

**LOAN BILL 2015**

*Second Reading*

Resumed from 5 May.

**MR M. McGOWAN (Rockingham — Leader of the Opposition)** [12.26 pm]: I rise to speak on the \$8 billion new Loan Bill 2015 introduced by this Liberal–National government. We live in extraordinary times when, in the course of the last six years, there have been three unprecedentedly high loan bills to ensure that the government can continue to function between budgets. This is an extraordinary measure again; three loan bills in six years is unheard of in Western Australia. In the prior eight years, there was one loan bill and that was for \$250 million. Over the last six years we will have seen from this government three loan bills, one for \$8 billion, one for \$8.3 billion and one for \$5 billion. That is around \$21 billion of appropriations so that the government can function between budgets—\$21 billion extra. If there was ever a way of demonstrating poor management of the state’s finances, this bill is it. It shows the amazingly poor level of financial management by the seven Treasurers over the past six years of this Liberal–National government.

I am also shocked that in commenting on these matters the Treasurer said that he could not guarantee that the government will not seek another loan bill before the next election, despite the unprecedentedly large nature of this amount and that \$1.6 billion of Loan Act authorisation is still available to be used in 2015–16, the next financial year. Despite the overlap of another \$8 billion with \$1.6 billion available to be used in the next financial year, this Treasurer cannot guarantee that he will not seek another loan bill to allow government to operate.

I will tell members what is particularly shocking about this Loan Bill above all others. I want to quote the Premier on 22 April when he glibly said to the public of Western Australia that this Loan Bill “will cover the day-to-day expenses of government”. Let us analyse what that actually means. He said on 22 April that it would cover the day-to-day expenses of government. The day-to-day expenses of government are recurrent expenditure. It is the payment for people in this chamber, for the people who work here; for the people who staff our schools, our hospitals and our police stations; for our park rangers; and for the putting of petrol into police cars.

We have not seen that level of poor management in 26 years in this state, yet we are seeing it from this government at a time of unprecedented high revenue.

**Ms M.M. Quirk:** Mr Speaker, I am having trouble hearing because of some other conversations.

**The SPEAKER:** Leader of the National Party, please, the member for Girrawheen cannot hear.

**Mr M. McGOWAN:** The government is borrowing to pay wages; in other words, it is borrowing from future Western Australians to pay wages and for the ordinary government business of today. The government is not borrowing just to construct a building, to provide a rail line or to put in place electricity infrastructure; it is borrowing from future generations to pay wages and for ordinary operations of government business today. That is what this government is doing. That has not happened in 26 years in Western Australia, and this Premier and this government are responsible for it. The government rolls out all the excuses as though it did not know where WA’s GST revenue was going. Members opposite should have known; they signed us up to the deal. They should have known where the GST revenue was going. The government makes out that royalties were something that were always going to continue. Despite the fact that royalties are around one-quarter of the state budget, they have never before been remotely there and they are inherently volatile. The government could go and ask any iron ore company about iron ore prices. It should go and talk to one of them; they know prices go up and they go down. Royalties are charged on the value of the mineral, so when the value goes down, royalty receipts go down as well. Royalties are inherently volatile and Under Treasurer after Under Treasurer in each and every budget has warned this government about that. This government was warned about that prior to the 2013 election, yet it proceeded on its merry way without taking account of it. I accept that royalties have gone down more than could have been expected, but they were always going to come down. The government put unrealistically high forecasts into each of its budgets, just hoping for the best. Now we will pay the price. The price that is to be paid is this Loan Bill, and the racking up of debt, the first deficit in 15 years in Western Australia and borrowing for the ordinary business of government. That is a pretty poor legacy for this government at a time of unprecedentedly high revenues.

State government revenue in this year’s budget is more than \$27 billion. When members opposite came to office it was \$19 billion. The government receives more revenue than any other state in Australia per head of population—way more than any other state in Australia and way more than the national average—yet the government has managed to so mess up the state’s finances that we are now in this position today. I will talk about this a little later, but we have seen what has happened with the AAA credit rating and the threats to the AA+ credit rating that we hold today.

I want to deal with a few topical things in the context of this extraordinarily large Loan Bill that is punishing future generations of Western Australians. First of all, I want to talk about today’s announcement by the

Prime Minister and the Premier of \$499 million of funding for Western Australian roads. This \$499 million is allegedly additional. Let us assume that it is additional, although we do not know what was going to be in the federal budget before this and whether or not there was already something in there that has now been cast as additional money but was already allocated to Western Australia. Let us remember that on arriving in office, Tony Abbott took \$500 million out of the budget that was allocated to Western Australia for rail. We are \$1 million down. Two years ago \$500 million was allocated in the federal budget for rail in Western Australia, but that was immediately pulled out. Members will recall that Mr Abbott said rail is not the commonwealth government's knitting. That is what he said. It is two years later and we see the federal government allegedly put \$499 million back into Western Australia's budget. In effect, if we accept that this is additional money—although we have not seen the federal budget so we do not know and we will never know what was going to be allocated and whether this is additional or not—let us look at this state's GST share since the federal Liberal Party came to office. It has gone down from \$2.5 billion to \$1.8 billion. In effect, since the Liberal Party has been in power nationally and at a state level, Western Australia's GST share is \$700 million worse off and the federal government is allegedly replacing the rail moneys, which it ripped out. Those facts are irrefutable. On top of that, WA has lost \$30 million in funding for remote communities. Then we have a doozy, which no commentators seem to understand—the federal government has cut Western Australia's health and education budgets by \$8 billion, commencing as I understand it in 2018. That is \$8 billion cut from federal allocations to Western Australia in health and education funding. That is a tsunami of a financial problem approaching Western Australia a few years hence. Despite the pleas—I appreciate the pleas of the New South Wales and Victorian Premiers at the last COAG meeting—there has been no movement on that by the commonwealth government. The commonwealth's future budget savings are predicated on those cuts to the states. Our hospitals, schools and training programs will suffer as a consequence of that. When we talk about today's announcement—I welcome additional money for Western Australia and always will—let us put it in context. Let us not be fooled that it is some sort of panacea. In context, it is small compared with what the commonwealth has ripped from Western Australia and what will be ripped out, and our declining GST share over the course of the last two years. It is small in comparison to those things. It needs to be properly understood that the funding announced today is tiny in comparison to those things. That has not been properly recognised.

The next thing that is topical that I want to refer to quickly is an example of why we are in the position we are in today. I have given many examples from the past couple years, including the hospital with no patients that cost us \$130 million; the blowouts in the information and communications technology system in WA hospitals costing an additional \$300 million; the Muchea fiasco costing more than \$300 million for a power station that was meant to cost nothing; and the solar rebate scheme costing more than \$300 million of additional expenditure to the state because people did not stamp the applications as they came. There was also the Osprey and Pelago developments, the Bigger Picture campaign, the failed local government amalgamation process, and the shark culling craziness. There are many more examples I could talk about, but

I want to talk about today's particular example, because it is a doozy—the sign on the Kwinana freeway that was installed on Leach Highway, above the freeway, with moving pictures racing across the screen. Once it was installed the government said that it would do a safety audit on it, and it was turned off. The government installed the sign and then after installing it, conducted a safety audit on it. The government installed that sign at a place on the freeway where, for those of us who use the freeway regularly would know, there are so many accidents, before the safety audit and after the government had signed up to an agreement to install 10 of these signs on roads across Western Australia. Who is paying for this sign? I will quote an answer received in the upper house last night, which states —

... the PTA —

The Public Transport Authority —

is responsible for signage construction costs.

The answer continues —

... the construction cost will be amortised from PTA's share of the derived advertising revenue.

It also states —

... the PTA is responsible for the cost of relocating the sign, if this is required.

This government does deals to allow a sign to be established on a road, and we have to pay for it, and we have to pay for it if it has to be moved, and we do the safety audit after it has been put in place. The Minister for Transport is lauded as a successful businessman. I am surprised that whatever businesses he worked for did not go broke—maybe they did. It is extraordinary that the government has engaged in this, but it is only one example of why Western Australia is in the financial morass it is in today.

The other topical example I want to talk about is the workforce renewal program. If ever there were an example of doublespeak, this is it. Yesterday in this house the opposition asked a question about the Premier's office, in which he has replaced his \$400 000 chief of staff with another chief of staff at exactly the same pay rate. Members would remember that the former chief of staff was employed because he was a former Woodside executive and an important person in the business community. Remember what the Premier said? He said, "We need a person of this calibre because he is going to get us Browse and Oakajee." What happened there? The government lost both of those projects, but it still kept paying him \$400 000. He has now taken the Paris option. Julie Bishop came along and said, "Brian, you've done a great job. We're going to send you to Paris." He got the Paris option! I do not blame him. If I were in the Premier's office and had been offered the Paris option, I would have taken it too. I doubt whether any of us in this chamber, if we were working in the Premier's office and were offered a job in Paris, would pass it up. Would anyone pass that up? No, they would not.

However, there is a new chief of staff coming in at exactly the same pay rate of around \$400 000 a year. I asked the Premier yesterday how the workforce renewal program is going to apply to that. Will he be paid 60 per cent, considering it is not a frontline position, of the former incumbent's pay? The Premier said, no and that the policy does not apply in his office. He said that I do not understand the policy. He said that the Leader of the Opposition does not understand the policy. "You are a fool. You don't understand the policy", he said. All I was relying upon were the words of the Treasurer. I will quote it. In late December last year, when the policy, which was to be implemented on 1 January was brought in, the Treasurer said that departments can use it to fill the position at a lower level or with a new entrant—for example, a young teacher or whatever. The Treasurer also said that they can keep the position at the same level but they will have to make the savings elsewhere. There were two options—correct. Let me read the Treasurer's media statement. It states —

Under this arrangement, to apply from January 1, 2015, public sector employees leaving through resignation or retirement will be replaced with lower-cost alternatives equivalent to 60 per cent of the departing employee's salary for most general government agencies,

[Member's time extended.]

**Mr M. McGOWAN:** I relied upon the Treasurer's media statement and upon the *Government Mid-year Financial Projections Statement*, which is even better and states —

Under this arrangement, public sector employees leaving through resignation or retirement will be replaced with lower cost alternatives.

That is the key. When the Premier said yesterday that we should not rely upon the media statement, he probably thought to himself, "Don't rely on the words of the Treasurer." I relied on the midyear review. It goes through cabinet and comes out the other end, and it states —

... public sector employees leaving through resignation or retirement will be replaced with lower cost alternatives.

I merely asked the question: what is happening in the Premier's office? And there we have it. The government has a policy that the government now says does not work in the way that it described and it does not apply to the Premier's staff. The Premier then says, "Oh, well, the only place in the whole of the public sector it's not applying is the Leader of the Opposition's office." That is news to me! I have never heard that before. I asked the Premier whether it applied to his office and he said, "No, it doesn't." He is totally confused. He then said, "No, but it will apply to DPC." The Department of the Premier and Cabinet runs my office, so how does that work? The policy arrangements are totally confused, yet this policy is supposed to be one of the government's major savings measures. If the government is applying it on the basis of harvesting a salary—that is, taking the salary from 100 per cent to 60 per cent of non-front-line positions whenever someone leaves—but the salary is not reduced, the budget of the agency will go down and people will leave work or be sacked. Either way, it is a confusing position. I have no idea how this policy can possibly work in a growing state, with additional children coming to schools, with additional crimes being committed and with additional people going to hospitals. However, I know that the public sector workers and agencies who are looking at those additional responsibilities in a growing state will scratch their heads in wonder, and ask, "Why is that policy in place for the rest of us and yet in the Premier's office people are being paid \$400 000 a year and there is no reduction in their salary?" They will wonder why that is.

At a broader level, let us understand that the Loan Bill of \$8 billion will expand our debt. We will find out next week in the budget, but I suspect that the debt level in Western Australia and our deficit will go beyond what we were advised in the last few budgets. I expect it will be higher; it will have blown out. It is not all the government's fault—iron ore prices have dropped below expectation. However, it is the government's fault that it did not run big surpluses when it was told to. It ran wafer-thin surpluses and relied upon inherently volatile iron ore revenue, and that is the government's fault.

Next week's budget will see that debt climb above \$30 billion by 2017. I expect the deficit will be higher than the \$1.29 billion predicted in the midyear review. What will that mean? The drumbeat goes on across Western Australia and jobs are being lost. Yesterday Dale Alcock Homes laid off 30 people; we are hearing about layoffs in newspaper groups and we see it daily in the mining industry with layoffs by FMG, Gorgon and the smaller miners, such as Atlas Iron and the like. We see it everywhere. Unemployment and job security are rapidly becoming the biggest issues in Western Australia. There has been a failure to properly diversify the state's economy over the past few years to take account of what was going to happen. However, this is what the state should do: when times are good, the government should drive down debt so that when times are bad, it has the capacity to spend and pick up the slack. That is basic to government management, yet we will see debt levels above \$30 billion under this government after it inherited only \$3 billion of debt when it arrived in office. Five and a half years of a great economy were based on the China boom, yet we will see limited capacity to pick up the slack. People losing jobs will be the big losers. Many of them are tradespeople, labourers, white-collar workers working in mining companies in the city and the like, Water Corporation workers—all those people who, one would think, would expect the government to manage well in the good times so when the bad times come there is capacity to spend to create greater employment—they will be the big losers. They will be the big losers because of the management of this state over the last few years. What did we see today? Because of poor financial management, the Treasurer today threatened the Department for Child Protection. The Department for Child Protection—vulnerable kids! That is what happened. That is a consequence of the management of this state.

The budget will come down next week. When the budget came down the year before last, Troy Buswell flew to Sydney the week before it to sort out the ratings agency. A week after the budget, the AAA credit rating was lost. He sorted out the ratings agency so well that the week after the budget the AAA credit rating was lost! The AAA credit rating, regained by Geoff Gallop in 2003, was lost by this government in 2013 despite record revenues. Western Australia went to AA+ at a stable rating. Now, announced a few weeks ago, maybe a few months ago, Standard and Poor's put us on AA+ at a negative rating; that is, it is watching what Western Australia does in determining whether we retain AA+ at a negative rating. Western Australia is the only state in Australia, as far as I am aware, that has a AA+ negative rating. Tasmania is at a AA+ stable rating—slightly higher than WA's. Tasmania's credit rating is higher than this state's credit rating!

What did the Premier have to say about Tasmania? Oh my goodness, let me go back to 20 February 2013. The Premier made a few comments about Tasmania. I will quote it to the house —

“They should be doing a lot, lot better. You know, when I leave this job maybe I'll go down and hire myself out for a year to run Tasmania.

I am pretty sure the Tasmanians will not want this Premier down there running their state. Despite all its disadvantages, Tasmania has a higher credit rating than Western Australia has. Because we are on a negative rating, next week's budget may well mean that Western Australia's credit rating goes down to AA, in which case Western Australia would be the only state in the commonwealth in that position. Despite the highest revenues per head of population, despite the mining boom that we have been through, despite all of that, Western Australia will have the worst credit rating in Australia. That is despite the fact that Western Australia's economy was the strongest economy six and a half years ago. That is an indictment on this government and it is an indictment on its management of this state. I hope the Premier goes to Tasmania because it might be the only way that Western Australia snaps out of this extraordinary period of poor management. Unemployment numbers have more than doubled. Our debt has increased by more than 700 per cent. We have the first deficit in 15 years. A loan bill is required to pay for recurrent expenditure for the first time in 26 years. A financial tsunami is approaching when the commonwealth cuts out all health and education spending. All these things are difficult to manage but they are made worse by the management of this state over the last six years. These things are irrefutable.

As other members have pointed out, the government can point to the shiny things and advertise the shiny things, using public money in the disgraceful way that it does, but what should be on the end of those Bigger Picture ads? I might say that, in my view, the money used to pay for Bigger Picture ads should be used to attack methamphetamines. But anyway, the government makes its choices. What should be on the end of those Bigger Picture ads is an explanation that debt has gone from \$3.6 billion to more than \$30 billion by 2017–18 to pay for the first deficit in 15 years. There should be an explanation so that honesty prevails in that advertising campaign. This government has blown the state's success, it has blown the boom and this bill is another example of it.

**MR D.J. KELLY (Bassendean)** [12.56 pm]: I rise to make a contribution on what is really quite an extraordinary bill. The Loan Bill 2015 was introduced by this government to enable it to borrow another \$8 billion.

**Mr P. Papalia** interjected.

**Mr D.J. KELLY:** It is quite extraordinary, is it not? It is not \$8 million; it is \$8 billion.

**Mr P. Papalia:** Is it a billion with a “b”?

**Mr D.J. KELLY:** Billion with a “b”, that is right. It is quite extraordinary.

This is my first term in Parliament. I assumed that when a government wanted to do big things, it would explain it in Parliament by giving a full account of its actions and that it would give a detailed explanation to the people of Western Australia about why it is doing what it is doing. I am pretty surprised by this bill. This is a bill to authorise the state government to borrow \$8 billion. The bill itself is a page long. It has a cover page, a contents page and one page that basically states that the government would like to borrow \$8 billion. The Treasurer’s second reading speech is one page long. The government wants to borrow an additional \$8 billion and this Treasurer comes into Parliament with a two-thirds-of-a-page speech. I find that extraordinary. In Parliament, the government is supposed to say why it is doing things and be held accountable for its action. The Treasurer just waltzes in and says, “We’re going to borrow \$8 billion and here’s a speech that lasts two-thirds of a page”, and he sits down. As someone new to this Parliament, I find that pretty extraordinary.

Members on this side of the house will get up and give their views of this Loan Bill. What will be extraordinary in the debate is that government members will be virtually silent. There will be virtually no contribution from Liberal or National Party members on this issue. They will sit there and wave this through. Some might get up, as the members for Forrestfield, Belmont and Perth did yesterday on a related motion and say, “Isn’t it great we’re going to get Elizabeth Quay?” or “Isn’t it great we’re going to get a train line out to Forrestfield?” All they will do is talk about how great it is that they will get some additional things in their electorates without once explaining how it will be paid for. As a new member in this place, I find it extraordinary that members of the Liberal Party, and the National Party for that matter, will sit in stony silence as this government adds another \$8 billion worth of debt to the Western Australian government’s books.

What could the government do with \$8 billion? I make it clear that this \$8 billion is not being borrowed for new capital works; it is being borrowed to allow the government to meet its recurrent obligations.

**Dr M.D. Nahan:** And also for capital.

**Mr D.J. KELLY:** I just pointed out that the Treasurer gave a speech justifying this bill that fitted on two-thirds of a page. If he wants to contribute and explain himself, he should stand up and give a decent account of himself. He should not interject during my speech.

This bill is all about the government’s recurrent spending on things such as pens and paper, petrol for cars and salaries for teachers. If the Treasurer had come into this place and said that with \$8 billion, the government will completely revamp and modernise the public transport system in Perth, he might have been able to make an argument for that sort of expenditure. I remember at the last election that one party put forward a comprehensive policy—Metronet—that would have completely modernised Perth’s rail network.

**Dr M.D. Nahan:** How would you have funded it?

**Mr D.J. KELLY:** What a joke we have just heard from the Treasurer. He asked how we would have funded it. That proposal was going to cost \$4.5 billion, on our costings, or \$5.3 billion, I think, on Treasury’s costings. It would have cost \$5 billion, give or take a couple of hundred million dollars, and the Treasurer ridiculed it for being too expensive.

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

**Mr D.J. KELLY:** He is seeking to borrow \$8 billion for petrol for cars.

**The SPEAKER:** Treasurer, I call you to order for the first time. Through the Chair, please, member for Bassendean.

**Mr D.J. KELLY:** The Treasurer wants to borrow \$8 billion for petrol for cars, for salaries and for pens and paper. He ridiculed a proposal to spend \$5 billion to completely revamp and modernise our public transport system. It does not make sense. We could have built Metronet twice for the money that the Treasurer is borrowing for pens and paper and petrol. We could have then built another two Fiona Stanley Hospitals. Sorry, we already have a Fiona Stanley Hospital. We have that because the previous Labor government put some money aside in a special purpose account so that when the time came to pay the builder, the money was already there. The previous Labor government, which had good revenue flows, put cash aside for Fiona Stanley Hospital and for the Mandurah rail line, which doubled the size of the rail network in Perth, so it could pay for it with a cheque. What is the Premier doing coming in here with an \$8 billion bill for pens and paper? It is absolutely extraordinary. As I said, the explanation that the Treasurer gave fitted on two-thirds of a page and he has the cheek to interject on me. In the process, what has the Treasurer done? He cannot even give us a guarantee that he will not come back to Parliament in the next two years and ask for more money. He claims that he has the budget under control and he is moving in the right direction. He makes all those sorts of glib remarks but when asked in this place, he could not give a guarantee that this \$8 billion would be enough. That is absolutely extraordinary.

I was listening to a news report the other day about identity theft. A person could be living their life the way they want to, and if someone got enough information on them, they could take over their identity. They usually spend a lot of money and bankrupt that person. When I was listening to this report on the radio the other day, I thought of the Treasurer. What a fine example of identity theft we have had in his case. For years he was preaching small government, fiscal responsibility and governments living within their means, and criticising large capital expenditure when someone came along, stole his name, stole his good looks, stole his moustache and ran off and bankrupted not only the Treasurer, but the whole state. What a fine example of identity theft. It is usually the case that the person who gets stung does not know it has happened and they are shocked and amazed. They plead to someone, asking how it happened. Unfortunately, in the Treasurer's case, he has only himself to blame. He took on this job with a Premier who has a great desire to spend, with no account for the budget's bottom line. I do not think that he can blame anyone but himself in this case.

I want to talk about a couple of issues that are particularly topical for people in my electorate. There was a report in *The West Australian* today that the Western Australian Local Government Association has written to the state government asking it to pay local councils \$5 million in compensation for the money they spent in the shambolic local government amalgamation process. The report in today's *The West Australian* indicated that of that \$5 million, the City of Bayswater has put in a claim for \$800 000 for the money that it spent as part of the process. Today's media report did not indicate how much of that \$5 million the local government association was asking for on behalf of the Town of Bassendean or the City of Swan. I think those two local government authorities spent about \$200 000 and about \$1 million respectively. I hope the government gives serious consideration to refunding that money to those local authorities. I support the local government authority in that application. The government's local government amalgamation process was one of the most wasteful processes we could possibly imagine. We saw years and years of wasted resources and confusion. Local authorities participated not because they wanted to but because they had to. They did everything that they were asked to do by the government and now, because the government decided to pull the pin on that process, they are left out of pocket. The Treasurer will say that we have criticised him for having too much debt and now we want him to spend more money on the local government reform process. I say that in the context that this was his process. He is now asking Parliament to approve a bill to allow him to borrow an additional \$8 billion. If he is going to do that—the government will push it through using its numbers—he should reimburse those councils for the money that they wasted. All that money could have been spent on local government services and better roads but instead it was spent on the amalgamation process.

I also draw to the Treasurer's attention an organisation in my electorate called the Blue Sky Community Group. I understand that it has been operating since the 1980s. It provides a range of services to the community around the Lockridge, Kiara, Beechboro and Eden Hill area, including emergency food relief and emergency financial assistance. That organisation was advised just before Christmas last year that the \$50 000 it received from the federal government for emergency food relief would cease. It used this \$50 000 to provide \$100 food vouchers to families in financial difficulty. It provided approximately 400 vouchers last year. That is a very small amount of money in the context of what this bill is about. Blue Sky was told by the federal government that that money would cease to be paid. It was then told in January that the \$90 000 that it receives from the federal government for the provision of financial counselling would also cease. That financial counselling service is part funded by the state government and part funded by the federal government. If Blue Sky loses that \$90 000, it will probably lose a financial counsellor. It does not make sense for the federal government to remove emergency food relief and financial counselling from the communities of Lockridge, Kiara, Eden Hill and Beechboro, but that is what the federal government is doing.

What did I do as the local member? I wrote to both the federal Minister for Social Services, Hon Scott Morrison, and the state Minister for Community Services, Hon Tony Simpson, and I asked two things. I said to Scott Morrison, "Please reconsider the money. I want you to reinstate the federal government money." I asked the state government to do two things. I said to Tony Simpson, "Minister, I want you to take up this issue with the federal government. If you withdraw emergency food relief and financial counselling from this community, the devastating impact that will have on families cannot be underestimated. So, minister, use your position as the state minister to take up this issue. Take the federal government to task on this issue, and, if you do that and you do not get a result, consider funding that service yourself." Hon Tony Simpson passed on my letter to Hon Helen Morton, the Minister for Child Protection, and she replied on his behalf. In the minister's reply, she said, and I quote —

At this time, the Department's recurrent budget is fully allocated and there is no capacity to provide additional funding for this service.

That is all she said. My request that the state government take this issue up with the federal government was completely ignored.

[Member's time extended.]

**Mr D.J. KELLY:** The federal Abbott Liberal government is removing crucial money from a community organisation. The Premier was the head of the Tony Abbott cheer squad in Western Australia. He urged Western Australians to vote for an Abbott government. However, when the local member says to the state government, "Take this up with the federal government and try to get it to reverse its decision", what happens? The Treasurer does nothing. Last year, Blue Sky provided emergency food relief to over 400 families in the Lockridge, Eden Hill, Kiara and Beechboro area, Treasurer. This year, that \$50 000 has disappeared. But when I ask the Treasurer to raise this issue with the federal government, he does absolutely nothing. That is what I do not understand. The federal government has made a range of decisions to take money out of Western Australia, and the Treasurer does nothing. We heard earlier the Leader of the Opposition talk about the \$500 million that Tony Abbott took out of funding for rail, almost as soon as he got the job. The Treasurer has done nothing about that. Tony Abbott also took \$30 million out of funding for remote communities. The Treasurer has done nothing about that either. Emergency food relief in the Lockridge area has now been defunded by the federal Abbott government—the government that the Premier said the people of Western Australia should elect—and when I ask the Treasurer to do something about that, he does absolutely nothing. The Treasurer stands condemned for his absolute inaction on this matter.

I want to raise another issue. We have had a couple of Ministers for Housing in this government, even in the short time that I have been in this place. We often hear from the government Minister for Housing, whoever that might be, statements about what the government expects of Department of Housing tenants. They are expected to pay their rent, they are expected to get on with their neighbours and they are expected to look after their properties. I do not have a problem with any of that. But I would like to hear two things from the Minister for Housing. The first is that the government will invest enough in public housing so that people in this state who are in genuine need will be able to get a roof over their head. The second is that the government will spend enough money on those properties to do basic maintenance.

I will give the Treasurer one example that highlights that both these issues are not happening. A 69-year-old pensioner in my electorate came to see me. Two years ago, he moved into a Homeswest property as the live-in carer for a gentleman who is aged well into his 70s. It is a one-bedroom apartment, and, for the last two years, this gentleman has essentially been sleeping in the lounge room and dedicating his life to caring for this other gentleman. Both gentlemen were recognised by the Department of Housing as tenants, and they were both paying rent during that period. While they were in that Homeswest property, they applied for a two-bedroom apartment. However, their application for a two-bedroom apartment has still not been processed. A couple of weeks ago, the health of the gentleman who was the tenant deteriorated and he was moved into an aged-care facility. What did Homeswest do? It moved to evict the gentleman who was the carer. So I approached Homeswest and said, "This guy has been living there for two years. He has been paying rent. He is a 69-year-old pensioner. He has no other assets or income. This is the sort of person who you should be able to house." The only reason that was given by the department for evicting this gentleman was that there is a shortage of housing stock. The department is going to evict this 69-year-old pensioner, presumably so that it can house another pensioner in that property. The Treasurer has got the state's budget into a situation in which state debt is well over \$20 billion and fast approaching \$30 billion. However, in the process the Treasurer has completely failed to house one of the most needy people in our community, a 69-year-old pensioner who has been a live-in carer. I should add that as well as being a live-in carer, when this gentleman was not needed by the gentleman he was caring for, he volunteered almost on a daily basis at one of our public hospitals to assist patients from remote communities. I saw reference after reference from both his local church and the public hospital he volunteered at saying what an outstanding citizen he is and what a great contribution he has made, yet this government has seen fit to evict him from his Homeswest property, for no reason other than the fact that this government is failing to provide adequate social housing for the most needy in Western Australia.

I want to now talk about the question of maintenance in some Homeswest houses. I have visited quite a few in my electorate, and the condition of some of them is quite shocking, not because the tenants are not looking after them, but because of the lack of maintenance by the Department of Housing. When I visited the gentleman I referred to earlier in his one-bedroom apartment to have a look at his circumstances, the vinyl in the kitchen had a huge hole in it. Silver Chain, which came to assist on a weekly basis, had given the two gentlemen who lived in the flat a mat to put over the hole in the vinyl in the doorway of the kitchen so that the two of them did not trip over it. The kitchen vinyl had a big hole in it in the middle of the floor, and it was lifting up all around the walls; it had separated from the skirting boards and was now peeling up. They had reported the state of that vinyl to the Department of Housing at the end of last year, and a contractor came out to repair it earlier this year. The contractor took one look at the vinyl and said that he could not repair it and that it needed to be replaced, and off he went. The two gentlemen who lived in the apartment then waited several months, and nothing has been done.

When I asked the department why the tenant was being evicted, I was told that it is up to the tenant to report issues and arrange for maintenance to be done. I said that they had reported the state of the vinyl and that the contractor had come out and said that it could not be repaired and needed to be replaced. I was told by the department that that was right, but having been told that the vinyl needed to be replaced, the tenant then needed to contact the Department of Housing and ask for it to be replaced instead of repaired. What sense does that make? I know the Treasurer is fond of outsourcing and everything to do with privatisation, but the maintenance contract that he has allowed to be let for Homeswest properties has been appalling. I hear complaints over and over again, and the example I gave is just one of them. The contractor came out, after a complaint from a tenant, and determined that the item to be repaired in fact needed to be replaced. Instead of the contractor reporting that and organising for it to be done, nothing is done for months, and the tenants sit there wondering why nothing had been done. It is because of a ludicrous situation in which the onus for repairs is placed on the tenant.

I said to the Department of Housing that officers from the department visit these people and inspect the properties regularly. Do they not then notify the department of necessary repairs? I was told that they do not; the people who do the inspections do not then organise repairs. If they see something that needs to be done, they talk to the tenant about it, and then leave it to the tenant to contact the department. When I asked why the officer who visits the property does not organise for the repairs to be done, I was told that that would result in too many repairs being requested. If every time officers did inspections they were then authorised to request repairs, the budget would blow out. What more stupid example of inefficiency could we possibly have seen? Successive ministers then have the gall to stand up in this place and blame tenants for the state of Homeswest properties.

I cannot let a contribution on an issue such as this go by without mentioning the debacle of the Serco contract at Fiona Stanley Hospital. The Treasurer is a fan of privatisation, but the debacle of the Serco contract at Fiona Stanley is an incredibly insightful example of why these things do not work. The Treasurer probably does need a drink of water. That contract should be cancelled. If the Treasurer wanted to save a few bucks from the state budget, he would put Fiona Stanley back under the control of the Department of Health, where it should be, and get rid of Serco, to give people the confidence in that hospital that they rightly deserve.

**MS J.M. FREEMAN (Mirrabooka)** [1.26 pm]: I rise to speak on the Loan Bill 2015, and I thank previous speakers for their contributions, in particular the Leader of the Opposition, who did an extraordinary job of outlining why we should be very concerned about this bill seeking to borrow \$8 billion to continue, basically, to operate the everyday ordinary business of government. It is always interesting to consider how I would explain \$8 billion to the constituents of Mirrabooka. How do I tell them what \$8 billion is? We know that if we work hard, build a business, buy a property and invest in some things, we may one day call ourselves millionaires, but a millionaire is still a long way from ever being a billionaire. If we think about it, \$8 billion would equate to 8 000 millionaires. Perth has a few billionaires, so I thought about what \$8 billion would mean to them. Gina Rinehart is worth \$11.7 billion, so perhaps we could have asked her for a loan. This loan is equivalent to the wealth of Kerry Stokes, who is worth \$8.2 billion. According to the summary released with the state budget of 2014–15, \$8 billion is equal to the whole of the health budget. Effectively, to operate the everyday business of government, the government is borrowing the whole of the health budget. If the government was asked to pay it back tomorrow, it could do that by simply not delivering health services any longer. Then we think: what is this billion dollar mark? One million seconds is 11.57 days; one billion seconds is 31.75 years, so eight billion seconds is 254 years. If we consider that during the term of this government it has borrowed \$21 billion, that is effectively 700 years. If we paid back one cent every second, it would be 700 years before we even got back into the balance sheet.

When I speak to constituents, I say that this \$8 billion loan absolutely illustrates and demonstrates how the Barnett government has blown the boom. I have mates who do this trick with credit cards to gain frequent flyer points. They borrow off one credit card to pay off the next, and then the next, and then the next, and they live off the frequent flyer points. I am not sure that there is any benefit in this. In fact, there is no benefit in the way the government is managing the \$8 billion worth of debt, because we are losing our frequent flyer points by losing our AAA rating, and having the AA+ rating on watch.

When I talk to constituents, I can say that there is an \$8 billion deficit this year and a \$21 billion deficit over the life of this government and that, for the first time—more than ever before—there is no ostensible benefit to our financial system. In fact, we do not get any interest rate reduction—maybe that is the effect of frequent flyer points. We will get an increase in the interest rate because, by mismanaging debt, we will have lost the AAA rating. People have said before that it is borrowing from the future to cover the expenses of the ordinary business of government. I get that \$8 billion today is not \$8 billion in 21 years. It is a different amount because of a variety of different interest rates; we have a low interest rate environment. However, it is still a debt and it is not a debt that has built anything. The Treasurer would say that this provides some payment for capital. The “2014–15 Budget Summary” that came out last year provides some figures. There is \$23.7 billion for the “big build”, which comprises \$1.24 billion for the new Perth Stadium—\$8 billion is more than that; \$764 million



for the Perth City Link, and I understand most of that was federal money; \$441.1 million for Elizabeth Quay; and \$2.21 billion for the Forrestfield–Airport Link, which has not even begun yet. There is \$428.3 million for the new museum, which has not begun yet and is not really in the pipeline. There is also Gateway WA, which we have now discovered will get additional funding of \$1.003 billion. What interests me in this summary, which is why I have taken us through it, is the \$1.9 billion for the Metro Area Express light rail right at the bottom.

We are borrowing \$8 billion today and there ain't no way that that will deliver to the people of Mirrabooka the promise of the light rail. There is no light rail in this \$8 billion. There is no capacity to build the project that the "2014–15 Budget Summary" states will cost \$1.9 billion but other press reports state will cost \$2.5 billion. Certainly, \$8 billion could have delivered the Metronet. As I understand it, if we take both sides and put them together, we get \$5 billion. Good public transport and infrastructure could have benefited everyone, but no; this \$8 billion is for the everyday, ordinary expenses and business of government.

That is simply unacceptable. According to a recent paper released by the federal Parliamentary Budget Office, WA has enjoyed the single biggest increase in revenue of any state or territory over the past decade. State revenue grew at eight per cent a year but spending grew at 8.9 per cent a year. The promise made to the people of Mirrabooka is just not achievable, even when we are blowing the benefits of the boom by borrowing this \$8 billion. That is certainly demonstrated by the downgrading of the state's credit rating by Standard and Poor's. Standard and Poor's state —

"Unless the state government undertakes significant corrective measures in its June 2015–June 2016 budget, Western Australia could record average operating deficits of about 1.2 per cent over 2014 to 2018 ... This sustained level of deficits would make the state's budgetary performance no longer consistent with a AA+ rating and would further increase its debt burden."

That is what is currently under watch. I thought about what that means and why it matters whether a state government has a sustained level of debt. I understand why it matters in Greece, which has a problem with liquidity at the moment, because Greece borrows from other EU countries. These countries keep saying that they do not want to lend the money because they want to use it in their own economies. I understand why that matters there. I am really interested in this and I would be happy for the Treasurer to give me an economics 101 presentation, because we are borrowing off ourselves; we are borrowing off taxpayers and selling bonds. There is an argument that selling bonds means that businesses are not investing in other areas and that with such low interest rates, government bonds are not that attractive because the returns are not good. Most people would be better off investing in shares and businesses because that would provide a more attractive return and grow the economy. This is a real difficulty. The Reserve Bank has decreased our interest rate while at the same time state and federal governments are selling more bonds into the market. As I understand it, that is not good for fiscal stimulus. That is the opposite of what we are trying to achieve by decreasing interest rates. Interest rates are decreased to try to get businesses to invest. That is one of the reasons that a sustained level of deficit is not a practical way to manage the economy. There are various reasons for why sustained deficits are bad, and why Standard and Poor's is therefore noting Western Australia's sustained deficits. However, surpluses could have been grown and money put aside for the bad times, because deficit spending in good times makes it harder to stimulate the economy in bad times. The people of Mirrabooka are certainly feeling the bad times.

Small labour market figures show that Balga and Mirrabooka are suffering an 18.9 per cent unemployment rate. This government was elected in 2008 and enjoyed the benefits of the boom but it did not put money away to ensure that those communities had the capacity to be supported and stimulated and to grow in the bad times. That is a real negative for delivering to the community. An economics lecturer at Harvard University, Carmen Reinhardt, had a good way of describing this situation. She explained that we can think about Japan, which has had sustained deficits for years and years. Japan was hit by an earthquake and a tsunami. Imagine what the Japanese government could have done if its debt was 50 per cent of GDP instead of being 240 per cent. Japan's ability to react to that shock would have been much greater. Maybe the electorate of Mirrabooka has not been hit by an earthquake, but 18.9 per cent unemployment feels pretty harsh for people in that community and it is difficult to deal with.

This is a general debate and I had the opportunity to listen to the debate yesterday when the member for West Swan spoke. The Premier scrutinised the member for West Swan in detail from across the chamber during that debate. One of the things he constantly said to her was that she sounded shrill. I want to take the opportunity in this general debate to put on record my great regard and respect for Anna Bligh who has recently written a book called *Through the Wall: Reflections on leadership, love and survival*.

At page 15, she says —

Every time I launched a political attack on the opposition during question time, a small monitor in my head would check my voice as I raised it to bring home a point. Did I sound authoritative and commanding or did I sound shrill? 'Shrill', of course, is a derogatory term used to describe the raised

voices of women. In politics, there are important things to be angry about, ideas and issues against which voices must be raised ... But ‘shrill’ is not a word that embodies leadership. It implies a slightly hysterical tone and every woman leader is wary of it.

Then I looked at the definition in the *Oxford English Dictionary*, which states —

1837 T. Carlyle *French Revol* ... Shrill women cry shame on us.

1866 *Mysteries of Isis* ... Churl and noble, fair lady and shrill fish-wife.

I just want to put on record that we all need to be careful when we use words in this place during a very important debate about the Loan Bill 2015. Anyone listening to the debate wants to know that everyone has contributed properly and decently to the debate and that no-one in this house has been belittled and no derogatory, or what I would call “sexist”, terms have been used to belittle those debates.

I will finish this general debate by quoting from *The Sexual Politics of Interpersonal Behavior* by Nancy Henley and Jo Freeman —

One of the most popular derogatory terms for women is *shrill*, which, after all, simply means loud ...

I am happy to be loud and happy to be proud about yelling out that this Loan Bill is a demonstration and illustration of this Barnett government blowing the boom.

In talking about the Loan Bill and in the lead-up to the budget—while the Treasurer is in the house—I looked at the Western Australian Treasury’s “Building on our achievements” document that outlines where the money is from and where the money goes. I note that where the money is from has now decreased considerably from \$28.7 billion to \$27 billion, but it is still a lot of money to have to add on an \$8 billion loan. In thinking about these billions of dollars, it is worth noting that the Employment Law Centre of WA gets a contribution from the state government through the Department of Commerce of \$450 000.

[Member’s time extended.]

**Ms J.M. FREEMAN:** That \$450 000 is effectively half of its operating budget, which is made up of donations and pro bono work. That \$450 000 from the Department of Commerce is being threatened because of budget cuts. That \$450 000 is needed to operate a service that all government agencies use and many government agencies refer people to. I understand that that centre has support from government agencies but Treasury is saying, “No, here you go. We will be the nail clippers and that can go. We will check the pencils and those things, and that can go.” When the government is borrowing \$8 billion to run the everyday operations of government, certainly it can afford to ensure that a centre that puts money back into the community and is absolutely worthwhile and benefits the whole community should continue.

In talking about government policy and what has led us to having to seek a loan of \$8 billion, we see how the government has lost control over its wages policy, which frankly was unfair. This comes as little surprise when it was judged by an independent tribunal and seen to be unfair. In *Business News* recently Peter Kennedy talked about the decision by the Health Services Union and the Minister for Health to award the HSU the pay increases that were awarded to others in the health sector. He stated —

The government is paying the consequences for its earlier ad hoc, even opportunistic approach to wage fixing, going back to its successful election campaign in 2008.

I will take the house through a number of points in the decision so that it is on the record because not all of us get an opportunity to read Industrial Relations Commission decisions. For the record, the citation is 2015 WAIRC 00332. The commission outlines in this determination that the minister was seeking an order that the salary increases be 2.75 per cent and 2.5 per cent respectively. The HSU submission was that given that the Australian Nursing Federation received five per cent from 1 July 2013, four per cent on 1 July 2014 and five per cent on 1 July 2015, it was fair that they should receive a greater increase than that proposed by the minister. The IRC also noted that the total wage increase of the 14 per cent agreed to by government with the Australian Nursing Federation, Industrial Union Workers of Perth, was in excess of the 12.75 per cent capped high point of the government’s wages policy. It then went on and pointed out that the medical practitioners had received 3.75 per cent from 1 October 2013, 3.75 per cent from 1 October 2014 and 3.5 per cent from 1 October 2015. The HSU argued in the commission that this shows the government applies its wages policy in different ways at the same time to two different groups of employees employed by the same employer. The HSU suggested that this shows the arbitrary way in which the government applies its wages policy or alternatively the policy should be regarded more as a guide than as a strict parameter.

Effectively, when a person reads through the decision and then looks at the minister’s submissions to justify the percentage increases, the minister’s biggest argument was that we have to look at the economic circumstances of the time. The minister was asking the lowest paid workers in the health system to effectively pay for the wage

increases of the highest paid workers, and that just seemed completely unfair to workers. Thankfully, the commission gave that consideration. The commission said that the cost of the HSU's claim in this matter of \$19.9 million was only 0.25 per cent of the health budget and 0.07 per cent of the total budget expenditure of government of the \$28.4 billion. In making its finding that workers should have equity and that wages policy should ensure equity—my words—the Western Australian Industrial Relations Commission said —

The application of the government wages policy from November 2013 needs to rest upon an equitable basis.

In the commission's words —

The HSU has shown that in its case it does not rest on an equitable basis. The PACTS—

That is, the physiotherapists and the HSU workers —

are part of a health workforce that, in the cases of registered nurses and medical practitioners, received the higher wage or salary increases available under the 2009 government wages policy. The salary increases under the 2014 Agreement are significantly lower.

It produces a situation where the PACTS are making a greater contribution to the recovery of the State's financial position and fiscal strategy than the medical practitioners, registered nurses and support staff with whom they closely work. That is inequitable.

What is so hard about the Loan Bill 2015 is that those who can least afford it will end up paying back the \$8 billion sought in this bill. To run an economy in that way is inequitable and harsh. We should criticise that and say in this place that this is not good economic management and that it is a waste of all opportunities that came with the boom.

**MR M.P. MURRAY (Collie–Preston)** [1.50 pm]: I rise to speak to the Loan Bill 2015 and to air my great concerns about the government's handling of funds in its total term of government. Has the government tried to correct the problems? No, it has not. It has allowed the problems to drift and now it has to borrow another \$8 billion. That is an extraordinary situation considering the boom Western Australia has just experienced, a boom that has been unprecedented since the first of the iron ore ports opened and towns were built to accommodate workers—there was no fly in, fly out—in the 1970s. Obviously, the government has not been able to manage its money. Treasurers have jumped ship because of their embarrassment over the way the government handles its finances. Treasurers have said one thing while the Premier has done another. Indeed, the Premier just announces anything he feels like announcing without due consideration for those who will pay for the cost in the future. That was evidenced recently when the Premier said that the government did not have any money to build a sports centre, but decided to build it anyway. He was happy to have it built, but what he did not say was who would pay for it in the future. Unfortunately, Western Australian taxpayers will have to pay for the costs, not just in the next few years but also for the next 20 years, because only then will the state start to break even. By that time, the Treasurer will be well and truly gone and he will be able sit back with his feet up and say that none of this was his doing, that it was the Premier's doing. The responsibility lies in the main with the Treasurer. He should be strong enough to make sure that all and sundry is in order and that we can afford things. It seems that he does not have the gall to do that. He falls short of doing that because, having unexpectedly been given the position of Treasurer, he wants to keep that position so he will say anything to keep the emperor happy—anything at all.

As time goes on, things will become tighter for Western Australian taxpayers. What a great thing it would be for our household budgets if we were able to book things up without paying and charge the cost of those things to someone else. What a great household budget that would be. We would all have mansions, we would all drive the best cars and we would all be doing what we wanted to do, including going on holidays, because we would not have to pay for those things. We would pass on the costs. If we considered passing those costs to our children, maybe they would not hang around as much! If we were able to do that, what a different world we would live in. The trouble with this government is that it lives in a different world. The Liberal Party has received financial accolades for its time in government, but has its reputation been ruined? Yes, it has, and most people in the street would say that because they are very concerned about the increasing costs of utilities and the money that will be borrowed, as they know there is a cost to that money and that they will have to pay for that cost one way or another in the future.

More locally, in my area I am concerned about issues such as health, infrastructure, education and regional development. Having come off a boom, it is incumbent on the government to carry some of the load by building infrastructure at a reasonable cost and doing so in the regions in which it is needed. Unfortunately, that is not happening in the south west. The south west has a huge growth rate; indeed, it has some of the largest growth in Western Australia, but we are not getting the moneys, so called. I turn my attention to the National Party which, under royalties for regions, seems to have forgotten about some of the seats held by Labor members. That is unsportsmanlike, politically stupid and very silly because we are just under two years out from the next election.

I will certainly remind people in my electorate about the shortcomings of this government and what it has done to their towns and communities.

I refer, for example, to Collie Hospital, which was promised \$8.6 million. That money has not been expended; rather, it has twice been pushed out. Collie Hospital is an old hospital that is in need of work. It is an outpost for the major regional centre of Bunbury, which is where people usually go for their operations. They come back to the regions to recover. Why should a community have to go out cap in hand to beg for everyday instruments that the government should provide to a hospital? The instrument that I am talking about—I will try to get the pronunciation right—is a colostomy camera. We all know what happened with that camera, but a replacement camera will cost \$100 000. The community is now trying to raise funds to buy one. I believe that the provision of such equipment is the responsibility of the government. The community should not have to do a whip around town—it is a very generous town, I must say—to see whether it can raise money, as without it, specialists will not go to the hospital. What a disaster for a country area. That also creates longer lists in the regional centres and in Perth and people have to travel to have their day procedure. The pressure is put on another area, which then creates a funding problem in, say, the Bunbury region when the procedure could have been done in Collie.

What happened to the money? What happened to the government's fully funded, fully costed promises? If things were fully funded and fully costed, why does the government have to borrow more money? Something went wrong in the government's accounting system. Something went wrong in the Liberal Party's think tank and its financial environment. The Treasurer has to take a lot of the blame. He ran into the job with both hands open and grabbed hold of it, but then he realised that he has the poisoned chalice. He stood in this house and tried to laugh off the situation. I do not think that \$8 billion worth of borrowings can be laughed off. That should not happen. I have sat in this chamber for nearly 15 years and listened to the criticism the Labor Party copped for its economic management. This situation is far worse than those under any other government in this state, yet it has the gall to come into this chamber each day and say that it is doing a good job. That is just not the case.

This government is a city-centric government. I refer to the \$1.5 billion football stadium, the new hospitals and all those sorts of things that are being built in the metropolitan areas when at the same time country towns are being absolutely pulled apart and their structures are falling apart because they do not have the necessary services. I can talk about this with great honesty, because staff in my electorate office have had to pick up a lot of these problems, including Homeswest issues. Probably one-third of the work that is done in my electorate office relates to Homeswest issues—that is just not on. We do the keys and we help people fill out the forms and all those sorts of things. Politically that is very good for me, because there are no government offices in town. That is a blight on the government, but it is also very difficult for my staff to keep up that work under that sort of pressure. In recent times the issue has been aged care. Although to some degree aged care is a federal issue, my staff and I have had to fill out forms for people who want to place their parents into an aged-care facility. That is another burden that should be shouldered in other areas.

Centrelink is also a federal issue, but we were promised that there would be no downgrading of the Centrelink office in Collie. Unfortunately, it is now just an agency and if someone walks through the door, they are told there is a phone over there and the computer is next to the phone. That is okay for someone who is computer literate, but if they are not, they come to my office and we sort it out. Members can see the problems of living in a country town. I understand that 78 per cent of people now live in Perth and there has to be some focus in the city area, but it should not be to the detriment of country towns.

Debate interrupted, pursuant to standing orders.

[Continued on page 3192.]