

## **ESTIMATES OF REVENUE AND EXPENDITURE**

### *Consideration of Tabled Papers*

Resumed from 27 May on the following motion moved by Hon Helen Morton (Parliamentary Secretary) —

That pursuant to standing order 49(1)(c), the Legislative Council take note of tabled papers 2044A–H (budget papers 2010–11) laid upon the table of the house on 20 May 2010.

**HON JON FORD (Mining and Pastoral)** [3.20 pm]: By all the anxious looks aimed at me, I presume I am the one who should be getting to my feet!

I would like to take the chamber back a few years, before I get into the main part of my contribution, to remind members of a bit of history. In 2001, when the Gallop government came to power, regional Western Australia was in pretty bad shape and needed a huge amount of investment to bring it back into shape. As I have said before in this place, in just about every place I went, people were demanding some sort of incentive to kick-start regional Western Australia. On that basis, the then opposition—the future Gallop government—took to the people a program that would assist in kick-starting WA called the regional investment fund.

Things were so bad in regional Western Australia that the National Party had just about slipped away into oblivion because it could not deliver—or did not have the will to deliver—and it had left things up to the major parties. It was, all of a sudden, wrong-footed when a major party won the majority of regional seats, and it looked to be a battle then between the Liberal Party and the Labor Party, and that was the situation into the next election. Then somebody in the National Party came up with the idea of a fancy little slogan—namely, “royalties for regions”. It is important to note that royalties for regions was sold to regional Western Australians as a fund that would deliver services and infrastructure above and beyond what was normally expected of government—that is a very, very important thing to remember. It did not say that items in the health system could not get through cabinet without approval from the Nationals; it did not say that it could not get schools improved in regional Western Australia without permission from the Nationals; and it did not say that it could not ensure that there would be good wages and salaries for regional public servants and essential services providers unless there was permission from the Nationals. Yet, when members look at the 2010–11 budget they see the little asterisks, and if they read the footnotes they will see that so many millions of dollars have been sponsored by royalties for regions for a hospital and that royalties for regions has sponsored regional worker incentives. Members may start to wonder what, from the government’s perspective, that means. The departments of some ministers seem to have done better than others out of royalties for regions, so I suppose it depends on what favour a minister carries with the Minister for Regional Development.

A recent example of that was a little pamphlet put out in part of my region by Hon Wendy Duncan called “Royalties for Regions Budget Highlights 2010–2011”. That pamphlet reads as being from “Your Nationals team in the Kimberley and the Pilbara: Wendy Duncan MLC”. It is a good National Party plug, with nice bits of Nationals advertising all over it and a picture of Hon Wendy Duncan. The pamphlet has an executive summary, which reads —

Royalties for Regions is returning 25 per cent of the State’s mining and onshore petroleum royalties to regional areas each year, as an additional investment in infrastructure and community services.

I tell members that when they read through the *Budget Statements*—through any number of portfolios—they will see that that is about as misleading as it gets. I asked a question in this place during the last session about that, along the lines of whether people in Western Australia could expect or assume—I think “assume” was the word I used—that without royalties for regions they would not get a Nickol Bay Hospital, they would not get certain schools, or they would not get certain housing projects. The churlish answer I received was that I cannot assume what the people of Western Australia think, but that is the clear message in this budget. It is a con. Nobody, during the election campaign or the Nationals’ election plug, actually said, “If you want a new hospital, it will have to come through royalties for regions”; what they said was, “If you want extra services that you normally wouldn’t expect the government to provide within the regions, that’s what we will deliver to you, because of course we’re going to deliver you new hospitals and of course we’re going to deliver you new schools when you need new schools. We will give you the money for things that are normally exceptional to the regions that you would normally not get funding for.” That is what everybody I talk to tells me they thought they were getting.

The executive summary further states —

We’re investing in the Kimberley – with the \$99.5 million this year for the Ord–East Kimberley Expansion project continuing to develop the region.

That is a good example of something above and beyond what governments would normally be expected to expend. It is strategic; it sets about trying to develop a part of the region; it is a partnership with the commonwealth; and it was initiated by the former Labor government, so I am pretty pleased to see it expand.

But one of the things it does not deal with is the simple issue of logistics. One of the problems for the Ord project is that if someone grows—to use an example—a melon, how can they compete with the market in the eastern states? The supply chain is so long that it makes it difficult to compete. Perhaps they can look for overseas markets that are closer, such as in Asia, and perhaps they can match up crops and produce what local markets wish to stock. But I can see nothing in the budget that actually deals with that aspect; it just deals with the base infrastructure, the expansion, the roads, the power, and the expansion of the water source. Perhaps, through the estimates hearings, we can try to flush out what extra funding will be needed during the expansion of the Ord River to address those market and logistics issues to provide a competitive advantage. I will not be too critical of it. As I said, that is what I consider to be a legitimate royalties for regions incentive. The pamphlet put out by Wendy Duncan also states —

Royalties for Regions will help fund much needed social infrastructure, including new justice complexes in Broome and Kununurra.

I do not know what sort of message the Nationals are sending to the electorate if they think that social infrastructure is primarily justice complexes. When I think about social infrastructure I think of community halls and some of the programs that are referred to such as the Clontarf Academy, but certainly not justice complexes. Why is royalties for regions delivering justice complexes? I thought that was the sole job of the Department of Corrective Services. It certainly has nothing to do with royalties for regions. I cannot remember a promise in the lead-up to the election to the effect that new prisons would be built out of royalties for regions.

The pamphlet also states —

We're also investing in the Pilbara: with the Pilbara Cities initiative helping to provide a better way of life for those living in the north.

I have been arguing in favour of a city in the north west for a long time. Initially I was pleased to hear the Premier refer to cities in the north. One of the problems is that there is no depth in what is being said. I agree that there will be substantial investment in amenity and, as I said previously, that started in 2001 under a different government and is continuing. It is great. However, we will never have a city in the Pilbara unless the issues of the availability of power, water, sewerage and land are addressed.

We do not find in the budget any money set aside for a study of the Pilbara to ensure continuity of water supply into the future. We already know that there is not enough water in the Pilbara to supply the current and/or future demand. I read today in *The West Australian* an article about a population growth in that area of 50 000 over the past 10 years, and that it will double over the next 10 years.

Within the past two years an environmental event, in the form of a cyclone, occurred in the Shire of Roebourne that saved the town. Prior to that cyclone there had not been a cyclone or sufficient rainfall to capture enough water. The existing aquifers had been drawn down to a certain level and they could not be drawn down further without damaging the aquifers. The dam could not deliver sufficient quantities of water because the levels were so low that the filtration system could not cope. The only thing that saved the people in that area from facing the real issue of their tap being turned off was a cyclone. I talked to the officer in charge when I was on a committee tour. He told me how horrific it was for him when he thought through the issues of what it would have meant to the people in the community if he had to turn the water off. He said they would have had only enough water to flush the toilet once. That meant that evacuations and health management would need to be considered. However, it did not happen. We know that currently we do not have enough water to guarantee continuity of water supply based on the current infrastructure, the environmental conditions and the growth the area is subjected to. We have done enough studies to determine that in that area we do not have enough aquifers, rainfall or areas suitable for dams to supply sufficient water to meet the growth in population that is expected.

It is a nonsense to talk about Pilbara cities unless we go to another water solution. One solution would be a desalination plant. A desalination plant would be of assistance and there is plenty of salt water, land and a huge amount of energy available in the area.

**Hon Col Holt:** Do you call that core business?

**Hon JON FORD:** I am talking about the proposal for Pilbara Cities. If the government is to have a strategic enterprise of a city and is genuine about developing towns in the north west with populations of 50 000 or 60 000, we expect a line item, at least in the forecast, about a major upgrade of those utilities. Yes, I expect it to be core business.

I expect the cost of a supporting strategic study in how that can be delivered to the whole of the Pilbara to come out of royalties for regions. One thing that is not being discussed is how to deliver effective services across those towns. The problem with the communities in the north west is that there is a hospital in Nichol Bay, a mini hospital in Paraburdoo, a mini hospital in Tom Price, a very mini hospital in Newman, a first aid centre in Marble Bar, small police stations dotted around, and a mishmash of schools. It would be interesting to have a discussion with the people in those areas to ascertain whether the government would be better off by putting all the eggs into a bigger basket by having a city with satellite communities in the mining towns instead of the ineffective model that was created by mining companies to service their mining operations. I would like to have seen that in the context of this budget and it would have been a genuine line item for royalties for regions.

That leads me to one of the problems with this budget. It is a mishmash of ideas with proposals for bits and pieces of infrastructure. Perhaps there is a plan. It does not seem to include a strategic plan, but it does include a lot of slogans. The budget allocates \$110.8 million over four years for an incentive district allowance for regional workers. As that goes across a number of portfolios it is a genuine royalties for regions initiative. I am very supportive of it. It talks about essential services for police, teachers and nurses. I wonder whether other government services should be included, such as speech pathologists, ear, nose and throat specialists and school assistants. Consideration should be given to these and other incentives to keep people in the regions.

Further on it talks about the rural generalists pathways program. It is a good start because it talks about bringing young doctors into the regions and training them up. It would be nice if there was a policy that talked about a minimum target for public servants domiciled in the regions; that is, people who actually come from the regions who would be employed in those jobs. There could be strategic training and strategic incentives for people to stay and be employed in the regions. When I was fisheries minister, I could not quite understand the argument of the Department of Fisheries for why we could not employ people from the regions as fisheries management officers. The department's argument was that a person needs to be highly trained; that is, he or she needs to have a tertiary education. I had two arguments with that. One argument was that I did not think a person needs to be tertiary trained for all fisheries management officer positions. If a person is tertiary trained, targets could be set for young people who originated from the regions to enter into pathways, say 15 to 20 per cent at least, in the department. There could then be other incentives such as higher education contribution scheme rebates and assistance with school fees. To assist people to move to and stay in the regions, people could be given stamp duty reductions or rental assistance could be provided to small business employers. One of the complaints that regional members receive is that a community may want to keep a barber in town but it cannot afford to put that person up. The community has to supply housing for, say, a barber because he or she cannot afford, on a barber's wage, to stay in town for any length of time. They are the sorts of strategic incentives that could be delivered through what is essentially a very big pool of money. That is what I expect out of the royalties for regions fund. It shows that there is not—in my mind at least, and from listening to people I have spoken to—a strategic plan to support the fund.

As I said before, the Clontarf Academies will receive \$5 million over three years. That is a good thing and a good example of what is above and beyond what government departments could be expected to deliver in the regions.

I refer to the St John Ambulance service in country WA. There will be new ambulances in the Kimberley. The budget talks about capital infrastructure together with community paramedics at the same centres, and more resources to support the growth in staff numbers. I think that is a fantastic idea. The idea to bring in a permanent paramedic in Newman was initiated as a result of a number of volunteers dropping off. A lot of investment was put up by the local community; not just by government. In fact, if it had not been for community fundraising, it probably would not have happened. As a result, the volunteer base grows, the community receives support and, all of a sudden, paramedics can be involved in other outreach programs. It is a good initiative.

The fire and rescue service is another essential service that is wholly supplied by volunteers in most of the regional settings in the Pilbara, the Kimberley and the Gascoyne. None of those fire officers is permanent. The Pilbara is supported by permanent fire officers based out of Karratha. I think there might be one in Port Hedland. These are people who give up a huge amount of time to deliver to others in the community. People involved in volunteer organisations are selfless people. A problem now with 12-hour shifts is not necessarily that the amount of time that people give to important services is diminished, volunteers end up with less family time and added work pressure. Perhaps strategically it is worth putting something together that pays volunteers for training time or for lengthy times when they are away from work. Volunteers do not expect remuneration for everything they do. If a volunteer takes two weeks' annual leave to attend training, that person misses out on overtime rates. Some people will not take paid leave; they take leave without pay. Volunteers may spend two or three days out of the 10 they get off doing the services, not to mention two o'clock call-outs, four o'clock call-outs and all manner of call-outs day and night. We are picking different groups within this budget.

In the dialogue associated with the budget, we will deal with ambos, fire and emergency services and other volunteer organisations. I had a bit more faith that there would be something more strategic in the budget. Royalties for regions will fund major hospital infrastructure, schools and other services, but those funds should be supplied out of normal government consolidated revenue. We will not be able to do any of the things I spoke about because we will not have any money left. Of course that is the problem—there is not enough money to live up to the original promise of the Nationals. We cannot have it both ways. Revenue goes up with royalties. If royalties for regions get more money, revenue goes down. Because of the growth within the state and the way that we are—we live in a paradigm that rewards growth in economic terms—costs go up. The government has created a smokescreen that lets people think it is delivering on the royalties for regions promise but it is not actually doing that.

The ninth budget highlight, “Remote Indigenous Health Clinics \$6M”, is another example of that. The government will provide six new Indigenous health clinics in regional areas based on the Warmun clinic. For the life of me I cannot see how that is a royalties for regions initiative. All of this is underneath that. Another highlight is headed “WA Indigenous Tourism Operators Committee”. That seems to be a legitimate royalties for regions issue. The big money seems to be with what we would normally expect to be government expenditure. It finishes off with —

Pilbara Cities \$977M from Royalties for Regions will be invested in vital initiatives as part of Pilbara Cities by the end of 2013–14, including the new Nickol Bay Hospital.

Hospitals should not be funded from royalties for regions. Housing initiatives should not be funded from royalties for regions. Everyone should be entitled to social housing if there is a need for it. It is a huge cost. We have to think smarter about how we deliver much more cost-effective housing throughout the state, but it is not a royalties for regions issue.

Another item is for Indigenous visitors’ hostels. The pamphlet indicates in big, bold print that there is \$500 000 for short-stay accommodation for Indigenous families initially in Kalgoorlie and expanding to Broome. I am in two minds; I could just about be convinced that that could be regarded as a royalties for regions scheme, because it seems to be a fairly unique issue to regional Western Australia. I presume that that \$500 000 is for planning, without going into a specific line item, because \$500 000 will not deliver short-stay accommodation, and, even if it did, it would be pretty substandard. On top of that, at the bottom of the page it indicates who authorised the pamphlet. It was authorised by somebody in West Perth and was also printed by Salmat Print on Demand Pty Ltd at 9 Jackson Street, Bassendean, WA 6054. I know that when I get stuff printed, I try to get it printed in the regions, because there are a number of good printers in the regions. I would have thought that the smart thing to do to promote the Nationals in regional Western Australia would have been to put that money into a local regional business, not a Perth-based one.

What Hon Wendy Duncan, on behalf of the Nationals, did not highlight in that pamphlet is what the Nationals are doing about reducing the cost of living for regional Western Australians. We have seen in this budget very big increases in taxes and charges. That has to have a flow-on effect to people in regional Western Australia. I did a quick ring-around this morning on two items—a loaf of bread and a dozen eggs. A loaf of bread costs \$1.50 in Perth, \$2.90 in Newman and \$4.50 in Broome. A dozen eggs costs \$4.69 in Perth, \$5.23 in Newman and \$3.60 in Broome, which is interesting but I suspect that it is because Broome has a local egg manufacturer, which is pretty unique in the north west. The point is that there are enormous cost differences for newspapers and bread and even electricity, simply because of the amount that people use if they do not live in subsidised housing. There are enormous costs for businesses, particularly in keeping the lights and air conditioning on for a lengthy part of the year. We are seeing big increases in tariffs and taxes, but there is nothing in the budget highlights from the Nationals to indicate how they are going to mitigate that effect in the regions. That is a pretty important aspect of life in the north west. That is why I think that the message of royalties for regions is starting to fail. That is why I am concerned that future governments will waver from extra investment in the regions, because we will gradually see fewer items for royalties for regions and then they will just disappear into the main budget items, and royalties for regions will go away. It is a good idea, as is the regional investment fund, but it is not worth breaking the state.

I turn now to the leader of the state, Premier Colin Barnett. Again, the commentary that I would like to make is about strategic thinking. I recently read an article in *The West Australian* that purported that the Premier had announced that his preferred option for a new supply base to service the emerging oil and gas industry in the north west was Point Torment, which is north of Derby. That was his preferred option. We have heard the Premier say this before when he was Leader of the Opposition, and now as Premier. Point Torment is in one of the biggest tidal flow areas in the state. It is not a naturally deep port. It would need extensive dredging. It has a big, long supply chain to everywhere except perhaps the Curtin air base, which could be used for heavy lifting. But where will the supplies be derived from? Drill string is the main product that comes out of a supply base.

There are tonnes and tonnes of drill string. There are metal pipes that are kilometres long that drill the holes, and then there is big bolt material like Baroid's lubrication mud, which is a chemical that is used to weigh down the gas so that there are no kicks or disasters like the one in Mexico. It costs a lot of money to move those around because they are very heavy. There are two parts of a supply base, especially in remote areas. First, those projects like to have them close by to where the shore-based facilities are because they can service the shore-based facilities and they can service the offshore facilities. It is a lot better from an investment perspective and for ongoing operational costs if the supply chain is shortened.

It would be about a three or four-hour car trip from James Price Point, if it ends up with a big liquefied natural gas plant, to Point Torment. In the construction of that, they will want to land something called a cryogenic exchanger. A cryogenic exchanger has about 17 000 kilometres of fine tube pipe in it. It is about 100 metres long and weighs more than 100 tonnes. There are special vessels that can lift the exchanger, but there is no place in Australia that can manufacture these vessels. In fact, I think there is only one place in the world that does so, and that is in the United States, so it will get manufactured over there, or a couple of them will depending on the trains, and be moved over here. It is an enormous thing, so it is ludicrous to think that any company that is developing an oil and gas plant will agree to have a supply base with a materials offloading facility, or an MOF, attached to that north of Derby for something that is going to be built just north of Broome. That is in the short term and the long term. If the Premier is going to insist on Point Torment, an MOF will have to be built at James Price Point or somewhere very close by. The Premier talks about trying to minimise the costs of development and helping incentivise companies to build that facility, yet he makes nonsensical announcements. I have talked to industry representatives and nobody wants to build a supply base at Point Torment, primarily because of the supply chain and also because of the ongoing work that would be needed to maintain that facility. The ongoing work is basically dredging because silt is a big issue there. Depending on where the facility goes, it may have seasonal limitations because of tides. Who will end up paying for that facility if the Premier has his way and decides that the supply base must go to Point Torment? It will be the Western Australian taxpayer. I do not see any money in the budget for it, but we know that it will happen because we have ended up paying a huge amount of money into the proposed Oakajee port, when the project proponents were already offering up the money. It gives us an idea of the economic irresponsibility of some of the statements we hear coming out of the Premier's mouth. Nobody likes to talk about it, but we have talked about the canal from Lake Argyle. Most pundits say that it cost him the election, but I think it was the issue about what something cost and what it did not cost and the argument about that that probably cost him the election.

Again, it is purported that the Premier is calling for the compulsory acquisition of James Price Point because of some of the argy-bargy that is going on there between some traditional owners. We do not have to get very far past that point to see what compulsory acquisition means to Western Australians and to possible investment there. An attempt to compulsorily acquire that land would put the project back years and possibly scare the project offshore for good. We were pretty close to coming to an agreed position in 2008. Here we are now in 2010 and it looks further and further away. I am advised that the project proponent, Woodside, has lost its buyer or a confirmed buyer is at least over a year away from taking a firm proposal to its partners when looking for funding. As a result of that, we see a more and more desperate Premier trying to look for reasons to blame other people for why that project might not go ahead.

**Hon Simon O'Brien:** Was it not the current Leader of the Opposition who put the whole project at risk?

**Hon JON FORD:** In actual fact I am pretty sure that it would have been delivered by about November–December 2008 if we had stayed on that route.

**Hon Simon O'Brien:** You negotiated so closely with Inpex?

**Hon JON FORD:** We did not actually have people fighting each other. We had all parties agreeing on the process.

**Hon Simon O'Brien:** Agreeing to move to Darwin and that sort of thing, yes.

**Hon JON FORD:** I could take the minister back again to the real reason for what happened with Inpex and that project, but I am assuming that because of the portfolios he has, he knows what the real reasons were. Inpex kept on changing the scope of the project, so every time it came back to the government and the commonwealth—it was a Liberal coalition commonwealth government at the time—neither the commonwealth government nor the state government knew what the proposal was. That is the reason that our government was not going to commit. We do not commit to a project when we do not know the full scope and extent of it and the exposure for the taxpayer.

**Hon Simon O'Brien:** Coming from you lot, that is a bit rich—you do not enter into projects unless you know how much they are going to cost.

**Hon JON FORD:** No—exposure for the taxpayer.

**Hon Simon O'Brien:** Look at the record of you lot in government.

**Hon JON FORD:** How much is the Mandurah–Perth railway.

**Hon Simon O'Brien:** I had to make a settlement in excess of \$40 million.

**Hon JON FORD:** How much exposure for the Western Australian taxpayer was the Oakajee port going to deliver?

**Hon Simon O'Brien:** And where was it going under your government—nowhere.

**Hon JON FORD:** We had the project proponents signed off on paying for the port.

Other people are going to talk about the debt predictions for this government later on, but we are just mulling through some of the Assembly responses so that we can get the detail right on that. I refer to the Department of Fisheries and royalties for regions. As I said right at the very start of my contribution, some ministers seem to have done all right out of royalties for regions. The Minister for Health seems to have done pretty dammed well out of royalties for regions. I am not quite sure why health had to be funded, but it might be because of the black hole that health is or it might be that the government committed to a decision to keep Royal Perth Hospital open when everybody knows it is not affordable along with the expansions in health.

One of the big problems facing the Minister for Fisheries is that he has a number of failing fisheries that need to be developed. It is a very stressful situation for those families involved, it is stressful for the Department of Fisheries and a difficult job for the minister to maintain. I would like to have seen some funding from royalties for regions associated with a general increase in the fisheries adjustment scheme, and substantive changes, to assist him in moving the rock lobster fisheries into a quota system to allow the people of Western Australia to actually invest the pots or unit quotas, instead of just taking away what are called temporary pot reductions or temporary unit entitlements, and reductions of people's entitlements, which are not temporary but forever, and people are still paying their licence fees for that. Although the minister has made some adjustments of late, a substantial amount of money could be invested to restructure that fishery. It still has the potential to be the great fishery that it has been in the past, but it certainly needs some real investment. We are not talking about a little bit of money; we are talking of somewhere between \$20 million and \$40 million. Because the industry is dominant in the regions, it would have been a good target for royalties for regions. It is a shame that is not in the budget. Other fisheries could benefit from that investment under the fisheries adjustment scheme, such as the salmon fishery, because it could also have some money to help develop local regional businesses with marketing and looking at more efficient ways of processing. The government could also have looked at aquaculture in the regions, which really needs a substantial taxpayer investment if it is ever going to get ahead. It will get there but it is a long way off at the moment because economics favour protein from land-based animals and fowl, such as chicken, which are much cheaper to produce per pound than fish. It would have been good to see some real investment from royalties regions in there. I am disappointed for the minister that he did not obtain it.

I was pleased that we have identified under mines safety an extra 72 FTEs in the budget. But I am a bit disappointed that the message I am getting from the ministerial advisory panel, which everyone refers to as MAP, is that it has had only three meetings and has not been given a strategic outlook. It does not feel that it can offer any advice because it does not know what the plan is, yet 72 extra FTEs are shown in the budget. As I said, that is a good thing, but it would be nice to know what the thinking is around that. I will talk more about that during the estimates committee process. We have a real issue with this. If we are going to develop a new safety regime in this state, it must start from a blank sheet of paper; it cannot be developed by tweaking the edges of what everyone recognises is a pretty ineffective system for regulation and governance of mine safety in this state. The current skill sets do not match what is needed for a risk-based scheme. We will need transitional arrangements, which will incur extra costs, so there is a real need to work that out with industry. There are opportunities within the proposal for uniformity across the country as well as for contributions in kind; that is, secondments between the private and public sectors to maintain skill bases and to make sure contemporary competencies, skills, methodology and corporate knowledge are shared across the two sectors. They are important in developing those relationships and confidence in the system.

The Chamber of Minerals and Energy told me today its understanding of the proposal is that there will be a retrospective collection of around \$7.9 million for the past six months and the employment of only another two or three FTEs, but it is not quite sure what they will do; and future collections for mining alone of between \$14 million and \$15 million for the 2010–11 budget year and up to \$19 million after that. Industry is saying that it does not mind paying, provided the scheme delivers what the government claims; namely, an effective safety regime. As I said a little earlier, industry is concerned about the lack of direction being shown today by the ministerial advisory panel.

With these remarks I conclude my response to the budget. Royalties for regions is not delivering what it promised—there can be no doubt about that. It was never intended to fund the building of hospitals and schools.

It presented a great opportunity, but it is being squandered because its delivery lacks strategic application. The Premier is not leading effectively. His very words, particularly the examples I gave about Point Torment and his threats of compulsory acquisition, demonstrate a lack of strategy in his thinking and that of his government. Every year from now on, as the country moves through what has been a very trying time economically throughout the world—we are a long way from being clear of the woods—we need to think much more strategically and make sure every single dollar we spend delivers a dividend. For every dollar invested we should be asking: how many dollars will we get for Western Australians? I urge the government to come forward with a much more strategic approach to the economics of this state and its potential.

I urge the Nationals to get back on track with how they spend royalties for regions and what that money can deliver. They must stop the scam that somehow they are not part of the government of the day. They would like to have it both ways. They pick bits out of the budget and pretend they are royalties for regions funds when, under the Nationals rules, the Nationals are not part of the government and are supposed to be independent. The Liberal government is delivering on these issues, not the Nationals. Sooner or later the Nationals must take responsibility for their actions. They cannot sit in here and pretend to be in government but when they are out in the bush pretend they are some separate little party. That is what they are doing, and everyone knows it. They cannot have ministers in cabinet and pretend they are not in government. I can tell members from being in the Kimberley the other day that everyone knows it. People like the royalties for regions scheme but they have sat there and asked: who is in government?

**Hon Ljiljanna Ravlich:** Who is in bed with whom?

Several members interjected.

**Hon JON FORD:** I think the idea is that out in the bush they are in bed with other Nationals members and when they are in the Parliament they are part of the government of the day. It is not appropriate, and, in the end, it will deliver a very, very bad result for Western Australia. It also reflects badly on the Parliament. The Nationals cannot be both; they can either be in government or not. We know we are not in government and the Liberal Party knows it is in government. The National Party says it is in government when it is in the house but when it is out and about it says it is an independent group of people delivering for the bush, and that is a scam.

**HON JIM CHOWN (Agricultural)** [4.17 pm]: As a member of this house for 12 months, I congratulate the government and its ministers for delivering a surplus in what must be some of the hardest fiscal conditions a government has faced since the 1930s depression. In fact, to put this in context, we need to reflect on Queensland, a government with a demographic and industrial-mining entity make up similar to that of Western Australia. Queensland has a large mining industry, a well-entrenched agricultural industry and some secondary industries similar to those in this state. The budget came down in Queensland recently with a \$1.75 billion deficit.

**Hon Simon O'Brien:** It's selling its public assets hand over fist.

**Hon JIM CHOWN:** The minister is correct; Queensland is in the process of selling \$16 billion worth of public assets. The Queensland Treasurer stated publicly that it is unlikely to regain its AAA credit rating until at least 2016. This state has retained its AAA credit rating. It is due to be reviewed in a couple of months by Standard and Poor's. All indications at this stage are that we will retain our AAA credit rating. We need to reflect on when we lost that rating during the Burke, Dowding and Lawrence era and the shenanigans that went on then with the Petrochemical Industries Co Ltd project et cetera.

Once again, I congratulate this government for its excellent fiscal management. In fact, it took the Court government three years to regain our AAA credit rating.

**Hon Nick Goiran:** There seems to be a pattern.

**Hon JIM CHOWN:** There is a pattern; that is right. The pattern is that in government, the Liberal party has the ability to manage the budget in difficult financial times. Quite frankly, from my perspective as a member of the Agricultural Region, it is able to fulfil its electoral commitments in delivering well over \$1 billion worth of projects throughout the areas outside the metropolitan area. I will go through that in a minute. I will get back to the AAA credit rating and the reasons why we need to retain it. This rating sends a clear message to the public and to potential investors that this state is being administered economically in a very good, responsible way. This means that state borrowings to build infrastructure in the future will receive the lowest possible borrowing rate on the world market.

Hon Jon Ford, the honourable member for the Mining and Pastoral Region, indicated that he was not too happy with royalties for regions. The royalties for regions legislation received support from all parties for its carriage through this house, if my memory serves me correctly. In fact, as legislation, it resides with and is administered by the government of the day. In this case, it is the Barnett government in conjunction with the National Party

and some Independents. I guess that at some stage in the future the Labor Party may come out of the hole that it has fallen into and govern this state. That will probably happen. It will then have the opportunity to administer this legislation. However, for the time being it is administered by this government, and, as I have just said, well over \$1 billion of funding is going into regional Western Australia.

I will go through some of the more important parts of it. An amount of \$79 million is allocated in this budget for housing for workers in regional Western Australia under the Government Regional Officers' Housing program. That provides new housing for up to 4 000 government employees in over 250 locations throughout Western Australia. As someone who knows teachers who, with their children, have resided in government houses that today we would not put our pet dog in, I find this initiative to have ongoing upgrades to these houses and new buildings constructed throughout the regions to be an outstanding program. The program will result in the provision of more than 400 homes to government workers in the following regions: 144 in the Pilbara, 109 in the Kimberley, 19 in the Goldfields and 20 in the South West and Great Southern. In my region, the Agricultural Region, we will have 88 new units. There will be 64 in the Wheatbelt and 24 in the Mid West.

We have just heard that \$120.3 million over three years, including \$8.3 million in this year's budget, will be used to expand mobile telephone coverage on this state's major regional highways. I have just come back from Cranbrook. People who travel down Albany Highway will know that as soon as they leave the metropolitan area, there is a total black spot until they get to Williams. It is a very busy highway through that area, and I hope that that black spot is covered, because the traffic that travels up and down that road is enormous. It is the main artery into the South West, and, as such, it should have mobile coverage all the way from Albany to Perth. This program is under the administration of the digital economy branch of the Department of Commerce. An amount of \$80.3 million will be used to replace the state's regional radio networks for the police and also the Fire and Emergency Services Authority. An amount of \$300 000 will be spent this year, with \$30 million next year and \$50 million in the third year.

We have heard a bit about the Country Age Pension Fuel Card and its expansion into the Peel region. This is an outstanding example of this government giving regional pensioners something that they have required for many, many years. Of course, in the metropolitan area, pensioners have free public transport. Although public transport in regional Western Australia exists locally, it does not allow many people to travel from town to town or from where they reside to the city. As such, this \$500 per annum, which is allocated to specific vehicles, allows pensioners a bit more room to move. I was talking to a member of this place today, and that member indicated that it costs that member's parents \$100 for fuel to come into the city to see their grandchildren and go back home again. That member thinks that the Country Age Pension Fuel Card is a great example of the government providing something for people who do not have a lot in life and that it is a great social outcome for them. This, of course, is financed to a large degree by the Minister for Transport. The reason is that as the fuel card is allocated to specific vehicles, it is the transport department that has those details.

In addition, the Barnett government is spending a large amount of money on education throughout regional Western Australia. This was a Liberal election promise. Many of these promises are being fulfilled in this budget. For example, the redevelopment of the Dongara District High School is one such election promise that is being fulfilled in this budget. An amount of \$30 million is to be spent there, and the work is due for completion early next year. Geraldton Senior College is getting \$5 million, and the Meekatharra School of the Air is getting \$3.7 million for a replacement. The current Minister for Energy had a fair bit to do with that in opposition as the shadow Minister for Education. I think he actually initiated the program. He spent a great deal of time up there and made sure that this replacement took place in Geraldton. Obviously, as a cabinet minister, he has followed this through and ensured that it is in this budget. The Merredin Senior High School will receive \$2.5 million, and the Merredin trade training centre will receive \$3.9 million. I have a list here, but one that stands out is the WA College of Agriculture Harvey additions and upgrades, including accommodation, for \$43 million. These agricultural colleges are very important to regional Western Australia, especially the Agricultural Region. Many young potential farmers and farm workers require these colleges to learn the art of farming and the art of driving large machinery and maintaining it. These agricultural colleges have gone backwards when it comes to government expenditure. I think it is outstanding that \$43 million will be spent at the Harvey agricultural college. The list goes on, but I will move on to other matters.

There is \$81.5 million in commonwealth funding to be directed to new construction in regional areas under the Building the Education Revolution program. Of course, that is Julia Gillard's program, and there has been some adverse press about it. However, regardless of that, the Country High School Hostels Authority residential colleges received from this government \$90 million, including \$52 million over four years through royalties for regions, for the redevelopment of Esperance and the upgrade of Merredin residential colleges. Once again, residential colleges need a fair bit of government support from a spending point of view. For example, Merredin is at least three hours from the metropolitan area, and Esperance is six to seven hours from the metropolitan area. There are people living there. That will be a surprise to some people, but the reality is that these are vibrant



towns, and not everyone can afford to send their children to colleges in Perth. In outlying areas, it is absolutely critical that these residential colleges are upgraded and maintained so that students can reside there while they attend the senior high schools that are in those areas.

**Hon Ken Travers:** Do you support the senior school allowance at district high schools?

**Hon Ljiljanna Ravlich:** Come on; give us an answer.

**Hon JIM CHOWN:** What was the question?

**Hon Ken Travers:** Do you support the senior student allocation for district high schools?

**Hon JIM CHOWN:** I will not take that. I will move on.

Another Liberal election commitment was to extend the patient assisted travel scheme and to ensure that the Royal Flying Doctor Service of Australia had adequate funding to service regional Western Australia. We are all aware of Mr McGinty's quote when the RFDS approached him when he was a government minister, asking for significant funds. His response was that the RFDS was nothing but an interest group. I can assure members that the RFDS is a long way from an interest group. The Royal Flying Doctor Service does an outstanding job in getting people to Perth who are in critical need of health care. The RFDS not only flies north to the Kimberley, but also services major regional hospitals throughout the Wheatbelt and the South West. Once again, congratulations go to this government for ensuring that these moneys—\$150.6 million over the next five years—are applied to the Royal Flying Doctor Service, and that also includes St John Ambulance. As far as the patient assisted travel scheme is concerned, PATS funding will be increased by 50 per cent over five years, and there will be changes to the eligibility criteria of the scheme. An allocation of \$9 million has been made to provide a higher subsidy for the scheme. Many, many people use PATS in regional Western Australia to come to Perth for special treatment and care in the larger hospitals.

An allocation of \$8.5 million over three years has been made for the rural generalist pathways program, which will support the training of rural general practitioners. GPs are much needed in some regional areas of WA, and hopefully this program will ensure that GPs will regard service in these areas as worthwhile to their careers.

Debate interrupted, pursuant to temporary orders.

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