

## **ESTIMATES OF REVENUE AND EXPENDITURE**

### *Consideration of Tabled Papers*

Resumed from an earlier stage of the sitting.

**HON JIM CHOWN (Agricultural — Parliamentary Secretary)** [5.08 pm]: In the address prior to mine from Hon Kate Doust, I noticed her condemning the government for its changed decision in regard to the feed-in tariff. Let me just say that it takes not only courage but also integrity and strength of character for a government to —

Several members interjected.

**The PRESIDENT:** Order, members! Every member in this chamber is entitled to make a speech without interruption.

**Hon JIM CHOWN:** It takes great integrity, strength of character and ability to reverse a policy decision, especially a budget decision, that is found to be wanting, and that is what this government has done. That is what it will continue to do into the future—make decisions that will benefit the community of this great state.

Let me reflect back, as I did earlier during my address, to a decision made by the previous Labor government: the outcomes-based education program that was decried by communities throughout Western Australia by education professionals and teachers. However, the Labor government continued to believe that this was the best education program that it could implement for the state's students. That debate went on and on and on because no decision could be made, until in the end, the then Premier decided to remove the minister and backflipped—with a capital B—on the whole thing. If we are talking backflips, that was a backflip!

Several members interjected.

**The PRESIDENT:** Order! Members, at least six other members are trying to help Hon Jim Chown. I do not think he needs any help; he wants to make his own speech.

**Hon JIM CHOWN:** Thank you, Mr President.

I enjoy the interjections because you know you are on the money when the opposition starts to ramp up. They are not happy to hear the truth and the facts that are in the public arena. To answer the question, I assume it was Hon Ljiljanna Ravlich who was the minister of the day.

**Hon Ljiljanna Ravlich:** It was me!

**Hon JIM CHOWN:** There you go, Mr President—confirmation.

In summary, before I sit down—because I believe in quality and not quantity, and at times we have more quantity than quality in this place—I have just given very good examples of a Labor government as a dysfunctional government of the day that at the time was flush with funds and had no ability to implement any fiscal management on behalf of the community of this state. This is a Labor opposition in disarray that has no integrity and falling numbers at each election. I am very proud to be representing a conservative government that will be taking this state forward, as the budget has outlaid, and putting in infrastructure that will serve this state for the next hundred years or more.

**HON LJILJANNA RAVLICH (North Metropolitan)** [5.12 pm]: I rise to support the motion, and in doing so I put on the record that I am not the lead speaker.

There have been some very interesting contributions so far. Just to remind government members, when Labor left office in 2008, it left \$3 billion debt; it is currently around \$28 billion and growing. That is what the government calls good fiscal management. By any measure, it is not good fiscal management. This budget is very telling. I have sat with Hon Ken Travers on the Standing Committee on Estimates and Financial Operations for the last four years, and we have time and time again gone through budget after budget, and some very interesting trends emerge.

I will cover a number of areas of this budget—specifically, this government's lack of financial credibility and lack of accountability to the people of this state in delivering promises and financial commitments—and I will also touch on this government's lack of standards. There is no doubt in my mind that the Premier is an economic and fiscal vandal. He has no idea about money. Anyone who knows the history of this Premier knows that when he was Minister for Education, he promised teachers a pay rise without taking it to cabinet; it cost hundreds of millions of dollars. One might say, "Good on you for looking after the workers", but the fact was he was in a tight squeeze. He basically said, "Yes, I will give you what you want", then he went to cabinet to seek permission, but the Premier of the day was not very happy about it.

The Premier does not think anything of spending hundreds of millions of dollars of taxpayers' money; he does not bat an eyelid. Consequently, people around him in the cabinet room also seem not to care about the expenditure of taxpayers' money; their view is that they have been elected and they will do what they want. This is how, over such a short period of time, we have gone from a \$3 billion deficit to a deficit that is over \$28 billion and trending upwards. Nothing is for nothing; everything costs, and now we have a growing problem.

I do not know how this Premier believes for a moment that ordinary people, mums and dads, people living in the 'burbs and people who are struggling to come to terms with the economic pressures placed on them by this government are able to meet their growing financial obligations in order to cover up the incompetence of this Premier and his ministers. Hon Bill Chown —

**Hon Alyssa Hayden:** Jim.

**Hon LJILJANNA RAVLICH:** What is his name? Sorry—Jim!

**Hon Alyssa Hayden:** Hon Jim Chown.

**Hon LJILJANNA RAVLICH:** Hon Jim Chown. We do not hear much from Hon Jim Chown so it is not surprising that I did not know his name. He made a comment about the great expenditure on infrastructure; I will go through some of this great expenditure and see how much is funded and how much is not funded. During the election campaign, members of the now government ran around the electorates and said, "Vote for us; vote for us. We will give you a railway line and call it a light rail or MAX. Vote for us; vote for us. We are going to extend a road out here. Vote for us. The money will be coming." Heaps of promises were made by the Liberal Party in relation to infrastructure and all manner of things and there is not a hope in hell of them being funded.

I will quickly go through some of the promises because it is a very interesting tale. For example, the airport rail link to Fremantle to be operational by 2018 requires funding of \$1.9 billion; no state government funding has been announced for that in the budget—none at all. The Metro Area Express—MAX—light rail was to be operational by 2018 at a cost of \$1.8 billion —

**Hon Ken Travers:** It is \$1.9 billion now. They got their costings wrong.

**Hon LJILJANNA RAVLICH:** All right—\$1.9 billion now. This is not in the budget anywhere; I cannot see it.

There was a promise of a three-level multistorey car park at Edgewater train station to be operational by 2016—no doubt that helped the member in that seat—at a cost of \$830 million. Is there any money? Is it anywhere in the budget? No funding has been announced to date and there is no funding in the budget. This runs into pages, so I cannot spend all my time on this matter because I want to spend my time on some other things. Thirty million dollars for the redevelopment of the Scarborough beachfront is nowhere in the budget. The realignment of Curtin Avenue in my electorate near Leighton and Port Beaches at a cost of \$40 million, which was infrastructure promised by the government, is nowhere in the budget.

Hon Jim Chown says the government has made all sorts of infrastructure promises that they are going to fund, but there is nothing in this budget that would indicate a commitment to funding those promises. What we do know is that many promises were made prior to the election to help Liberal members get elected. Now that they have taken their seats, there does not seem to be any commitment to honouring those promises that were made. That is really sad. It is also sad that the government has sucked the finances out of government trading enterprises to pay for its rising debt levels. The government is using government trading enterprises as cash cows to make up the deficit revenues caused by its lack of financial management. The other day, as a simple exercise, I looked at the revenue to be delivered to government from public corporations. I checked the revenue figures of the 2008–09 budget—that is, the last Labor budget prior to this lot coming into office—and compared them with the revenue to government from public corporations in this 2013–14 budget. Those figures are concerning. For example, in Synergy, between 2008–09 and 2013–14 there is an increase in the revenue delivered to government of \$31.466 million. For Western Power, there is an increase in that period of \$355.9 million. For the Water Corporation, there is an increase of \$142.2 million. In 2008–09 there was no revenue to government from Horizon Power. Now, in 2013–14 it will deliver \$64.825 million revenue to government. Back then, Bunbury Water Board did not deliver revenue to government. This will interest you, Madam Deputy President (Hon Adele Farina), because you represent that area. The Bunbury Water Board will now have to find half a million dollars in the 2013–14 financial year. The Busselton Water Board, also of interest to the Deputy President, will have to find \$737 million. The only way this money will be raised is through an increase in rates and charges. That is the only way that these increases can be paid for. This will have a huge impact on households, ordinary people and mums and dads; they will have to go without things. More people will be sleeping in cars, out on the street, not able to clothe their children, not able to put food on the table, not able to buy shoes for their kids and pulling food out of rubbish bins. There will be all sorts of consequences from this. If members think these extraordinary fees and increases can be imposed on ordinary families and not have real

consequences, then they are not living in the real world, do not understand the basics of life and they should not be here.

If Western Australians were asked if they are happy to pay for Colin Barnett's mistakes, they would say no. Western Australians are resentful that they are expected to pick up the tab for the incompetence of the Premier and his cabinet ministers' fiscal mismanagement. There are many examples of massive blow-outs, imposts and burdens, including the new gold coin parking proposal at train stations. When the Treasurer announced this new impost he presented it as though it would have no consequences, yet it will cost an average person almost \$450 a year. The Treasurer makes it sound as though that is nothing. No doubt, once again, increases in electricity, gas and water, the new gold coin impost—you name it—will all add to the burden of every man, woman and child in this state.

I now turn to an issue that concerns me, and that is the solar panel rebate scheme. Apart from the magnitude of the loss of revenue to the state due to the total incompetence of the Minister for Education in his former role as the Minister for Energy, the state has a significant black hole in its finances. There is no doubt this is a problem for everyone. It has been interesting to see this matter unfold in the media over the past few days. The Premier announced that the solar panel rebate would no longer be available; he then said it would. A letter clearly stated that the payment was 40c per kilojoule, and now the government has done a major backflip. I do not want to concentrate on the Premier but on how the former Minister for Energy handled this matter and caused this problem.

All too often when the Minister for Education comes into this place, he either does not have the answers with him or he simply skirts around an issue, wiggles around the place and eventually moves on to something else. But this is a serious issue because it will hurt Western Australians for many years to come. Hon Jim Chown mentioned outcomes-based education and the fact that the Labor government backflipped on that policy matter when it came under some pressure. I also put on the public record—perhaps Hon Jim Chown does not know—that I appeared and gave evidence before a committee of this Parliament in relation to teacher misconduct toward children and schools. I was asked what I knew, when I knew it and what I did. The Minister for Education, who is responsible for a \$1 billion burden on Western Australian families, should do what I did. He should appear before a committee to explain what he knew, what he found out and what he did in relation to the solar panel rebate scheme.

When in opposition, Minister Collier was very big on talking about government accountability. Time and again he got up in this place and went on and on about the fact that it does not matter whether somebody did or did not do it, or whether somebody in the department did or did not do it, because under the Westminster system, the minister is accountable. Does Minister Collier remember the number of times he told me that I was accountable, irrespective of what I knew or did not know went on in the agency? I will go through chapter and verse, to the extent that I can, the history of the solar panel scheme, which was the Leader of the House's debacle. This was a problem of his making. He created the mess and then handballed it on to the next bloke and went on Facebook looking at 16-year-old boys. That was more interesting.

**Hon Peter Collier:** That is disgraceful.

**Hon LJILJANNA RAVLICH:** You poor thing! What is the minister's problem?

*Withdrawal of Remark*

**Hon HELEN MORTON:** The member has clearly impugned the Leader of the House and she should withdraw immediately.

**The DEPUTY PRESIDENT (Hon Adele Farina):** An issue has been raised about those words being offensive. I ask the member to withdraw those comments.

**Hon LJILJANNA RAVLICH:** Madam Chair, I would rather not, and I will not. Is that incorrect; was the Leader of the House not on Facebook?

**Hon Peter Collier:** That is disgraceful, just disgraceful. You reached a new low today.

**Hon LJILJANNA RAVLICH:** Alright, Madam Chair; I withdraw.

*Debate Resumed*

**Hon LJILJANNA RAVLICH:** I want to continue my remarks because I think that this minister needs to provide some answers to this Parliament. If we had the numbers, we would ensure that this minister appear before a parliamentary committee to explain exactly what has gone on with this solar panel scheme, which will cost Western Australian taxpayers—all those mums and dads and kiddies out there—\$600 million. A whole lot of other things have contributed to the charter of debts, if you like, that he has created through his incompetence.

The solar feed-in tariff was basically a scheme that encouraged the uptake of renewable energy and stimulated solar business. The government proposed a subsidy to encourage households to put solar panels on their roofs. The government offered householders a 40c net tariff for every kilowatt hour that their systems produced and fed back into the power grid. Householders would receive a subsidy for 10 years. After the scheme blew its budget, in May last year the government announced that it would cut the rate to 20c for new applicants from 1 July. The scheme was supposed to be capped at total installed capacity of 150 megawatts to prevent costs from spiralling out of control. In fact, the cap was breached as early as June last year before the government's first cut even came into effect. The government did not suspend the scheme until 1 August after a front-page story in *The West Australian*.

What did the then Minister for Energy know? When did he find out that the cap was reached and what action did he take in this respect? I know from media reports that when Hon Kate Doust was energy spokesperson, during some critical periods last year time and again she asked the minister in this house for answers to fairly simple questions. Time and again, the minister did not provide those answers. They were questions such as: what did you know, when did you find out and what did you do? The minister was never forthright in providing those answers to Hon Kate Doust. She did such good work that even *The West Australian* newspaper commended her for the work that she had done in this place in trying to get to the bottom of some of those issues. She is to be commended because it is not easy for an opposition spokesperson to get into the paper.

I now want to refer to an article that appeared in *The West Australian* on 14 May 2012 entitled "Subsidy Scheme: Barnett's advisers caught in solar spin". The second paragraph states —

On June 8, 2011—with the popularity of the solar panel subsidy scheme rapidly outpacing the Government's projections and budget—Mr Collier's then-chief of staff Darren Brown asked for a briefing from the bureaucracy.

This is on 8 June 2011. It continues —

It seems he could see the iceberg coming.

I wonder whether the minister saw an iceberg coming. It continues —

"Is it possible that we will reach the cap and not know about it for some time?" Mr Brown wrote. "I want us to be across what we will do when the ceiling is reached in advance."

That was on 8 June 2011. I understand that Mr Brown's suspicions were raised because an installer of these solar panels had contacted the minister's office to say that he had been installing them at such a rapid rate that even he believed that the program must be close to reaching the cap. That rang warning bells for the minister's then adviser, Mr Brown. I understand he then contacted the Office of Energy, which said that there was not a problem. I do not know for how long it was not a problem. If the Office of Energy said it was not a problem and the industry was saying that the cap had already been reached, what would a minister do? What did the minister do in this circumstance? Did the minister do anything or did the minister let it go through to the wicketkeeper? I do not know. Given that Western Australian families and households are saddled with a \$600 million bill because of the incompetence of this minister, he should stump up and provide some of the answers to these people who now have to find the money over the next 10 years to cover for this minister's incompetence. The chief of staff knew on 8 June 2011. Further down, the article states —

The email was prescient. Nineteen days later, Mr Brown told a meeting of ministerial chiefs of staff that the solar scheme's 150MW capacity cap, imposed to stop its costs from spiralling out of control, had already been reached.

That, I understand, was the cap supposed to have been reached on 28 June. The real question is: if the chief of staff of the then Minister for Energy knew on 8 June 2011, did the minister know or not know from that period? My understanding is that this matter had been brought to his attention by the Office of Energy and he did nothing. It was also brought to his attention, there is no doubt, by his then chief of staff.

**Hon Kate Doust:** Whoever that happened to be that day.

**Hon LJILJANNA RAVLICH:** Whoever it happened to be, and part of the problem in the minister's office was, of course, that there was a revolving door. If the minister did not like the look of a person, they were on their way out. The chiefs of staff were never there for more than six weeks.

**Hon Kate Doust:** That is why Hon Peter Katsambanis is in here.

**Hon LJILJANNA RAVLICH:** He is one of the lucky ones, he got promoted upstairs! Most of them just got sent into the big whirlpool! Hon Peter Katsambanis would know because he worked for the minister.

**Hon Peter Katsambanis:** You can't guess what I know and don't know.

**Hon LJILJANNA RAVLICH:** I tell the honourable member that he knows and the fact that he said what he just said proves he knows.

**Hon Peter Katsambanis:** I haven't said anything. You're just making it all up as you go along.

**Hon LJILJANNA RAVLICH:** I have asked questions about this because everyone knows there was a revolving door. That is why no-one knew anything. The Minister for Energy had them come and he had them go. Where is the intellectual knowledge retained when it is like that with all the coming and going? The bottom line in all of this is that during that period Hon Kate Doust asked some very, very serious questions. I will go through every question asked by Hon Kate Doust from 8 June when the then minister's chief of staff knew, before he got kicked out of the minister's office, through to 28 June. I will go through POWAnet and pick out every single question asked by Hon Kate Doust and I will have a look at every single answer the minister gave. I bet London to a brick that the minister will have been less than open, straight or up-front in his responses. Does the minister know why? Because that is his nature.

It might be asked, so what? It might be said that the minister was kept in the dark by the agency, but my view is that if someone wants to give it they have to be able to take it. The now Leader of the House was pretty good at giving it in opposition, but he is not very good at taking it now—he does not like it at all. The minister put into place a bad arrangement that was not well thought through, which is pretty much like anything this minister touches—never well thought through. It was a 10-year contract that was very inflexible. The Premier temporarily closed it on 14 May 2012. It was suspended on, I think, the morning of 5 August 2012. There was a cabinet meeting and a proposal was taken to cabinet to close this scheme. Cabinet closed it and apparently Hon Peter Collier was on radio admitting to Paul Murray his incompetence in the handling of this matter. In the background, Christian Porter revealed in December that the scheme, originally supposed to cost \$23 million over four years, had blown out to cost at least \$180 million over four years. That was Christian Porter in the background watching all this chaos going on around the place. I think it was not much after that he packed his bags and said, "I'm not going to be presiding over this mess; I'm out of here. I can't work with these people." The then Minister for Energy was clearly incompetent, clearly out of his depth and clearly not on top of the issue. The industry thought he was a joke. Ask anybody in the industry what they thought of their energy minister and they will say he was a joke, as people say about him as education minister. I do not want to hurt the minister's feelings, but that is what they said. Anyway, Christian Porter took off and the whole thing was a bungle.

In December 2012, Christian Porter revealed that the scheme originally supposed to cost \$23 million had blown out to cost \$180 million. But it gets worse, the scheme was to end up costing \$600 million over 10 years.

**Hon Kate Doust:** They didn't have a stamp. They messed up the great inflow of extra applications simply because they did not have a date stamp for people.

**Hon LJILJANNA RAVLICH:** They did not have a date stamp. All this time the minister just sat on his hands and did nothing. While all these applications were being made, the then minister did nothing. He was totally out of his depth and he did not know who to ask. There was no-one left in his office to ask. He could not ask the Treasurer; he had taken off because he had a gutful of the minister. It was an absolute shambles and I do not know how the Leader of the House can sleep at night. I want to put this matter on the public record, because I know it appears in the paper, but sometimes people do not get the paper and they might look at *Hansard*. I want it recorded for historical purposes just how incompetent this guy is. On 18 May 2009, Minister Collier announced that he would establish the most generous subsidised rooftop solar panel scheme in the nation. He was offering households 60c per kilowatt hour. Can members imagine? Forty cents comes out to \$600 million and 60c would have come to about \$1.2 billion. The minister offered 60c, not a penny of which was the government's money. He offered households a 60c gross feed-in tariff for every kilowatt hour they produced. By 29 May 2009, the minister was faced with the realisation that the scheme would chew through its \$3.3 million annual budget too quickly, so he deferred the scheme until 1 July 2010. Then on 27 May 2010, a new scheme budgeted to cost \$6 million a year was announced; that is \$6 million a year and the government has just tried to cut the scheme in half to a cost of \$51 million. A new scheme at \$6 million a year was announced, in which householders would get 40c for each kilowatt hour they feed into the grid—the net feed-in tariff. By 13 December 2010, Synergy warned that record numbers of people were applying for the scheme, with installations of solar panels rising from 1 000 in July 2008 to 30 000, at a rate of 600 a week. By December, *The West Australian* revealed that the cost had blown up from \$6 million a year to \$36 million and the government capped the program at a 150-kilowatt capacity. On 19 May, the government announced it would slash the feed-in tariff rate from 40c to 20c from 1 July to help contain costs. By June 2011, Mr Collier's then chief of staff, Darren Brown, raises concern that the scheme might be out of control and asks the Office of Energy for a briefing on how the scheme was being monitored and whether it could be wound down. On 27 June 2011, Mr Brown tells a meeting of ministerial chiefs of staff that the cap has already been breached. The following day the Premier's principal policy adviser, Richard Wilson, asks Mr Collier's office what the Office of Energy plans to

do about it. Between June and July 2011, the scheme continues to operate as Mr Collier's office tries to establish the true state of the scheme. By August 2011, *The West Australian* reports industry and opposition concerns that the scheme is within weeks of hitting the cap. The same day the government announces that it will suspend the scheme immediately. By 24 November 2011, *The West Australian* reports that the scheme could end up costing \$600 million.

This is a \$6 million scheme! I mean, have members ever heard of such absolute incompetence—a \$6 million scheme is going to blow out to \$600 million? The government said it would be \$500 million but from when it was reported it is now \$600 million over 10 years. The government disputes the report. Premier Colin Barnett tells Parliament that it is nothing like \$500 million—probably knowing that it is actually more. That is probably why he says it is nothing like \$500 million, because it is \$600 million and he does not have the heart to say that. Then on 14 May 2012, *The West Australian* reveals that the government knew the scheme had breached its cap but did nothing for six weeks.

Minister Collier, where were you for six weeks? Why did you not do anything? I ask the Leader of the House whether he is going to apologise to the Western Australian people for fleecing them, for making their kids go without food and for them not being able to pay their bills. Is he going to apologise? Minister Collier? Leader of the House? He is not going to apologise.

Several members interjected.

**Hon LJILJANNA RAVLICH:** He should apologise. He should apologise.

**Hon Peter Collier:** That's absolute garbage!

**Hon LJILJANNA RAVLICH:** Oh yeah, yeah, yeah! I think he should apologise. He should be ashamed of himself. He is a disgrace!

The Western Australian government knew the scheme had breached the cap and did nothing about it for six weeks. Minister Collier claims that the government could not have acted sooner because he did not have reliable information as the scheme got kicked out of his office; of course, he did not. He later admits that the cost of the scheme had blown out to \$45 million and was only \$450 million over its 10-year life. But now we know that it will be even more than \$600 million—it is close to \$1 billion.

Basically, this \$6 million scheme that blew out to \$600 million is probably unprecedented. I have never heard of anything like this anywhere in the country. I have never heard of anything like this anywhere in the world. How can the government have got it so badly wrong? The energy minister revealed that the total cost would be \$45 million a year with \$15 million a year to be borne by Synergy. He has therefore put a rock around the neck of not only Western Australian families, but also Synergy. It becomes problematic for Synergy to have to make up the shortfall of \$15 million. Ultimately it will not be Synergy that has to find the \$15 million; that \$15 million will be found, again, from the pockets of the mums and dads across the state—the pockets of the mums and dads that he treats like his own source of funds.

This is a really sad tale. Anyone who thinks that this matter will just go away and will have no impact on Western Australian households and Western Australian families has got it totally wrong. This is the sort of incompetence that marks this government. This is the sort of incompetence that marks this minister. I know that he has swept this matter away from himself. He knew what he had got up to. Now he is making a mess of education. He has moved over to that portfolio and created a disaster. He will not answer any question about child protection matters in the education department. He will not answer any, as if he is pretending, and he then feigns by saying, "Oh you can't say anything about me and Facebook and the 16-year-old boy."

**Hon Peter Collier:** Eh?

**Hon LJILJANNA RAVLICH:** What? What did I say? I did not say anything.

**Hon Peter Collier:** The imputation is there again. You are disgraceful. You are absolutely disgraceful.

**Hon LJILJANNA RAVLICH:** All I said —

Several members interjected.

**The DEPUTY PRESIDENT (Hon Adele Farina):** Order!

**Hon LJILJANNA RAVLICH:** It is unbelievable!

**The DEPUTY PRESIDENT:** Order, members!

Several members interjected.

**The DEPUTY PRESIDENT:** Members, order! Hon Ljiljanna Ravlich has the call. We are dealing with the estimates of revenue and expenditure and I suggest we stay on topic to see the rest of our time out.

**Hon LJILJANNA RAVLICH:** I am sorry, Madam Deputy President. I will go back to the last point that I wanted to make.

**Hon Donna Faragher:** She should be asked to withdraw again. It's disgraceful.

**Hon LJILJANNA RAVLICH:** I heard that.

This is a shocking state of affairs, a shocking impost on Western Australian families and a poor reflection on the government and the Leader of the House. Quite frankly, he needs to stump up and provide some answers to Parliament in relation to some of the answers he gave to questions from Hon Kate Doust back in 2012. If he were to do that, that would be a very positive thing, but I very much doubt that he will.

It is a very disappointing budget. I am very disappointed with the government. This budget is really something to be ashamed of, if members ask me. There is virtually nothing in it for Western Australian families. The government should hang its head in shame.

Debate adjourned, on motion by **Hon Peter Collier (Leader of the House)**.