

STATE BUDGET 2011–12 — INFRASTRUCTURE SPENDING

Matter of Public Interest

THE SPEAKER (Mr G.A. Woodhams): Members, today I received within the prescribed time a letter from the Leader of the Opposition in the following terms —

I wish to raise the following as a matter of public interest today.

“That this House calls upon the Barnett Government to use its forthcoming budget to meet the core basic infrastructure needs of the State.”

If at least five members will stand in support of the matter being discussed, the matter can proceed.

[At least five members rose in their places.]

MR E.S. RIPPER (Belmont — Leader of the Opposition) [2.52 pm]: I move —

That this house calls upon the Barnett government to use its forthcoming budget to meet the core basic infrastructure needs of the state.

This is a government that loves to talk about its pet projects. The Premier was at it again in question time. Why can this government talk about these pet projects free, apparently, of the constraints that have applied to all governments in Western Australia? The government uses three basic mechanisms to allow it to talk about these pet projects. The first of these mechanisms is to announce the project and talk about it but not put it in the budget. Its approach is to leave that problem for the future. The second thing the government does to allow itself to talk about a pet project is to run up the debt. This government inherited the lowest level of state debt on record. The level of state debt was \$3.6 billion when the government came to power. On the basis of figures in the last budget, the government is planning to quadruple that debt by 30 June this year. Beyond that, it is planning to take debt to almost \$20 billion. Only a few months ago the Premier said that there would be a cap on state debt of \$20 billion. It has not taken very long for even that cap to be abandoned and for the Treasurer to talk in this house about taking the debt level well beyond \$20 billion. In question time today the Treasurer completely failed to come to grips with the question of whether there will be a peak in state debt and then a decline in this government’s plan. He gave an absolutely hopeless answer. He completely failed to come to grips with one of the most basic issues in state finances—that is, the level of state debt. Clearly, the government does not plan for any peak in state debt. Clearly, it does not plan for any decline in state debt. Clearly, it has no plan at all. This is another problem that it will leave for the future. Someone else will have to plan to reduce state debt. Someone else will have to plan to pay back the state’s debt. This government will be the first government in two decades to have no plan to reduce state debt and no record of reducing state debt. This Treasurer will be the first Treasurer in 20 years not to reduce state debt. The third mechanism the government has is simply to underinvest in core infrastructure. Again, it will leave that problem for the future. I will come to some of the ways in which the government is underinvesting in core infrastructure.

I want to deal with the Treasurer’s answer to this issue, which he gave yesterday. Basically, the answer was, “Don’t worry about the priorities. Don’t worry about the debt. Look at what we’re spending. It is a lot more than what the previous government spent.” Let me go to a few features that were wrong about that comparison. Firstly, he compared capital works spending in an economy half the size of the economy that we have today with capital works spending for today. He compared capital works spending in a \$75 billion economy with capital works spending in a \$150 billion economy. He might think that there would be a bigger requirement with an economy double the size. The second thing he did was compare a real record with forecasts only for the future. He compared reality with forecasts. The third thing he did was to add in the federal funding, including the stimulus package that his federal Liberal colleagues opposed. Every item of expenditure that Tony Abbott opposed, this Treasurer claimed credit for in discussions of state capital works spending.

I now turn to some of the priorities that the government is failing to meet. In the four years from 2004–05 to 2007–08—this is reality—Labor spent \$2.76 billion on road and rail capital. In the four years from 2010–11 to 2013–14, this government plans to spend \$1.03 billion on road and rail capital. There is a \$1.73 billion gap between the government’s capital expenditure on road and rail over the next four-year period and during the last four years of the Labor government. That gap leads to plenty of missing items. For example, the RAC gave us a briefing. It told us that the Gateway WA project is very important. The current budget item for the Gateway WA project is \$177 million. The expected cost is likely to be \$950 million. That is a budget gap of \$773 million. Thank goodness federal Labor is stumping up \$480 million for that project and thank goodness Tony Abbott was not elected, because Tony Abbott made it part of his election program not to provide that funding. The RAC also pointed out to us that the Auditor General had identified an \$800 million backlog in maintenance work on our roads. What did the Auditor General say was part of the problem? It was the privatised road maintenance

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contracts entered into by the Court Liberal government in the 1990s which remained in force for many years and which have led in part to underspending on road maintenance. The RAC raised other issues but I do not have time to go into all of those.

I turn to the public transport system. During its seven and a half years, Labor ordered and had delivered on its watch 93 extra rail carriages. Before Labor left office, it ordered 45 new trains. Those carriages have been delivered during the period of this government. The last of them went into service a couple of weeks ago when the Minister for Transport went to the warehouse and found them and put them into service.

Labor knew that it urgently needed to order 30 more rail carriages, and it made an election promise to do that. Although the then Liberal opposition matched most of our promises as part of its small-target strategy, it did not see fit to match the election promise for 30 new rail carriages. Because the then opposition failed to make that commitment and on its arrival to office failed to take the advice of the PTA, we are experiencing the overcrowding on trains that commuters are complaining about right now. It is going to get progressively worse because, even if the government places an order for new trains in the next couple of days, it will still take two years before they arrive.

On a number of occasions I have raised the issue of underinvestment in our electricity network. It is time for the government to respond to this argument. I have advanced it three or four times, but the government lets it go through to the keeper. If government members think I am wrong, they should stand up and say why they think I am wrong. I compare the Economic Regulation Authority's figures on efficient levels of investment in our electricity network with what the government actually proposes to spend, and I find a big gap. Between the ERA's draft decision of Horizon Power's recommended capital program and what the government is allocating, there is a gap of \$269 million. With a funding gap like that, pity poor Horizon Power's customers. Between the ERA's judgement on efficient levels of investment for Western Power for 2009–10 to 2011–12 and the government's allocation, I find a gap of \$522 million.

These matters are not trivial. There is a fire risk, if the electricity network is not invested in. There is a blackout risk if the electricity network is not invested in. If I am wrong, government members can correct me. Have the courtesy and accountability to come to grips with this issue. If government members do not believe it, if they think the analysis is wrong for any reason, explain why to the public of Western Australia, otherwise the only conclusion that can be drawn is that the government is prepared to leave that problem for the future. Some other government will have to deal with the increase in fires, the increasing unreliability of the electricity network, and the increasing number of power blackouts as a result of the government's gross irresponsibility because of its focus on pet projects at the cost of funding the basic core needs in our community.

Mr C.C. Porter interjected.

Mr E.S. RIPPER: The Treasurer can give his speech in a little while. Water security is another issue. What is the government's plan to ensure water security for next summer and for the summer afterwards? More importantly, will that plan actually be funded in the government's budget?

The budget will be a failure unless these basic needs are met. They are not sexy needs. They do not get the Premier a headline. They are not considered by commentators to be visionary, but they are important. If these needs are not met, real people in Western Australia will miss out on real amenity and real services. I am really concerned that this government is evading its basic core responsibilities so that the Premier and the Minister for Regional Development can talk about their pet projects and the government can get a headline. Hang the future and leave all of that to some successor government to clean up the mess!

MR M.P. MURRAY (Collie–Preston) [3.04 pm]: I, too, wish to add to this debate. What a disappointment this government has been. Government members can laugh as much as they like. They can promise, but they have to deliver. There has been no delivery whatsoever. Have a look at the place. Have a look at the south west, where the Premier was recently. He said he went up and down the Coalfields highway—\$25 million was promised for the Coalfields highway, and it has not been delivered. He said Lake Kepwari would be open by Christmas; it is not open. Government members are costing us jobs in the south west.

The Minister for Regional Development certainly likes to push his barrow for royalties for regions. This is what he said in one of his press releases —

Many country people can't boil a kettle because of unreliable power ...

They cannot boil one now because the electricity is that dear they cannot afford it. They cannot even turn on their air conditioners because of the miserable Premier we have here. People are hurting down to the core, and at the same time the Premier is not delivering. Listen to some of the things the government has not done: the Greenbushes–Bunbury rail line deleted; the government promised \$20 million—gone.

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There is the wooden wart up the back—if the member for Vasse does not move, I will shift him; now get out of the road; I am talking to that bloke over there—the Treasurer. He has about as much personality as one of those wooden warts on a jarrah tree—absolutely none whatsoever—and he also fails to deliver. He could not even answer a question asked by the member for Midland.

I want to know about the issue of sewerage in places in the south west. Towns such as Capel, Boyanup and Donnybrook are absolutely unable to expand and take advantage of some of the boom from the north west where people can fly in and fly out. They would rather drive out and not come back, because they cannot get sewerage for their houses. Why? It is because it has not been funded. There is a lot of work to be done out there, and government members are reneging on the whole thing.

On the issue of the saleyard for Boyanup, all I hear is “We’ve got a plan”, but the government is not delivering. Have a look at the Eelup Rotary. It was a \$30 million election promise. It is now reduced to \$15 million, putting the rest of the traffic down a slip road. Government members certainly found out what the people down there think about that. It will cost the member for Bunbury many votes as all those cars are directed down through Austral Parade. He knows that; he is not happy with the Premier’s decision, and he has certainly made that very clear to others.

On the issue of the super town, Superman flies in and flies out and says, “We are going to have a super town in this town”. It has not happened and it will not happen. There has to be an economic base. The only people who have put an economic base in Collie are from the Labor Party. Two new power stations, a new mine, new owners for Griffin—the whole lot is being done by the Labor Party.

I do not think the government is going to have too much to say about Perdaman Industries. Perdaman Industries came out of the Coal Futures Group. If government members want to deny that, I will certainly jump the bloody barrier. Perdaman Industries came out of work that was done under the Coal Futures Group by the Labor Party. Now the Barnett government wants to ride on the back of that work, but where is the infrastructure? We cannot get the coal out of town; we cannot get the urea out of town. We need the government to do some work down there.

Have a look at the Ord River. We have rice that we cannot sell because it is too dear. It is \$4 a kilo dearer than anywhere else in the world. Where is it sent to get processed? It is sent to New Guinea. Imagine the quality control in New Guinea. They get the husks of the rice by jumping up and down on it. Not all the black bits that are in the rice will be from the rice—do not worry about that.

I have only a few minutes left. Have a look at the things here. We have the boofhead from Busselton who promises the world. He even said something about a hospital in Busselton. That has not happened. He brought down people who crowded the public gallery, and he has not delivered. There are so many things that have not been delivered by this government. It is a government that lacks compassion. It is a government that just wants to tax people to the absolute maximum. We really do need some work.

Let us look at royalties for regions. I have only one more minute left; I have just been given the nod.

Let us look again at the press release from the National Party that goes about road funding. The issue of the Nationals not delivering on road funding was raised in this place today. Before they came to government, the Nationals complained about the Wickepin–Kulin road, the Darkan–Collie road, the Perenjori–Mullewa road, and the Brand and Albany Highways. Not one of them has been funded. It is about time, instead of giving promises, that the government and the Nationals delivered, and the wooden wart over there with the personality plus must come out with a chequebook and do something about it.

MR T.G. STEPHENS (Pilbara) [3.10 pm]: The challenges of the infrastructure spend issue are also on display in the Pilbara, where constraints on development have been associated with the lack of water. Government agencies have failed to approve developments because of the lack of water, the lack of land available for release and the lack of sewerage facilities. Now, on top of that, we have highlighted the need for power in the Pilbara. In two years, ordinary expansion in the Pilbara will hit a wall due to the unavailability of power.

Mr B.J. Grylls: Not true! You’re wrong.

Mr T.G. STEPHENS: Not at all. It has been pointed out by the economic regulator, highlighted in the reports of the chief executive officer of the Pilbara Cities project and pointed out by him to anyone who will listen that it is absolutely critical that this government tackle the shortage of power that will hit the Pilbara in two years. Instead of tackling that shortage sensibly and rationally with investment around infrastructure to meet those needs, the Minister for Energy on Monday this week on the ABC North West WA radio program talked about having a contingency plan. The contingency plan is to roll out some diesel power generation if power is threatened in the Pilbara. What a disgrace! This is the region that is producing vast quantities of energy, vast quantities of gas and

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vast quantities of opportunities for the whole globe, let alone the state. Everybody but those in the Pilbara will get access to those gas exports. The energy minister's back-up plan for the generation of power in the Pilbara to meet its orderly expansion and to respond to the challenges of available residential land and the growing needs for electricity in that community is diesel-powered generation. What a disgrace!

It would appear in the lead-up to the budget that this government has failed to make the fundamental decision to allocate to Horizon Power the necessary funds for power generation capacity within the region. It would appear that the government will fudge the funds to get itself through the budget period, and then presumably come up with additional investment that it will need to eventually provide to tackle the Pilbara power crisis. But the government has an infrastructure spend issue that is absolutely fundamental to change the way it is handling the Pilbara. It should get away from its slogans and get into some substance. People will not be fooled by a caption on a policy that says, "Pilbara Cities" if there is no power and no water for it. If the government does not roll out the land to respond to it, it will create a massive explosion of a problem. That is what the government has there in the Pilbara right now.

I say to the Premier and I say to the government opposite: do not hide behind the slogans, put some substance behind the investment strategies for that region and invest in the power needs of that community. The government should not simply turn to industry as though it will be able to solve the problem. The government has turned its back on the opportunity for a partnership with the national government and with industry in the Pilbara interconnected power grid. The government has now created for itself a problem and it is time for the government to turn, to rapidly focus and to fix it.

DR K.D. HAMES (Dawesville — Minister for Health) [3.13 pm]: It was very interesting to listen to some of the comments from the opposition, particularly about pet projects. I will talk a little about some of the Premier's pet projects, particularly as they apply to the health portfolio. However, I remember well some of the capital projects canned by the former government that had been planned by us when we were in government previously. One of those was Indian Ocean Drive, which took us getting back into government to complete. The other was the infill sewerage program. We were spending \$90 million on the infill sewerage program when I was the Minister for Water Resources. That was cut to between \$15 million and \$20 million by the Labor Party the instant it came to power.

The Premier did have a pet project, and that was a new children's hospital for this state. What did we find, when we first came here, that those funds were proposed to be spent on by the Labor Party? They were the sports stadium and the museum. When we were in opposition we stated quite clearly to the people of Western Australia that those were not our pet projects and they were not our top priorities. We placed the construction of a new Princess Margaret Hospital for Children in advance of those other two projects. What have we done now that we are in government? What have we done with regard to that particular project? We have allocated in the budget \$1.17 billion for the building of a new children's hospital, which includes a multideck car park at a value of \$160 million. It includes \$225 million, which was required to relocate the plan, because the location in the Labor Party's plan for the children's hospital was not of an adequate size to cater properly for the future needs of children in this state. That, therefore, was one of the pet projects of this government.

What were the other pet projects of the former government? The others were outside the metropolitan area. The projects that it had called its pet projects that it said it wanted to fund just languished year after year after year. It is interesting that the member for Albany is not in the chamber, as I do not think that he would want to stand and talk about projects in his electorate that were supposedly to be funded by the former Labor government—major areas of infrastructure—and were just put off. A new hospital in Albany was put off year after year after year. Our government committed to building that hospital during our first term of government and we will achieve that. That hospital will be constructed and opened during our first term of government—fully funded and at a far higher level of funding that the Labor government proposed in its budget—at a cost of \$170 million including support from the royalties for regions fund.

What did we do in Kalgoorlie? We did the same thing. Why did the Labor government put off building a new hospital in Kalgoorlie when it was in government? It was because it reckoned that there was too much heat in the industry and there was no option out there for competition. What a weak excuse that was! The current member for Kalgoorlie did not buy that excuse. He was ropable about the further cancellation or postponement of the development of Kalgoorlie hospital. No wonder he moved away and joined forces with the National Party in supporting —

Mr R.H. Cook: Do you say that is the reason? It wasn't a different one?

Dr K.D. HAMES: I do, yes.

Mr E.S. Ripper: I thought it was a character issue.

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Dr K.D. HAMES: I do not think it was a character issue at all. I have a great deal of time for the current member for Kalgoorlie, and I regard him as a person of great integrity. We were very happy to support the project in his electorate, which Labor had refused to support, at a cost of \$55.5 million.

The development of Busselton hospital was also approved and is also about to go ahead at a cost of \$117 million. Again we can talk about funding to the royalties for regions project, which has been able to fund \$150 million for us to build a new hospital in Karratha to replace Nickol Bay Hospital, as it will be inadequate as we develop both Karratha and Port Hedland into the future.

There has therefore been a massive infrastructure spend in this state by our government in health services. Never have more funds been expended. I have given credit to the Labor Party on many occasions for its infrastructure program on health. It is true that it had significant funding invested. However, it was nowhere near the funding that we have been able to generate and commit to for that construction in partnership with our good mates, Mr Rudd and Ms Roxon, in the fully funded redevelopment of Midland hospital, and of course in moving Shenton Park annexe to create the new rehabilitation centre at Fiona Stanley Hospital. We do give credit to the commonwealth for that funding. Of course the funding came largely from Western Australia. We all know that far more funds come from Western Australia than go back to it. It is quite reasonable, therefore, that Western Australia should get its fair share of funding coming back into projects in Western Australia, particularly into projects in the health arena. We are very pleased to work with the current federal government to make sure that those projects are progressed. We are investing in not only those projects that I have mentioned, but also infrastructure for the future, particularly in the rural and regional parts of Western Australia. I for one am very proud to be part of a government that places such a huge focus on improving the infrastructure needs of this state for the future.

We have talked about the level of state debt. During our previous term in government we experienced the South-East Asian crisis when it was extremely difficult to get funding. When the Labor Party was elected, there was huge turnaround in the fortunes of South-East Asia, particularly with the development of China and its rapidly growing prosperity, that provided a windfall for the former Labor government. What did the former government do with that windfall? What infrastructure did it spend that money on? It spent it on two projects that had undergone significant planning and were about to occur under the Liberal Party. The first was the bypass road from Mandurah. That project was put off and put off until the federal member for Canning put an enormous amount of pressure on the state Labor government and provided federal government funding to make sure that the project would go ahead. The second project was the railway to the south, which was planned for and for which the work was done and ready to be started when the Labor government came to power. That would have occurred under a Liberal government.

Several members interjected.

Dr K.D. HAMES: I do not disagree with the member about the direction.

Mr E.S. Ripper: You were not here. They all voted against it.

Dr K.D. HAMES: I was not here and I have made it clear that I agree with the change of direction. The reality is that the railway to the south west would have been built and funded if we had been in government. The Labor Party talks about the massive capital injection it spent on those two projects. The Labor Party cut road funding enormously when it came to government, including funding for Indian Ocean Road, and it cut the \$90 million infill sewerage program. The budget will be announced in the near future and members will find that the government will fund further significant capital works. Some of the projects that the opposition calls its pet projects are projects that were already on the drawing board and were required for the proper advancement of not only the city, but also rural and regional Western Australia, such as the Oakajee port development. The government will ensure that its focus is on developing the future prosperity of Western Australia by underpinning those developments with the proper investment of capital infrastructure to make sure that we are ready for that future progress.

MR C.C. PORTER (Bateman — Treasurer) [3.22 pm]: This motion calls upon the Barnett government to use its forthcoming budget to meet the core basic infrastructure needs of the state. I will start by making two observations. The first is that the Leader of the Opposition wastes no opportunity to go out to the public and the media to accuse this government of not batting too deep and not having a lot of talent on its front bench.

Mr E.S. Ripper: I find a receptive audience whenever I say that.

Mr C.C. PORTER: That is a bit rich when on the burning economic issue of the day the member for Collier-Preston gave a speech that was absolutely incoherent except for the personal insults against me, which I understood. Besides that, it was absolutely incoherent. The opposition's next speaker was someone who the

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Leader of the Opposition described as ineffectual, which I do not agree with. The Leader of the Opposition says that we do not bat deep but he has called on numbers 10 and 11 straight up!

Mr E.S. Ripper: That is how deep we bat!

Mr C.C. PORTER: The opposition is playing some ugly strokes. The Leader of the Opposition let the B team have a day out for a bit of air.

Mr F.M. Logan: It is an ugly issue; we had to use some ugly players!

Mr C.C. PORTER: It is an ugly issue. The second observation that I make is that it is absolutely clear from this motion that the Leader of the Opposition has an infrastructure hit list in his pocket. If he ever got elected, things would disappear.

Mr E.S. Ripper: The government commitment to Oakajee and Roe Highway stage 8.

Mr C.C. PORTER: Is that right? Would Oakajee go?

Mr E.S. Ripper: No, not Oakajee; the government's commitment to Oakajee.

Mr C.C. PORTER: Right. Is that project absolutely assured without government money?

Mr E.S. Ripper: That is what the private sector says.

Mr C.C. PORTER: Is that right? On the one hand the Leader of the Opposition is saying that the Oakajee project is a tenuous project that is about to fall over while on the other hand he is telling us that he can pull hundreds of millions of dollars out of it and it will be hunky-dory. What nonsense. The Leader of the Opposition has a public infrastructure hit list in his back pocket. The only thing he is not doing is showing it to us. Roe Highway stage 8 is not in the budget, as the Leader of the Opposition knows. He is telling us that Oakajee will go. That is the first one. At least he has been brave enough to tell us that the Oakajee project is gone. The next one is Roe Highway, which the Leader of the Opposition knows is not in the budget. What else is on the secret hit list? The term the Leader of the Opposition used for the numerical order of the hit list was "pet projects"—plural. We know that the first pet project to go is Oakajee.

Mr E.S. Ripper: The Premier's palace is on the hit list.

Mr C.C. PORTER: That is another one. Cabinet will be homeless under a Labor government.

Mr E.S. Ripper: There will be no Premier's palace.

Mr C.C. PORTER: Will the foreshore development stay or go?

Mr E.S. Ripper: We will see how you go.

Mr C.C. PORTER: These are important points. In effect, the opposition is saying that we must spend much more money on infrastructure.

Mr E.S. Ripper: On basic infrastructure.

Mr C.C. PORTER: That point is taken; we get that. There are three ways that this government can produce and pay for more infrastructure on top of a massive infrastructure build. The first is to find more revenue; the second is to borrow more money, which impacts on public sector net debt; and the third is to take money from the current projects. We can put a line through those projects in the budget and reallocate the funds. We know that the opposition would not borrow another cent for infrastructure. It has not indicated to us that it has any alternative sources of revenue, but if the Leader of the Opposition knows of any, I would be very interested to hear about it.

Mr E.S. Ripper: I am sure you would. You're hungry for it.

Mr C.C. PORTER: The third issue is that the opposition proposes to take out the so-called pet projects and redistribute that funding. So far it has taken out the money that is the glue that will hold the Oakajee project together. That disappears from the face of the earth. I put it to the opposition that that is a very important project for the state's future.

Mr E.S. Ripper: It was to be entirely funded by the private sector until the Premier got his hands on it and said that there had to be government money. There was no request from the private sector for government money. The Premier put the government money in. That could be used, without a business plan, for other things.

Mr C.C. PORTER: So far, under the opposition's hit list, it has ruined the Mid West development and it has found about \$17 million by making cabinet homeless. What will that \$17 million buy?

Mr E.S. Ripper: You will have to wait and see.

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Mr C.C. PORTER: As for the third pet project —

Mr E.S. Ripper: Do you want me to give you a budget by interjection? I did eight successful budgets —

Mr B.J. Grylls: Successful? There was no infrastructure!

Mr E.S. Ripper: There was \$30 billion worth of infrastructure. We've got the track record and we can deliver.

Mr C.C. PORTER: I take it the point of the question today is the Leader of the Opposition would say a successful budget is a budget that must absolutely show debt peaking and being paid down in the out years of that budget. Is that what he says?

Mr E.S. Ripper: I say you have to have a plan for debt reduction. I had a plan.

Mr C.C. PORTER: Did you? What was that?

Mr E.S. Ripper: It was to run budget surpluses to fund the infrastructure.

Mr C.C. PORTER: I am looking at the Leader of the Opposition's last budget in 2008–09, when he was Treasurer. I am looking at total public sector debt. I notice in each of the out years it increases, increases, increases, increases and increases! When was it going to peak in the Leader of the Opposition's last budget?

Mr E.S. Ripper: It started to decline in the last year.

Mr C.C. PORTER: Oh, the secret decline!

Mr E.S. Ripper: No, no, no. In the last year of our government, in 2008 —

Mr C.C. PORTER: Oh, the year that is not in the out years!

Mr E.S. Ripper: What is the figure for 2008?

Mr C.C. PORTER: I am just looking at the budget papers. In any event, the point —

Mr E.S. Ripper: "In any event"—he wants to move on! What was the debt level in 2008?

Mr C.C. PORTER: I am happy not to move on.

Mr E.S. Ripper: At 30 June 2008 it was \$3.6 billion.

Mr C.C. PORTER: In each out year in the last state budget it increased. There was no peak.

Mr E.S. Ripper: There was a trough in 2008 of \$3.6 billion!

Mr C.C. PORTER: It was a dip!

Several members interjected.

Mr C.C. PORTER: In any event, the expectation in a first-term government is the budget will show a peak of debt. Most governments realistically expect to serve two terms. We are certainly planning for an infrastructure spend over two terms—over eight years. It is not unrealistic and it is not unreasonable to do; as the Leader of the Opposition did. If I can go to three points: to build more infrastructure we can find more revenue, we can borrow more, or we can cut programs and redirect money. The Labor government, brave as it always is, failed to nominate real cuts. In fact, notwithstanding that the Labor Party went into the last election with a three per cent efficiency dividend—which it also would have had to go through the pain of—it was this government who did it. We actually found savings in the budget.

Several members interjected.

Mr C.C. PORTER: Members opposite are quite right: education only met half its efficiency dividend, but it is a half more than it would have been under the former government! Every other arm of government found savings.

Several members interjected.

Mr C.C. PORTER: When the Labor opposition was in government, it had one great savings initiative—it was called the Office of Shared Services!

Several members interjected.

The ACTING SPEAKER (Ms A.R. Mitchell): Members on my left, I ask you to keep the interjections down. Treasurer, I ask you to continue.

Mr C.C. PORTER: Its great savings initiative was the Office of Shared Services—the savings initiative it dare not name!

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I might make some comments about alternative sources of revenue. One major alternative source of revenue is the GST payments. If it is the case that this state is to have an economic infrastructure, and build some of the things the Leader of the Opposition mentioned, and other things on this government's agenda, we will need more revenue. That is simply a fact. When we count this financial year, and consider we are likely to go down to a GST relativity share of less than 0.4 per cent, what we lose over that five-year period is the equivalent of about \$12 billion—about 40 per cent. We think we will get down to 0.37 per cent; where one is an equal population share. We think in the final out year of the budget, based on our actual estimates with iron ore royalties and royalties generally, that is where we will go to.

Ms R. Saffioti: Will those numbers be in your budget?

Mr C.C. PORTER: Those are numbers we have spoken about publicly on many occasions.

Ms R. Saffioti: Are they in the budget?

Mr C.C. PORTER: Of course. Our budget estimates will be precisely as we believe them to be.

Ms R. Saffioti: That is 0.37 per cent?

Mr C.C. PORTER: That is correct. Does the member dispute that?

Ms R. Saffioti: No. I dispute why you would do that.

Mr C.C. PORTER: Because it is a fact.

Ms R. Saffioti: It is not a fact.

Mr T.R. Buswell: We can put it up!

Mr C.C. PORTER: Would you like us to?

Mr B.J. Grylls: What would you put in the budget?

Mr C.C. PORTER: That is precisely it. Would the member fix the relativities at today's rate?

Ms R. Saffioti: How much additional GST did you get this year?

Mr C.C. PORTER: No, no; I am interested to know —

Ms R. Saffioti: How much extra GST did you get in this upcoming budget? It is \$400 million compared with what you said at the midyear review.

Mr C.C. PORTER: I am just about to answer the question. We are expecting —

Several members interjected.

Mr C.C. PORTER: We thought that our relativity this year would be about 0.68 per cent. As it transpired, it was about 0.72.

Ms R. Saffioti: How much extra money?

Mr C.C. PORTER: Several hundred million dollars. But your point is —

Ms R. Saffioti interjected.

Mr C.C. PORTER: Calm yourself! I am interested in the member's view. We have to have an estimate of what that relativity will be going forward. Does the member suppose we fix the estimate now and flatline it out?

Mr E.S. Ripper: That is what you do with the value of the Australian dollar, isn't it?

Mr C.C. PORTER: Leader of the Opposition, that would certainly help the budget bottom line; there is no doubt about that. Is he suggesting I do that?

Mr E.S. Ripper: No, I am not!

Mr C.C. PORTER: I will remember this, because if that is what the Leader of the Opposition is suggesting, I am more than happy to oblige because that adds \$12 million onto the budget bottom line! We have to act realistically.

Mr E.S. Ripper: The Treasurer is putting into the forward estimates an artificially low value of the Australian dollar.

Mr C.C. PORTER: No. I assure the Leader of the Opposition that if I had any inkling that that was artificially low value, then I would not accept it; the reason being this: the lost revenue that a 0.37 relativity shows is revenue that would otherwise be available to decrease net debt, which is something I would be very keen to do.

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The reason I accept Treasury's advice that 0.37 is the relativity is that on the best information shown to me, as parlous as that state is, that is where we are going to be.

Mr E.S. Ripper: That is terrible.

Mr C.C. PORTER: It is terrible.

Mr W.J. Johnston: Are you saying the GST figures will be the same as those in the commonwealth budget? So, the figures in the commonwealth budget —

Mr C.C. PORTER: No, no; you are a foolish man! What the commonwealth does in its budget is show the GST distribution of relativities today and flatline it out. The reason is they do not receive the money in and they do not know what our actuals about royalty revenue are; and our estimated actuals.

Mr W.J. Johnston: When the former opposition leader criticised Eric Ripper for that, are you saying the former opposition leader was wrong? That is the exact criticism he made of the member for Belmont when he was Treasurer. He said the budget was false because it did not match the commonwealth —

Mr T.R. Buswell: No, I did not.

Mr W.J. Johnston: You did so. I will show you the media release.

Mr T.R. Buswell: I would never have said that about him! I would never have said something like that. I admired that man. I still do. I am glad he is still here.

Mr E.S. Ripper: Is this a love that dare not speak its name?

Mr C.C. PORTER: The problem with the member for Cannington, and there are many, is that he lives in the past. What we face —

Ms R. Saffioti interjected.

The ACTING SPEAKER: Members for Cannington and West Swan, please cease interjecting.

Mr C.C. PORTER: The point I simply make to the house is there is one extra source of revenue out there, and that is this: if the commonwealth government's now-initiated review produces a fairer system of redistributing the GST, that is worth billions of dollars in revenue. That is the key that unlocks further infrastructure investment, whether it is our sensibly planned infrastructure investment or the opposition's. That is the key that unlocks that. That is the extra source of revenue. If there is one issue in this Parliament we should speak on every single day, it is that issue. If we go down to 0.37 relativity, this economy loses \$12 billion worth of revenue. That will threaten our survival.

MR B.J. GRYLLS (Central Wheatbelt — Leader of the National Party) [3.39 pm]: The debate today cannot go on without commenting on the complete incompetence of the opposition to put forward a coherent strategy about how it would manage the state. The opposition would be hoping that no-one reads this debate in *Hansard*, because people might compare the mock indignation from the shadow Treasurer about debt with the debate now being put forward about funding basic infrastructure, and add to that what they have called for today—a freeze on electricity prices—which will add \$3.5 billion across the forward estimates.

Mr T.G. Stephens: That's wrong!

Mr B.J. GRYLLS: No, no; it is on the opposition's website!

Several members interjected.

Mr B.J. GRYLLS: The member for Pilbara has advocated for the Pilbara electricity grid to be funded—by net debt, obviously—at a cost of \$1 billion to \$1.5 billion, which would make \$4.5 billion. The opposition has added \$4.5 billion to net debt during this debate, and it has offered up savings by scrapping the Oakajee project, which would save around \$400 million. Therefore, the net result of today's matter of public interest is that the opposition has flagged \$4.1 billion in extra infrastructure spending and complained about net debt, which, if it were in charge, would be heading towards \$30 billion because what it said simply cannot be done. It is simply an incoherent argument; maybe that is because the Leader of the Opposition unwisely chose the members for Collie-Preston and Pilbara to make a contribution to the debate. No-one denies their passion for their electorates, and there is nothing wrong with that, but they probably should not be debating net debt and infrastructure spending if they are going to contradict the shadow Treasurer and the main line of argument that the Leader of the Opposition has made against the government in the past few weeks. There must be a coherent strategy, which the Liberal-National government has—that is, a massive infrastructure spend to right the wrongs of the past and build the infrastructure of a growing state. That will add to net debt. We make no apology about that.

Mr T.G. Stephens: There's no power for the Pilbara, no water for the Pilbara, and no land for the Pilbara!

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Mr B.J. GRYLLS: That is wrong! The Pilbara has never had more of an investment focus on it. I can absolutely guarantee anyone who wishes to follow this debate that the power and the water will be provided to the Pilbara, as well as a brand-new hospital, industry land, residential land, and amenity. Does the member for Pilbara think that Western Australian taxpayers should fund the power requirements of the major industrial companies to fund their expansion? Does he think that should happen?

Several members interjected.

Mr B.J. GRYLLS: Does the member for Pilbara think Western Australian taxpayers should fund the major companies' power needs?

Mr T.G. Stephens: If you connect the grid with the —

Mr B.J. GRYLLS: For \$1.5 million—he has just advanced it again! Net debt has blown out and we are heading towards \$30 billion—get a coherent strategy! Does the member for Pilbara think Western Australian taxpayers should fund the electricity requirements of the major companies?

Mr E.S. Ripper: Are you going to ignore the electricity requirements of the Pilbara now? Avoid responsibility!

Mr B.J. GRYLLS: Here we go again, because part of the government's plan as we move forward is looking at how we can best manage the massive increase in demand for power and water coming from industrial development by the major companies—namely, Woodside, Chevron, BHP and Rio Tinto—as well as managing the local community's residential and small business growth needs. We are making sure that when we spend Western Australian taxpayers' money, we spend it on the bits we need to spend it on, and we leave industry to spend their dollars on the bits they should spend it on. When we can engage with the private sector for it to provide infrastructure to assist the growth of industry and assist the government's net debt, we do that. The member for Pilbara has just advanced that that would have partly happened under his Pilbara grid and that the private sector would have funded that.

Mr T.G. Stephens: Partly; with federal partnership.

Mr B.J. GRYLLS: Partly? So where would the other money come from?

Mr T.G. Stephens: Have you heard of the federal partnership and the infrastructure fund?

Mr B.J. GRYLLS: But there is no federal partnership.

Mr T.G. Stephens: Because you pulled the submission!

Mr B.J. GRYLLS: The federal government has not put a dollar in!

Mr T.G. Stephens: Because you pulled the submission!

Several members interjected.

Mr B.J. GRYLLS: Yes, we did; we did put it in. We put to the federal government that there is \$470 million of Infrastructure Australia money sitting in the budget waiting for a federal partnership to build the type of infrastructure the member talked about, but it has not matched it!

Mr T.G. Stephens: You didn't give it the priority!

Mr B.J. GRYLLS: Yes, we did!

Mr T.G. Stephens: You pulled the priority list!

Mr B.J. GRYLLS: There was \$470 million sitting in our budget, looking for matching funding from the commonwealth; it did not do it! It is very happy to come to the Pilbara and take the proceeds of the mining industry and very happy to come and take the minerals resource rent tax out of the industry to fund federal coffers, but there has been no interest from it about helping fund the infrastructure!

That was an incoherent debate from the opposition today, and that is why they are the opposition!

MRS M.H. ROBERTS (Midland) [3.44 pm]: This could have been a very good debate today if people opposite had played the ball and not the man, and if they had dealt with the issues at hand. We saw the Treasurer stand today and flick the switch to Vaudeville. He thought: "I won't be the straight man today." He was not the wooden straight man—not the man we usually see. He thought he would flick the switch to Vaudeville and try to make jokes at the expense of members opposite. When someone plays the man and not the ball, it is because they have already lost the argument. He made personal attacks on the contributions of the members for Collier-Preston and Pilbara and questioned why they would even participate in this debate. They are participating in this debate because the very real needs of their electorates must be met. This is a serious topic.

Mr B.J. Grylls interjected.

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Mrs M.H. ROBERTS: Look at the arrogance opposite! Look at the Leader of the National Party, laughing and carrying on like a buffoon about the most serious issue.

Mr B.J. Grylls: Just run a coherent argument; that's all I ask!

Mrs M.H. ROBERTS: I tell the member that people in the country are just as concerned about his spending priorities and increased electricity and water charges as the people in my electorate are. He is becoming quite arrogant and out of touch.

We have had comments from the Treasurer to the member for West Swan like, "Calm yourself"; "You are a foolish man", he said to the member for Cannington. Personal invective will not win an argument; it is a clear indication that the argument is being lost.

I think we should turn our attention back to the motion at hand, which is —

That this house calls upon the Barnett government to use its forthcoming budget to meet the core basic infrastructure needs of the state.

We are just a month away from the state budget and this is an appropriate and important issue to raise. Why are we raising it? It is because a whole range of projects have been announced by the government—this is not about the opposition; this is about the government—and it has said it is going to be all things to all people, but the money for those projects is not in this budget or the forward estimates. We want to know whether the government will meet the core basic infrastructure needs, many of which have been outlined by the Leader of the Opposition, and whether it will meet the actual costs of a whole range of other projects that this government has announced.

Essentially, in casting the budget, money can be spent on a range of things. There are the pet projects, like the Premier's palace and so forth; there are the desirable projects that the community would really like to see if they can be afforded; and then there are the essential projects, many of which the members for Collie-Preston and Pilbara and the Leader of the Opposition talked about. These are also things such as wage increases that have to be considered when framing the budget. The police officers in this state certainly deserve a pay rise, as do other essential workers. Those things are important and are essential parts of the budget, as is the provision of some respite for householders. The people opposite have just joked about our idea of a freeze on household costs for next year. I say to the government that this is not a matter that affects only healthcare card holders; this is more broadly for householders across the community. There has been a 46 per cent increase in electricity costs over a couple of years, and large increases have occurred in the costs of gas, water, and other household expenses. We have raised this issue as a priority because I think that we need to be cognisant of people who are finding it difficult. It is not just the poorest people in the community; I can tell this house that people who are finding it difficult are pensioners, self-funded retirees, and families who are trying to send a couple of kids to school and no longer receive the It Pays to Learn allowance and some of the other supports we had in place when we were in government, yet we have this type of arrogant response from people opposite.

We know that state debt has increased dramatically—not just a little bit; not just even double—under this government. When we left office in 2008—yes, judge us on our record—state debt was \$3.6 billion. The Treasurer admits that it is now over \$11 billion; by 2013–14, on his forward estimates, it will be \$20 billion. For the life of me, I cannot see how the Treasurer will maintain state debt at \$20 billion and do all the projects the government has announced, plus meet all of the absolutely essential needs that we have outlined today—and there are more than that, but our side has only half an hour to make our case.

The Leader of the Opposition has already gone through and asked the government to look at road and rail appropriations. The government has put \$1.7 billion less in its road and rail appropriations than did the Labor government: between 2004–05 and 2007–08, the appropriation was \$2.7 billion; and between 2010–11 and 2013–14, this government has listed only \$1 billion. It is a difference of \$1.7 billion! We know the government has allocated only \$1.7 million to the Gateway project, and members opposite say they are going to do it, but we know the likely cost is \$950 million. Members can see the difference—\$177 million. The government has allocated less than \$200 million in the budget for a project that will cost \$950 million.

Members can look at the allocation for Main Roads. We know that roads are important. I have had a briefing from the RAC, which tells me that the population is going to increase by 500 000 by 2020, and that there could be up to 400 000 extra cars on the road. The RAC knows what the consequences will be for road safety and the like. The Auditor General has said there is an \$800 million backlog in road maintenance, and that is not in the budget. These are the responsibilities that members opposite need to come to grips with.

Let us look at a whole range of other essentials: the \$269 million shortfall for Horizon Power; the \$522 million Western Power gap; and the shortfall in spending on trains and buses. There are dozens of suburbs that do not

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have bus services. These are essential services for the community. These are the priorities for the community. Members opposite might think it is funny. I do not know what the government is going to do in the budget. It might be so stupid as to put up public transport costs and the like. There has to be money for suburbs like Ashby, Tapping, Sinagra, Karama, Banksia Grove, Harrisdale, Piara Waters, Baldivis, Aveley, Butler, Jindalee and Alkimos—none of which has a bus service! These are the real priorities of the people of Western Australia.

The Leader of the National Party is laughing again! He does not care about these suburbs, many of which are in the outer metropolitan area and do not even have a bus service. Members opposite need to support this motion today, because they need to support the key, core infrastructure needs of this state, and to put the needs of the community ahead of their pet projects.

MR E.S. RIPPER (Belmont — Leader of the Opposition) [3.52 pm] — in reply: I want to correct a few things in this debate. The Leader of the National Party said by interjection that debt did not peak under the Labor government and declined in the second term. He is quite wrong: Debt reached a historic low in June 2008 of \$3.6 billion, which was \$900 million less than the debt that we inherited in 2001. The second point of correction was that the member for Vasse denied what he said about the goods and services tax when we were in government. An article in *The West Australian* of 23 May 2008 reads —

But Mr Buswell said it was in the Government’s interest to underestimate the amount of GST revenue.

“At some stage down the track, they can announce an unexpected windfall gain which gives them the capacity to fund projects that have blown out in costs or spend more on election sweeteners,” he said, “I can’t understand how two Governments can come up with such widely divergent figures a week apart.”

We have put forward the issues of underfunding of core infrastructure and state debt. Of course, we are right as an opposition to demand that the core basic needs of our state are met. We are also right as an opposition to demand that debt be kept under control. They are two competing issues. The answer to that is better decision making from the government, better financial management and better choice of priorities.

We have a government that is quadrupling state debt and that will take state debt well beyond \$20 billion—a government that has grown expenditure in its first two financial years by 25 per cent and which, nevertheless, cannot meet basic core needs of our community.

Question put and a division taken with the following result —

Ayes (24)

Ms L.L. Baker	Mr W.J. Johnston	Mr A.P. O’Gorman	Ms R. Saffioti
Dr A.D. Buti	Mr J.C. Kobelke	Mr P. Papalia	Mr T.G. Stephens
Ms A.S. Carles	Mr F.M. Logan	Mr J.R. Quigley	Mr C.J. Tallentire
Mr R.H. Cook	Mr M. McGowan	Ms M.M. Quirk	Mr P.C. Tinley
Ms J.M. Freeman	Mrs C.A. Martin	Mr E.S. Ripper	Mr A.J. Waddell
Mr J.N. Hyde	Mr M.P. Murray	Mrs M.H. Roberts	Mr D.A. Templeman (<i>Teller</i>)

Noes (27)

Mr P. Abetz	Dr E. Constable	Dr G.G. Jacobs	Mr C.C. Porter
Mr F.A. Alban	Mr M.J. Cowper	Mr R.F. Johnson	Mr A.J. Simpson
Mr C.J. Barnett	Mr J.M. Francis	Mr A. Krsticevic	Mr M.W. Sutherland
Mr I.M. Britza	Mr B.J. Grylls	Mr W.R. Marmion	Mr T.K. Waldron
Mr T.R. Buswell	Dr K.D. Hames	Mr P.T. Miles	Dr J.M. Woollard
Mr G.M. Castrilli	Mrs L.M. Harvey	Ms A.R. Mitchell	Mr J.E. McGrath (<i>Teller</i>)
Mr V.A. Catania	Mr A.P. Jacob	Dr M.D. Nahan	

Pairs

Mr M.P. Whitely	Mr J.H.D. Day
Mr P.B. Watson	Mr D.T. Redman
Mr B.S. Wyatt	Mr I.C. Blayney

Question thus negatived.

The SPEAKER: If members are going to remain in the chamber, I will insist on a little less chat.