the office and talk about just how difficult it is to maintain profitability as a small business operator. It was a real eye-opener for me to have these small business people come into the union office and talk about how they were constantly squeezed by the big truck companies and the people they had contracts to cut their freight. It was a real trial for them. They could not tell the bank that they could not make the repayments on the trucks. If they did that, they would lose their trucks. They had to pay their taxes; therefore they had real difficulty paying wages. People were often employed as offsidiers or as truck drivers when they were not able to drive. That experience was a great eye-opener to what life as a small business person was like. I was then involved in the opening of a community bank.

Mr A.J. Simpson: Which branch, member?

Mr D.J. KELLY: Bayswater is the one that we started first.

Dr K.D. Hames: I thought John D'Orazio started that one when he was mayor.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Mr D.J. KELLY: No person does things on their own. A very foolish person would claim credit for things on their own.

Mr A.J. Simpson: He was a chair.

Mr D.J. KELLY: He was the first chairperson; that is right. We have had a series of excellent chairpersons. Yes, it was the Bayswater branch. We then opened a second branch at Noranda.

Mr A.J. Simpson: I had started at Byford.

Mr D.J. KELLY: What branch?

Mr A.J. Simpson: Byford.

Mr D.J. KELLY: I will see how profitable you are. It is a great model—small business putting profits back into the local community, supporting sporting groups and the like.

Dr K.D. Hames: John was doing that before he was elected to Parliament.

Mr D.J. KELLY: Yes.

I have spent quite a bit of time talking to small business in my electorate. A small business owner who was working on the Kiara fire station came to visit me. This might be something that the minister is also interested in. He was doing the ceiling work on the Kiara fire station. That is a government contract. He was in great distress because the builder had gone broke and basically he was getting no answer from this government about what would happen to his small business, because I think he was owed about \$90 000. That was an interesting perspective on small business in my electorate.

I was at a meeting just last night in my electorate with a whole bunch of small business people who want to do something to revitalise Old Perth Road, which is a shopping precinct near Bassendean train station that is a bit tired and worn out. Some members will be surprised about this: given that I spent most of my time working for the trade union movement, they probably think I do not know much about small business, but I have actually spent quite a bit of time in one, working for one, representing them and, most recently in the electorate, trying to help some of them carry their businesses forward. I have to give credit where credit is due to the member for Southern River, who just spoke. I am conscious the member is now in the chair. He did an extremely good job of trying to say that this tax increase on small business will have zero impact on the running of a small business. It was an enthusiastic and heartfelt attempt to say that this tax cut that would have applied from 1 July—in fact it will not now apply—really does not matter. From my experience, it matters. Every time taxes are increased on small business, it has a cost. It may be argued that sometimes it is justified and sometimes it is not, but I would say it can never be argued that it has no impact. In the Acting Speaker's role as the member for Southern River, I say he tried valiantly to say this bill does not matter, but it does.

As I said, I am very surprised that this is the first substantial bill in Parliament that I am being asked to speak on. It is a continuation of a theme that this government has embarked upon since being re-elected—a theme of broken promises. I am sorry that the Minister for Finance has had to leave the chamber, so he will miss this; I hope he reads it in *Hansard*. The Ellenbrook train line is a longstanding grievance in my electorate that people still remember. I was at Ellenbrook the other day. It in itself is an enormous community that is crying out for infrastructure. I spoke to some local government representatives in Ellenbrook. They wanted to talk to me about some of the youth problems in that area, in particular youth suicide. They took me to Ellenbrook to show me the development that has gone on in recent years. I had not been there for a couple of years. It was amazing how much has changed. The fact there is virtually no public transport out of Ellenbrook is a major issue and a major reason, local government representatives say, there are youth issues in Ellenbrook. Youth literally feel as though they are trapped in Ellenbrook. Come the weekend, most people go to the beach or the city, or somewhere other than where they spend Monday to Friday, but the lack of public transport in Ellenbrook makes a lot of people feel as though they are trapped. That contributes to some of the social dysfunction being experienced there. This government's broken promise in not building the train line to Ellenbrook is having quite devastating results in that community. When such significant promises like that are broken, it has a consequence. People did not say they wanted a train line to Ellenbrook just because they thought it would be a nice thing to have. The member for Swan Hills did not advocate for the train line to Ellenbrook just because he was being smart or he wanted a toy to play with, it is actually an important bit of social infrastructure in the Ellenbrook area and that whole corridor leading there. The fact that this government has broken the promise it made to the community to build that important bit of social infrastructure has consequences. It has consequences in the lives that people lead. Local government representatives took me up there specifically because of concerns about youth suicide in that area. That is a broken promise that this government has almost worn as a badge of honour. That is a great shame.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

This government will increase electricity prices by four per cent from 1 July. It has said, “All those savage increases in electricity prices that you experienced, the pain has gone, we are over the hump; we will keep electricity prices at or around the rate of inflation.” What did the government do when it was re-elected? Inflation is 2.75 per cent but there will be a four per cent increase in electricity prices. It does it with a straight face. When we asked the government about it during question time, there was no sense of shame. The response was, “Oh well; four per cent, 2.75—near enough is good enough.” The Treasurer cracks a joke; we all move on. The increases in electricity prices over the last four years, or nearly five years now, make it very difficult for lots of low-income earners to pay bills. They have to make a choice: Do they pay the gas bill? Do they pay the electricity bill? Gas and water bills have gone up; it is really hurting. I think it is a disgrace that the government promises to keep electricity charges at or about the rate of inflation and then whacks them up by four per cent and says, “Near enough is good enough; we got away with it.” The government should be ashamed of what it has done. Knowing the pain it has already caused low-income earners, it is a disgrace to come in here and say that four per cent is near enough to 2.75 per cent. When I worked at the union representing a lot of low-paid workers in industries such as hospitals, schools, contract cleaning and security, workers in the government sector had a wages policy imposed on them by this government that kept, or sought to keep, their wage increases to the consumer price index. When we went into those negotiations and asked for more, the response across the table was not, “CPI is 2.75. You want four. Oh, well; that’s near enough, good enough. We’ll give you four.” The response was, “Our policy is 2.75 and that’s all you’re gonna get. We don’t care how difficult it is for an education assistant working with kids with special needs in our schools. We don’t care how hard it is for you to be asked to survive on \$35 000 a year. Our wages policy is CPI and nothing else.” However, when it comes to members opposite trying to balance their own budget, four per cent is near enough to 2.75 per cent. They laugh, crack a joke, the Treasurer looks as pleased as Punch, the Premier gives him a slap on the back and they move on. That four per cent rise in electricity really hurts and it is a broken promise that, again, members opposite should be ashamed of.

I know that a lot of new members who came into Parliament at the last election would have had no say in that decision; it would have been a cabinet decision. In some ways I feel a bit sorry for the fact that they have had to come in and serve up such a lousy deal to low-income earners in their electorates. However, I hope at some stage in their caucus, party room or whatever they call it, they will take on some of these ministers and say, “The pain that you’re causing to low-income earners in Western Australia is just not good enough and it needs to stop.”

Mr M.H. Taylor interjected.

Mr D.J. KELLY: I am sorry, what was that?

Ms J.M. Freeman interjected.

Mr D.J. KELLY: Too busy. All right. Okay.

I refer to broken promises, such as the promises that were made around the Metro Area Express light rail project and the airport rail link. What a debacle that was. When the promise was made to build a line to the airport, I thought that government members did not really want to do it, that they had been shamed into doing it only because Metronet was such a popular policy and that they then had to pull a rabbit out of the hat. The rabbit they pulled out was, “We’ll build a railway line as well. We’ll build it to the airport. We can see that the MAX rail we promised by spending all that money on taxpayer-funded ads telling people it’s going to happen is clearly not going to cut it. We’re going to have to do something else.”

[Member’s time extended.]

Mr D.J. KELLY: The Treasurer had previously said that the airport rail line would be built maybe by 2030, and all of a sudden it comes online. Government members were prepared to make a promise about the airport rail line, send out letters saying that it was fully costed and fully funded when they knew they did not have the money and that they would have to get the money from the federal government; and they knew that the federal government—especially a federal government under Abbott—has no history of funding rail. Roads yes; rail no. But government members were prepared to make that promise to give very precise dates on when both the MAX project and the airport line would be built—and as soon as they got elected, they walked away from them.

The government, to balance its books, will now abolish this tax cut for small business, which was intended to apply from 1 July. This is just a continuation of what this government is prepared to do. It does not care which promises it breaks to balance its books. I say that that is not good enough. Small business people have been waiting to get every tax cut that the government promised. The government cannot just walk away from that and expect to get a pat on the back from this house.

I have to say that the other thing I am a little surprised about is just how easily the government can break promises in this house, given that this issue relates to a tax cut and that the government is from a party that says

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

it is in favour of tax cuts. I will not go through all the inaugural speeches again, but I did listen to a few of them. Some said, “Lower taxation is good, government is bad and we’re going to bring around a nirvana of lower taxes.” I listened to a lot of that in the inaugural speeches. But I am surprised at how quickly and how in an almost casual sense the government can break a promise in this house. The second reading speech from the Minister for Finance amounts to half a page. Unless I have this seriously wrong, my understanding is that a second reading speech is for a member to outline the argument and justification for a bill and what it is all about. This second reading speech is half a page! Most of it is introduction and then sort of endings. But when I went to the guts of the justification for taking away this tax cut, I found basically a couple of sentences. The minister said —

Unfortunately, volatility in the state’s revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state’s finances. This has been exacerbated by the commonwealth government’s refusal to implement the recommendation from its own goods and services tax distribution review to immediately reduce by three per cent the effective redistribution of mining royalties among the states. This represents a cost to Western Australia of over \$100 million per year.

On my calculation, unless my eyes are fading, that justification is 77 words—77 words is all it took for the minister to come into this house and justify in a second reading speech why the government was breaking this promise and why it intended to abolish this tax cut.

It does not augur well for the future of this Parliament. I referred to the “four per cent is near enough to 2.75 per cent and that’s good enough” explanation for why the government broke its promise on electricity prices. But it is pretty poor of the minister to come into this place and justify breaking a promise on this tax cut with only 77 words. What did he say as justification? He trotted out the usual excuse that the population has grown. I think we will hear a lot of that type of excuse in the next four years. Every time something does not go the way the government wants it to go, whether it be a bit more money because it has blown the budget, it will say, “Oh, well; the population’s grown.” The government would not get too far at the negotiating table trying to negotiate an enterprise bargaining agreement if all it kept saying was, “You want a pay rise? Oh, well; the population’s growing.” Everybody knows the population will grow in this state. There is no sign that the population in Western Australia will stop growing. The government has not been around for only 12 weeks; it has been around for one term plus 12 weeks. If it has not figured out yet that the population of Western Australia is growing, it is really not doing its job.

The second excuse is that it is the federal government’s fault, as it has not done something that it should have done. Quite frankly, that just does not cut it. As I said, I will not go back to previous speeches of the minister, who pointed out his belief that state governments constantly blame the federal government for their financial woes and for being lazy, incompetent et cetera. That has all been well canvassed in the previous addresses we have heard today, but it really is a lame excuse for this state government to be blaming the feds, especially when the main complaint is about GST revenue.

On this side of the house we all knew how difficult the GST would be. It was a great big tax that applied to a whole lot of new products that would be taxed for the first time. It would hit the pockets of low-income earners disproportionately to those on higher incomes. It was a dog of a tax when it was introduced. Plenty was said in this Parliament about the GST agreement that was signed off on by members opposite, about the fact that it would one day come back to bite this state. It is the same agreement that members opposite championed at the time. It is dishonest for members opposite to go out in the public domain and talk about the current share of GST that this state gets as though it is a decision that Julia Gillard personally makes herself. Members opposite blame her for the GST carve-up when it was the Liberal government led by Richard Court, and in which Colin Barnett, the member for Cottesloe, was a senior member, that signed up to the GST agreement. Now those guys opposite claim that they have no responsibility for it. They sit there and they go out and deliberately speak in the public arena as though the GST carve-up was a decision of Julia Gillard personally, when they know that it was the GST agreement that they signed up to. It is thoroughly dishonest and thoroughly disreputable, and they really do themselves a disservice when they do that.

The best thing that could be said about this bill that has been brought into the house by this minister is that, based on his previous principles, it is not a bill that he would have wanted to champion. Maybe that is true; maybe this is something that I probably cannot say in this Parliament. However, previously I spoke about all that effluent that the Water Corporation spilt into the bushlands and the wetlands at Lake Joondalup. If we took all that effluent and put it between two slices of bread, that would be the type of sandwich that I suspect the Treasurer has served up to the minister in telling the minister he has to push this bill through the house. I do not know how the minister sleeps at night doing this.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Dr M.D. Nahan interjected.

Mr D.J. KELLY: Maybe sometimes during Parliament he does as well. The best thing that could be said about this bill is that it is something that has been foisted upon him by the Treasurer. I hope that is the case, because it is very difficult to survive in this place and in public life if a person does not stick to their principles.

The opposition will not support this bill, and I say to all those brave souls on the other side who have in their party, they say, the ability to independently speak their mind and vote how they wish, come over and join us. I almost thought the member for Southern River, based on some of the very sensible things he said about taxation, had been placed on this side of the house for a reason. I hope to see the member for Southern River and some of the others who say they are going to stand up for their electorates do so and join us when we vote against this bill.

MS J.M. FREEMAN (Mirrabooka) [8.22 pm]: I also rise to speak against the Duties Legislation Amendment Bill 2013. In particular, the bill will ensure that a long-planned-for and long-debated tax is not removed. The member for Maylands and I were discussing only today that we, for our sins—I was at UnionsWA and she was at the Western Australian Council of Social Service—were put on the previous member for Belmont's taxation review under the previous government. This took place around a table of many suited men and only two women, who were at the time the current member for Maylands and me. The then Treasurer, the former member for Belmont, Eric Ripper, said that we would have a tax review. He sat us in these very stuffy rooms—I am sure it was to put us to sleep—and the one thing that came up and was quickly ticked off as a tax that could be repealed was this transfer duty on non-real business assets, such as business licences, goodwill and intellectual property.

I would like to thank the members for West Swan and Victoria Park for their very well structured and detailed speeches, and all the other members who have spoken this evening. I reiterate what the member for Bassendean just said. When we come into this place, our principles are very important. I think that people on the other side really need to do some soul-searching about their principles when they look at this bill. The member for West Swan, in her very detailed and well-structured speech—if members were not listening, I implore them to go back and read it because it was very good—wanted to ensure that Parliament knew that this will cost the small business sector \$527 million over the next four years. That money would have been better invested to grow the economy. We are seeing a slowdown and some difficulties in the economy at the moment, and it would be better to use that money to ensure innovation and small business growth. The member for West Swan also pointed out that under the Barnett government, state taxation has grown from \$6.3 billion in 2007–08, when the Carpenter government was in power, to \$8.2 billion today. It really puts, I suppose, a fallacy to the belief that this government is a low-taxing government that can manage the economy.

We are debating this matter tonight because of some supposed urgency. As others have pointed out, there does not seem to be any urgency other than the fact that members on the other side want this done before 1 July, because if it is proclaimed before 1 July, it will not happen. Therefore, they will not have to go out and explain to small businesses that the tax would have been removed, as had been promised and expected for a very long time—namely, prior to the first bill being introduced in 2007—as part of the GST agreement. If they can get it done and get it wrapped up before 1 July, even though they have brought the bill in at this late moment, they will not have to go out and justify that to the small businesses in the business sector. But if it is after 1 July 2013, the tax will be taken off, and this legislation will reinstitute it. Therefore, there will be a short period in which that tax will not be levied, and then they will have to tell the community what they have really done, which is put a new tax on people, because this was the tax that in 2007 was going to be removed on 1 July 2010. Effectively, since 1 July 2010, this government has been levying a tax on people. It is no good thinking, “Well, it's a tax that already exists. It's not as though it's a new tax. I can assuage my guilt, my principles and my feelings because it doesn't really exist.” Members opposite know and I know that this bill before us will place an indefinite deferral on getting rid of this tax, and they have to live with that and their principles.

I want to talk about the sort of impact it will have in the area that I represent—that is, the Mirrabooka electorate—because I deal with many of the new and growing businesses of newly arrived Australians. They enjoy growing businesses that are different; they have different aspects to them. They are getting into some of the diverse products that they can sell or the diverse industries in which they can operate, and they are bringing to Australia some of the rich cultural contexts of the countries that they come from in terms of food and other aspects of the businesses that they operated in their homelands. One of the problems with not proceeding with the abolition of this tax is that those businesses operate on the smell of an oily rag. They are newly arrived Australians and they want to establish themselves. They want to take advantage of the opportunities and the richness of the economy that are presented to them, but their innovation will not be rewarded, as it should be, by what the government is doing here tonight. Their innovation will not be rewarded, because to not abolish this tax directly disadvantages those people as they seek to grow their fledgling businesses through either restructuring or onselling so that they can develop other businesses. This is an impost on small businesses and on newly arrived

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Australians whom I deal with every day in the area of Mirrabooka. Those people really want to make a go of it in Western Australia. It is a disincentive to these communities to try to achieve, and they see it as a red tape. This distorted, inefficient tax is complex to administer. It is seven per cent, but no-one knows how to calculate it.

Mr M.H. Taylor interjected.

Ms J.M. FREEMAN: Member, it is a tax that will occur when they either restructure or onsell their business, or buy a business. That is what happens with newly arrived communities. They set up fledgling businesses and then they develop them so that they can onsell them, because that is how it is done. That is how they progress; that is how they build their business, yet the government is doing that to those people.

The honesty of this government has to be called into question—I ask for your protection, Mr Acting Speaker—because, as it has identified, it has not told the small businesses that it would defer the abolition of this tax indefinitely. It has not been honest with the community. To me, this is similar to how the government has misled the people of Mirrabooka with its commitment to bring the light rail to Mirrabooka. On Sunday, 2 September, the government went to the Polytechnic West in Balga and launched the centrepiece of its commitment to transport. It said construction on the Mirrabooka light rail would start in 2016 and it would be operational by 2018. What have the Mirrabooka people to show for that? Nothing. The people of Mirrabooka have been misled. This government is about misleading and not keeping its promises, and this bill is another example of that.

MR S.K. L'ESTRANGE (Churchlands) [8.31 pm]: I rise to support the Duties Legislation Amendment Bill 2013. The people of Western Australia are hardworking and industrious. The Liberal–National government has put in place policies that encourage economic growth, evidenced by excellent health facilities, building programs, the sinking of the Perth railway lines and the revitalisation of the Perth city centre so that it truly becomes a magnificent capital city in the Indian Ocean region. The government has a true focus on infrastructure development. The proof is in the pudding, as evidenced in the budget address of former Treasurer Christian Porter, when he said —

About 1,000 people are coming to live in Perth every week and this figure excludes the large number coming in and out of the State for shift periods of employment. These citizens all demand services and social infrastructure and the projects they come to work on themselves create huge demands for economic infrastructure

This growth continues. We welcome our fellow Australians to the Promised Land. Why would they not come? Western Australia has the biggest per capita spending on education, the best health care program and the best health minister in Australia, albeit standing alone while the beady eyes of a centralist Labor government in Canberra made a desperate attempt to stare down Premier Barnett and our health minister. What did it threaten us with? It threatened to hold back federal government spending which was owed to the people of Western Australia.

Mr D.J. Kelly: Is the member reading his speech?

The ACTING SPEAKER (Mr P. Abetz): Member?

Mr S.K. L'ESTRANGE: I am only referring to my notes.

The ACTING SPEAKER: So long as the member is aware that he is not supposed to be reading his speech.

Mr S.K. L'ESTRANGE: I understand, Mr Acting Speaker.

Mr D.J. Kelly interjected.

Mr S.K. L'ESTRANGE: Those beady eyes extend to the other side of this chamber.

Mr Porter said in the budget second reading speech last year —

Between 2002–03 and 2005–06 WA got back an average of 100 per cent of its GST.

The key difference between 2003 and 2013, is GST revenue is now being taken away at unprecedented rates; when our population growth and demand for infrastructure and services is considerably higher than it was in 2003.

That is outrageous. I am heartened by the speeches of members opposite; I really am. It is fantastic that the members for Mirrabooka, Bassendean, Armadale and Victoria Park are espousing the values of Friedman. It is wonderful! In fact, I think the earth just shook, and I can hear the ghosts of Marx and Keynes. I think Keynes and Marx are holding hands and are saying, “Oh, my goodness! What have they done? They have abandoned us and jumped to the Friedman side.” In fact, even von Hayek is jumping on board; even he sees the passion in the liberal ways of members opposite. What we are dealing with is something opposition members are trying to misrepresent. We are not here to tax anybody who is conducting a business. We are not adding another tax.

Dr Mike Nahan; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr John Day; Mr Bill Johnston; Dr Tony Buti; Mr Peter Abetz; Mr Dave Kelly; Ms Janine Freeman; Mr Sean L'Estrange

Ms J.M. Freeman: You justify that to yourself.

Mr S.K. L'ESTRANGE: The member for Mirrabooka loves to try to pretend she is a Friedman champion. We are not adding another tax.

Dr A.D. Buti: Of course you are.

Mr S.K. L'ESTRANGE: We are not. We are debating the fact that the government wants to unwind the scheduled abolition of a transfer duty on non-real business assets. It is that simple. The bill will simply unwind the scheduled abolition. That is all that the government is doing. It is not adding another tax on business income. It is not imposing an added burden on business operators.

Mr W.J. Johnston: What are you doing?

Mr S.K. L'ESTRANGE: I will say it again: the government is unwinding the scheduled abolition of transfer duty on non-real business assets. That is it—simple!

I will bring members back to my earlier point. The Minister for Finance made it clear in his second reading speech, when he stated —

... volatility in the state's revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state's finances.

He made that quite clear. There is no secret in that. The government is acting with fiscal responsibility. It is not adding a tax. The government recognises that while it is building the greatest state and the greatest city on the Indian Ocean—that is the government's focus and vision—it is trying to act in a fiscally responsible way. At the same time a shameful centralist federal Labor government is desperately trying to rob us. Members opposite would do well to remind their federal colleagues—not that there are many of them over here—that abandoning the people of Western Australia by holding back GST revenue will have an impact on household budgets and local businesses. It is that simple.

I am encouraged by the Friedman club opposite that has joined us. It is fantastic. I am looking forward to their ongoing support for the government's efforts to continue to build this great state of ours. However, I remind members opposite that this bill does not impose a new tax, raise an existing tax or tax business revenue. It will leave a transfer duty in place with a view to removing it at a later date.

Several members interjected.

Mr S.K. L'ESTRANGE: In particular to the member for Mirrabooka, I look forward to the time when the bill to have that transfer duty removed is put on the table and all the von Hayek and Friedman converts on the other side come on board to vote yes.

Debate adjourned, on motion by **Mr J.H.D. Day (Leader of the House)**.

House adjourned at 8.39 pm
