

LOAN BILL 2015

Second Reading

Resumed from an earlier stage of the sitting.

MR M.P. MURRAY (Collie–Preston) [2.46 pm]: Just to change tack a little after question time, I was mildly, to say the least, surprised to see the Premier and the Treasurer touting how they got \$400-odd million of goods and services tax money, when only several weeks ago, the Treasurer, who is now running out the door in shame, I think, was bragging about \$600 million.

The ACTING SPEAKER (Ms L.L. Baker): Members, I am sorry, I cannot hear the member for Collie–Preston, and I am sure Hansard cannot. Can you please take the conversations out of the chamber immediately.

Mr M.P. MURRAY: Going back to the issue of \$600 million versus \$400 million, how can the government be out there saying it has done such a good job when somewhere along the line the federal government must have leaked a figure of \$600 million, and there has now been quiet acceptance by this government of a \$400 million GST payment—something that, again, all Western Australians should be appalled at. This government was not strong enough to stand up and get the first figure given to it—\$600 million, not \$400 million! The Premier can shake his head, but he has duded this state out of \$200 million and he expects the cuts to come from every agency, including those in country areas. If the Premier thinks that is a win, it is like backing the odds-on favourite and not having any money on it! The Premier has lost the plot; he lost the plot when he accepted a figure \$200 million less than was previously told to him by the Treasurer after the Council of Australian Governments meeting. I think that is something all Western Australians should be really, really down on the Premier about. That \$200 million down the drain is education assistants in schools, it is schools and it is equipment for hospitals that will not happen because the Premier was weak and because he did not have the gall to stand up to the Prime Minister of the day.

Mr C.J. Barnett: The Prime Minister never mentioned a figure of \$660 million—never.

The ACTING SPEAKER: Members, again, there is too much talking in the chamber. Hansard will not be able to get the speech of the member on his feet. Please take your conversations out of this house, thank you.

Mr M.P. MURRAY: I ask the Premier whether he was happy with the \$400 million after \$600 million had been promised and leaked by our Treasurer of the day. Is the Premier happy with that?

Mr C.J. Barnett: I will answer that. We received a commitment of \$499 million. The Prime Minister at no stage mentioned to me a figure of \$660 million—at no stage at all.

Mr P. Papalia: The Treasurer just made it up.

Mr M.P. MURRAY: Why did the Treasurer then go out and tout it could be around \$600 million?

Mr C.J. Barnett: I am talking about the meeting I had. They were the meetings I had with the Prime Minister.

Mr M.P. MURRAY: The Treasurer just slipped. It is a bit like his biro when he is doing the books; he cannot keep it in check.

Mr C.J. Barnett: They were the meetings I had with the Prime Minister. No figure was put on it.

Mr M.P. MURRAY: He has allowed it to slip and he must have got the figures wrong when he wrote it down, I am sure. I am sure that must be the trouble, like several of the Premier's previous Treasurers who have not been too good with the figures. This time we have done \$200 million. So, even though the Premier says he did not get a figure, his Treasurer was grandstanding to the press and people of Western Australia, and now he has back-pedalled. I think it is another appalling situation under this government.

But back to more —

Mr C.J. Barnett: The Labor Party gave up. You gave up. The Labor Party gave up on getting any money.

Mr M.P. MURRAY: We never gave up anything!

Mr C.J. Barnett: Your leader gave up publicly.

Mr M.P. MURRAY: Have a look at our deficit when the Liberal Party took over, and have a look at this government's now. It has blown the budget. It has blown it out because it cannot say no.

Mr C.J. Barnett: You surrendered to Canberra; you gave up totally.

Mr M.P. MURRAY: While we are on the subject, why do we need this money when all projects were fully funded, fully costed under the government's election promises? Fully funded, fully costed meant they were out there and we knew what the figures were at that time.

No, the Premier is going to walk out of the chamber. He will spit his dummy and I will catch it on the way down—got it! Again, he cannot answer questions about fully funded, fully costed, which means the budget had to be in order. Then we hear the Premier saying, "Don't believe the forward estimates." How can he possibly run a government on a month-to-month, one-year basis, when we are talking about the figures we are talking about, and then come in here and ask for another \$8 billion when we do not have forward estimates and a budget structure that we are able to believe into the future?

Talking about forward estimates, there was an election promise of \$18 million for the Millbridge–Treendale bridge in Eaton. That was supposed to have already started and finished by 2016. Some work has been done, and I believe about \$250 000 has been spent on it, but it will not be completed by 2016, yet it was a major plank of the government's election campaign in the Eaton area. It certainly showed up in the ballot box and we went backwards; we could not promise that, because we could not afford it. We knew where the cut-off was. We knew that we could not just go out there and promise anything to get votes. Like I said, along with that was \$8.6 million promised for the Collie Hospital and not delivered—"fully funded, fully costed".

Let us move on to something that country towns are very, very concerned about—education. There was \$7.5 million promised and an article in the local paper saying how it was going to happen and a great photo with the headmaster and the Liberal Party candidate. I thought, "Gee, I'm in a bit of bother here." I should not have worried, because there is no money whatsoever, and here we have a situation in which the kids are in substandard classrooms. The government's standing in the Collie community is next to nil because it has not delivered. One thing the government did deliver on was \$1 million to put fish into Wellington Dam, which the local people did not want. The mind boggles! The government also opened up the dam for waterskiing, which the local people also did not want. I brought a petition into this place bearing 3 000 signatures to say that the locals did not want that, but no, the government said, "We've got the money and we've got to spend it." Well, that shows us a government that is absolutely back to front. We do not want the bloody thing, but you are giving it to us!

I am bemused, to say the least, but I will give a little credit to the Minister for Transport, who turned up in Collie the other day. It was great to see him there, and he did listen for a little bit, but unbeknownst to me, he had already made a statement in Bunbury that he was going to allow further vessels onto Wellington Dam. Not fewer—more! He came and said a different thing in Collie. Again, we have a government that is playing sneaky games and playing one community off against another, but is not listening to the community that has a fair bit of ownership of Wellington Dam and wants it to be left for passive recreation. It is part of a national park, and we would like to see it left as it is.

[Member's time extended.]

Mr M.P. MURRAY: That is the type of thing we have to put up with, but further to that, we had the SuperTowns project; there was to be \$10 million for Collie because it was going to be a SuperTown. But there is an old saying: if it looks good in the face, you also must look at the legs to hold it up! We have to look at that, and that is what is going to happen in Collie. We will have a pretty face and no industry. We need some industry in that town to be able to walk away slowly from the coal industry. We need to look at what we are going to do into the future and how we are going to do things, but no, the government says that it will put in a new main street, knock down the existing buildings and put new ones up, and then everyone will flock to the town. Why would anyone flock to the town if there is no work? We are struggling for jobs as it is. Look at our industry base; that is where the money should go. Of the \$10 million, there was \$6 million in the federal Future Fund for Collie's growth and looking at industry. This government took the money out and then trotted back a couple of weeks later and said, "Here's \$10 million." By my accounting, that is only \$4 million, not \$10 million. Further to that, \$30 million was earmarked for a salt mitigation program for Collie River. Where did that money go? It was taken out. The government said, "Sorry about that. We can't afford to put the salt mitigation program in", so we have lost that. Of that money, \$15 million went back to the federal government—the state government gave it back! Here we are talking about \$400 million coming forward while at the same time we are giving money back to the federal government. What the government is doing defies logic.

On the issue of education, I will just jump out of my electorate for a moment to say that I am not biased and go into the member for Wagin's electorate. He is not in the chamber the moment, but I am sure he is aware of this. I have received letters from the parents and citizens association of the Western Australian College of Agriculture Narrogin, which has great concerns about the safety of its students within the college itself. A lot of members might not remember this but I recall some time ago that there was a major case of bullying at that college. A young bloke was put into a sleeping bag and they pulled the top tight and then kicked the hell out of him. Now the parents are concerned that there are not enough staff and carers on the ground to manage the college. They

are very concerned, and it concerns me also. It does not matter which electorate it is in; it would be wrong of me not to mention this, and I believe that something has to be done. It is a very dangerous situation when there is not enough supervision of young people in that age group. Many people from around the region go to that school because it has live-in accommodation, and something should be done about it. What is also a problem —

Mr P.B. Watson: Member for Collie–Preston, there are huge issues also in Katanning.

Mr M.P. MURRAY: I am reluctant to use that as an example —

Mr P.B. Watson: No, not that. Katanning Senior High School.

Mr M.P. MURRAY: Is it the same issue?

Mr P.B. Watson: No, but there are huge problems there and people aren't sending their kids there because of —

Mr M.P. MURRAY: But we know what happened in Katanning as well, and maybe more supervision could have stopped that with people on the job.

We need to look at why there is a discrepancy between one college and another. The Narrogin P&C is very, very concerned. I bring this up in the hope that the letters written to Hon Peter Collier and Sharyn O'Neill about this issue are taken with great seriousness and that the issue is sorted out. This is an issue that can get out of hand and can cause problems, and everyone in this house should be ashamed if it does happen. Let us cut that out and give them the same amount of staffing as other live-in colleges have. At the moment it is a bit short.

I turn now to an issue that has gone a little quiet, and I think the member for South Perth may have something to do with it. I see him over there having a smile, so I will take that off his face very quickly! I refer to the sale of the TAB. This is what is hurting the industry —

Several members interjected.

The ACTING SPEAKER: Okay, members!

Mr M.P. MURRAY: It has gone from, “We’re going to sell it next year” to “We might sell it next year” to “I don’t think it’ll get up before the next election.” Could someone help out the industry by telling it the truth and saying, “This is what we’re going to do”? We need to put it to bed and get on with it, because at this stage, country racing is 100 per cent opposed to the sale of the TAB. As we move into the city, there are some divisions, and I understand those divisions, but they are all saying the same thing: why invest in the racing game when we do not know what is going to happen in the future? The Premier has a real job ahead of him in convincing people that the sale of the TAB is the right thing to do. Having said that, I say we should give the industry a heads-up and let it know what is going to happen in the future so that it can invest.

The yearling sales and the Magic Millions sales were down. Some of it was blamed on the TAB. I do not say it is all the TAB’s fault, but some of it would have been about what to invest. Some of the problems are about a downturn in the mining industry and the shrinkage of that spare dollar that a person could normally spend on a couple of horses or with a few mates who have syndicate-type horses, but it still comes back to what happens to the TAB. At the same time, the dog racing industry, which a government agency is responsible for, is under scrutiny. People attending the greyhound races will not even have a place to sit. They will have to take along their own stump to sit on at the first race meeting. They will have to take at least a block of wood or something like that because nothing will be there. There will be a racetrack with nothing around it because there is no money for it. This is a government entity that should be financed by the government. How much money came from the government? None whatsoever! About \$12 million came from Racing and Wagering Western Australia. The government is asking for \$8 billion, so it should be able to find a few million dollars to put back into what it is going to knock over, otherwise we will have problems in other areas such as animal welfare because there will be nowhere for the dogs to be checked, raced or housed. That is a government problem. We cannot say that Perth Racing is exactly a government problem, but we can say that the dog racing industry is a problem because it is controlled by a government entity. They are just a few issues from that side of the matter.

The other thing is that cutting into government agencies is impacting hugely upon country areas, so much so that, to be quite honest, it embarrasses me to be seen as part of a government, even though we are in opposition. Some of the stories that come in are just heartbreaking. I will firstly speak about Homeswest. A home transfer was on the other day and the person involved was told that they were not allowed to see where they were going to be transferred. I had a look at the semidetached unit and it was appalling, and we expect people to look after these places. It was absolutely disgraceful. It reminded me of a chook pen—that is what it looked like. The only thing it did not have in it was the chooks! To put people into that type of accommodation is very, very poor. The system, probably more so than the money, must be sorted out so that if there is a hole in the wall, the painter and the plasterer can go in and do the repairs. At the moment, the painter is not allowed to paint the whole wall because of the lack of money. He can paint only a certain amount of the wall, so the house ends up with

a patchwork paint job. There was an old lounge in a state house and the painter had painted around the lounge. This is absolutely appalling stuff.

Due to the lack of time, I will jump over very quickly to speak on the mining industry. Of course, my background is in the mining industry. This government has let down the Collie community because it has played favourites with Premier Coal and put up \$50 million to keep it going. At the same time, the Premier has been to India and touted business with the Indian business community, saying that it will be our next wave of investors, yet it has treated an Indian company in this state, Lanco, with absolute contempt. The Premier can do it one way or another, but he should at least talk the company through the issue. Nearly 400 jobs are riding on the back of that company, yet the iron ore industry gets a free ride and royalty relief, which has not been offered to the coal industry. In recent times no-one has sat down with the Lanco group and said what is going on. Although it has done many wrong things, it has kept people employed in Collie, otherwise the industry would have collapsed, and so would the economy and many of the small businesses in Collie.

Second Reading — Amendment to Motion

Mr M.P. MURRAY: I move —

To delete “now” and insert after “time” the following —

after the Treasurer has provided to the house the following information —

- (1) a projection by the Department of Treasury of state debt for the next 10 years based on the current policies of government;
- (2) the date at which government expects state debt to peak; and
- (3) the total amount that the government expects state debt to reach on the date it peaks.

MR B.S. WYATT (Victoria Park) [3.06 pm]: I stand to speak in support of the proposed amendment moved by the member for Collie–Preston. It is a very timely amendment bearing in mind that the government chose not to address the fundamental issue raised in the matter of public interest yesterday; that is, the request by the opposition that in the upcoming budget, the Treasurer include a couple of things that have been provided by the government in the past. The first is a long-term financial projections outline in the budget, as was provided by the former Treasurer, Troy Buswell, in the 2013–14 budget, which was a 10-year projection of revenue expenses and total public sector net debt, both assuming the fiscal action plan that was then announced —

Mr M. McGowan: The sweet one.

Mr B.S. WYATT: That is right, that very sweet FA plan, and whether it was successful or not. The second is the date on which the government expects state debt to peak. I note from today’s *The West Australian* that apparently the upcoming budget will announce when net debt will peak, which is good. I hope that the Treasurer may support this amendment, because it is apparently information that he is willing to provide, at least to the media in Western Australia. The third thing we want is the total amount that the government expects state debt to reach on the date it peaks. I would accept an approximation. I will give the government the benefit of still not being entirely sure what the finances are doing because it has never really been entirely sure over the last six or seven years, so I will accept an approximation. That was something that another former Treasurer, Christian Porter, said in his budget speech and was contained in his budget of 2012–13. I will quote again, as I have done many times, from the then Treasurer Christian Porter’s budget speech —

Net debt at 30 June 2012 is estimated at \$15.2billion, which is significantly lower than forecast in the Mid-Year Review and the last Budget.

The key line from the then Treasurer is —

This Budget also shows net debt peaking in 2014–15, again at a level below previous estimates; and shows debt commencing its reduction in the final outyear 2015–16.

Of course, what intervened on Christian Porter’s net debt peaking and then commencing its decline was the not so fully funded, fully costed election campaign, which is why we have seen the finances go where they are indeed going. All we are asking the government to provide before it goes about tapping into this \$8 billion that it is seeking authority to borrow is information on two issues. As the Treasurer said, \$1.6 billion is left over from the \$5 billion authorisation of 2012, so there is time. There has never been an expectation that these particular Loan Bills come in at the same time as the budget. I think the Loan Bill 2012 came through in November, with Mr Buswell as the then Treasurer. I know that the member for Riverton will be keen to support this amendment when I look at the comments he made to the media that are reported in today’s *The West Australian*. I also know that the Premier will be keen to support this amendment. The member for Cottesloe will be itching to support us, because I have quoted at length what he used to say when he was on this side of the house. I want to throw around a couple of things today, knowing that the member for Collie–Preston will get the member for

Cottesloe's support for this amendment. The member for Cottesloe made a very astute observation on 14 June 2001, not too long after he became Leader of the Opposition after the 2001 election. This is a short quote from the member for Cottesloe —

Now this Labor Government is running around in a panic because credit rating agencies like Standard and Poor's and Moody's have said that the State's credit rating is at risk. Of course it is at risk! They know that the Government has made \$1.2 billion worth of promises, and it has said it will not privatise anything, so it cannot replace or fund its expenditure; the only way for the Government to fund its promises is to let state debt rise. There is not much scope for state debt to rise. The only part of the debt that is sustainable is that which is served by income generating assets. State debt that is used for new power stations or water treatment, which generates an income, must roll on, and those credit rating agencies will be reasonably accepting of that. However, if the Government starts to run up state debt to fund recurrent services of government as it did in the early 1990s it will lose our AAA credit rating in a flash, and immediately the State's debt servicing costs will rise. That is a reality.

The member for Cottesloe was very astute when he made those comments. I have also commented many times that what the member for Cottesloe said on this side of the house has not followed him the few short metres to that side of house. I hear the Premier on the radio talking about good debt and bad debt. As he has said many times, not just this time, good debt is used to create income-generating assets. The \$8 billion that we are seeking authority to borrow with this bill is not doing that. It is certainly not unreasonable to accept the member for Collie-Preston's amendment as it is the projection that was previously provided. I know the member for Cottesloe and the member for Riverton will support me on this. That projection was a few short years ago in 2013–14 but we are already on a very different trajectory two years in. Expenses are higher than we expected then, revenue is lower and net debt is higher. Remember that this was assuming that if all the fiscal action plans—some of which were abandoned within a couple of hours, from memory—were met, that was the debt trajectory. That is the case two years later.

The Treasurer has told the media that the upcoming budget will show where net debt will peak. That is good; it is useful. I also hope the Treasurer will put his 10-year projection in the budget. I do not think it is unreasonable to expect an idea of where we are heading now that we are borrowing to pay the wages. As we discussed yesterday, the Premier previously said that he did not want net debt to increase above \$20 billion. The Premier may recall that I asked him a question about that as I had read about it in the newspaper. He was Treasurer at the time, and he said that he had mentioned it to Treasury the other day. Unfortunately, that was the extent of the implementation of that policy. As I have said many times, it has not been for want of revenue since the Premier put that vague restraint on himself. The revenue that he expected when he made that commitment in the 2009–10 budget year to the revenue he received in that budget year and over those forward estimates was greater by \$6.5 billion. Therefore, it is not for want of revenue that the government failed to meet that problem. I know the member for Cottesloe is keen to have as much information out as possible around debt because I have flattered the Premier twice now in this place by introducing private member's business to introduce a select committee on state debt. The motion is on the notice paper. I flatter the Premier because I copied him exactly word for word. I changed the dates because obviously the Premier introduced his motion some time ago. In the first instance, with the Loan Bill moving through Parliament now and the upcoming budget, I know that the Premier would like to support this. The motion on the notice paper reads —

That this House appoints a select committee to inquire into and report on the level of increases to the State debt since 2000, particularly borrowings, which are growing State debt to extraordinary levels, and the effects that these and other borrowings may have on the future financial management of Western Australia, and in particular to —

I will not read them all out, but there is (a) to (h) with particular issues such as identifying the extent of contingent liabilities. Importantly, the final point (h) of that motion was moved by the Premier in the early 1990s when he was first elected to Parliament. It reads —

- (h) recommend the long-term policy approach to the management and reporting of Government debt.

That is where we are now. We have to have a long-term policy approach for the management and reporting of government debt. In 2010, the Premier said two things: firstly, that net debt was to stay below \$20 billion, and the other point was that, ultimately, the debt does not have to be repaid—the two points in the article. I think when former Treasurer Troy Buswell introduced the long-term financial projections for the first time, it was an attempt by him to try to bring some restraint to the Premier and to the government and to try to give an indication of where it was going. In 2013–14, his best-case scenario was a 10-year march to just under \$50 billion net debt—that is, 10 years without any sign of a peak, let alone the decline that Christian Porter talked about just 12 months prior.

I think it is time. I hope the member for Riverton has a long-term strategy around debt in his budget. The first thing we can do is copy Troy Buswell's long-term financial projections. There is nothing in the amendment moved by the member for Collie-Preston that suggests that this should be avoided. It worries me that the Treasurer said during question time, "We are not going to rest on our laurels." It worries me that the Treasurer thinks he has laurels to rest upon. It causes me significant grief to think that the government thinks it has laurels to rest upon, because it does not. The Treasurer made the point that it is as though the government started in 2013-14, and that it has cracked down since 2013-14. Unfortunately, the trajectory of where we are now—the points that Troy Buswell was making in his long-term projection—was set in the first term. There was huge spending growth in the first term, and it is hard to pull that back, which is why, when there was only a three per cent change in the revenue forecast from 2013-14 to 2014-15 in the midyear review—it sounds as though it will be a bit more than three per cent for 2014-15—the state plunged into a \$1.3 billion deficit. The change in revenue is three per cent and there is a \$1.3 billion deficit. I was asked by John McGlue yesterday whether we have to sell assets. We are now borrowing to pay salaries. This is a recurrent problem. That is the issue.

The Premier congratulated himself on the apparent GST deal or outcome he got today. I am not entirely sure why that was a particularly good outcome. It reinstates the \$500 million that Tony Abbott cut for rail or public transport when he first became Prime Minister. That is a good thing. I hope that it is exempt from Commonwealth Grants Commission consideration because I am sure that the government would have got that commitment, at least, from the Prime Minister so we are not penalised for this \$499 million a few years down the track. I know the government would have got that commitment because it did not get the commitment from Joe Hockey about fines. I will assume that it did, because otherwise it would just be rank incompetence. It is good that Tony Abbott has replaced the \$500 million he took out of the WA state budget when he first became Prime Minister; I think that is important. We will have arguments from this side of the house to that side of the house about whether we should be investing in public transport versus roads and I am sure that ultimately we will continue to have that debate, but that is a decision made by the Prime Minister. He took the \$500 million from rail and public transport and put it into roads—so be it, excellent! It does not solve that recurrent issue.

The fact that the government is talking about the laurels upon which it rests suggests that this may be an ongoing problem—that this \$47 billion of projected debt by 2022 or 2023 under Buswell's budget of 2013-14 may be higher. I hope, in light of the fact that the Treasurer has said to the media that the budget will show net debt peaking, there will also be the 10-year estimation. The Treasurer has said this and he is right. Of course the government is vulnerable to all sorts of changes in 10 years; I get that. But it is a useful guide for the debate in this place, so hopefully when more matters of public interest are moved about finances, there is not the sort of response that we had from the government yesterday saying it spent money on this and on that and it had built this and was building that. As I said, I get that. I get that the government has spent a lot of money, but we need to know the financial consequences of this, because we are now coming out of an extraordinary period of wealth creation in Western Australia on the back of those record iron ore prices with a balance sheet that is crippled by the debt weighing upon it. There is nothing outrageous or unacceptable about the amendment moved by the member for Collie-Preston. I know the Treasurer, the member for Riverton, is interested in this debate and I hope he will also support this amendment. It will not have any impact on delaying the passage of the Loan Bill and it will not impact on the capacity of the state government to borrow. As the Treasurer said in his second reading speech, the government has \$1.6 billion up its sleeve, so there is room, but this will allow not only members of this place but all Western Australians to have a much better understanding of the trajectory that the government has set the Western Australian people of the debt that will have to be repaid in the future, and I think that will be a useful conversation.

MR W.J. JOHNSTON (Cannington) [3.24 pm]: I just want to make a point on this amendment to the second reading motion. I think it is a very critical one. The \$8 billion of borrowings we seek to authorise are expected to last until 30 June 2017. Therefore, the government is foreshadowing the need for another loan bill within two years of today for an amount that nobody is sure of, apart from the government. That is what the government is saying. It might be better for the government to have presented a \$10 billion loan bill because it would have put that date beyond 30 June 2017, but it is the government and it is entitled to come in here and ask for only \$8 billion of debt. However, it is unreasonable to expect anybody on either side of the house to vote in favour of that increased debt—that unprecedented \$8 billion increase in debt—and not be told when they vote where the debt is expected to end up. These are not minor issues and, quite frankly, I imagine these debates were held in the Liberal party room before the bill came to the chamber, because I do not think the Liberal backbench would be so derelict in its responsibilities not to have challenged the Treasurer on these issues. Where is the trajectory going? How much will debt peak at in Western Australia? Let us understand that it is not true that the debt never has to be repaid. I know the Premier has said this in the past but, actually, it will be repaid. It will be repaid by future taxpayers; that is the way the system works. A level of debt can of course be maintained and increased over time if it is at an acceptable level as long as the increase in debt does not exceed the capacity to service the borrowings. That is not what has happened in Western Australia and we know that because the rating agencies

took us from AAA down to AA+ and are now warning us that the AA+ rating is at risk. One of the risks they are highlighting is that we do not know how much the debt will peak. It is inconceivable that the government would come to the chamber asking for \$8 billion, saying it will last only two years, foreshadowing by the information it provides that a further loan bill will have to be brought back to the house before 30 June 2017 to fund even more debt for borrowings that will take place after that date, and not tell us where it will end and what the trajectory is.

The amendment moved by the member for Collie–Preston is very simple. It simply asks that before the second reading of the bill occurs, the Treasurer has to provide to us the projection over the next 10 years on state debt under the government's current policies, the date at which the government expects state debt to peak—it might be that the peak is expected beyond that 10 years—and the total amount the peak is expected to be. None of those things are particularly unreasonable and, as I say, I imagine they are the very things that were raised by the Liberal backbench in the party room. Certainly, they would have been raised in the Economic and Expenditure Reform Committee and they would have been raised in the cabinet process. I imagine there is already a document sitting in the Treasurer's office with all this information, otherwise what is he doing? It is just inconceivable that the Treasurer would come to the chamber asking to borrow \$8 billion for two years of government operations, foreshadowing that the state will probably run out of borrowing capacity shortly after 30 June 2017, and not have this information at his fingertips. It is inconceivable. A person could not be drawing the salary of the Treasurer of Western Australia if he did not have this information at his fingertips. All we are doing is asking for the information that we are certain is sitting in the Treasurer's office, unless he is completely and utterly incompetent.

Mr P. Papalia: That is possible.

Mr W.J. JOHNSTON: I am trying to be generous here. I might speculate on another day, but I am not speculating right now.

There is no proper reason that the government of Western Australia does not want to share this information with the people of Western Australia. As I say, it is inconceivable that this information is not already available to the government. I imagine it is the sort of thing that would have been discussed in the Liberal party room and it was probably circulated to its backbench members of Parliament because I cannot imagine that they would arrive in this chamber and vote in favour of \$8 billion of borrowings over two years, with the Treasurer foreshadowing that there will need to be a further loan bill of an unknown number of billions of dollars before 30 June 2017, just two years from today, without having that information provided to them by the government. This is what would happen. Anybody who is taking the responsibilities they have as a member of Parliament, a member of this chamber, to defend the interests of the taxpayers of Western Australia would simply do these things automatically. Let me emphasise again that none of these things are at all unusual. We are not asking for an inquiry, and I know that the member for Victoria Park has referred to the fact that we have often asked for a debt inquiry because we know the member for Cottesloe is keen on that. This is not asking for an inquiry. It is not delaying the passage of the bill. It is not causing any trouble with the finances of the state. It is not doing any of the things that an opposition might be accused of doing. All it is doing is asking for information—it is inconceivable it is not available to the Treasurer right this minute—to be provided to the chamber. I imagine that the member for Southern River has this information already, because I would imagine that he would not have supported a bill such as this in the party room, given he has spoken in favour of it, without the answer to these questions. It is inconceivable that he would be derelict in his duty in that way; it would not happen. I know that he would already have this information sitting in front of him. If the Treasurer will not provide this information, I am sure that the member for Southern River will jump up and participate in this debate and tell us that he has got this information and can answer these three very simple questions. These are questions that every journalist in Western Australia wants the answer to and that every member in this chamber and the other place wants to know and that every Western Australian should be able to find out. It is fundamental, because if the government cannot tell us what the peak of debt is, that means that the rating agencies will not know what the peak of debt is either and that will mean our credit rating will be downgraded further.

Of course, it would be embarrassing for the Premier of Western Australia for the state of Western Australia to end up with a lower credit rating than Tasmania but, more importantly, it would be bad for the finances of this state. Firstly, we would have to pay more in interest costs. We are very fortunate at the moment that we have a very low interest rate environment right around the world, so the higher debt is being mitigated in the interest payments. Of course, just as the iron ore price was inevitably going to collapse, we know that at some point in the future—I cannot predict when—interest rates will rise again. I did not predict when the collapse in the iron ore price would happen, but in my contribution last night I said that it would happen, and it did happen. I am not saying that I predicted when it would happen; it is inevitable in supply and demand. It is the same with interest rates. One of the issues that we will probably explore in the budget process is the impact of an increase in interest rates. What will be the impact of a one per cent or a five per cent increase in the interest rate when we

have \$30 billion of debt? What if the government tells us that the peak will be \$50 billion or \$60 billion? The impact of a five per cent interest rate increase will be hundreds and hundreds and hundreds of millions of dollars.

We already have the problem now of the blunt instrument of this 40 per cent salaries recovery policy under the government's new arrangements with the departments. Imagine the huge impact of further cuts to departments in the future if there is an interest rate increase. I agree that it is not easy to manage the finances of the state of Western Australia; it is a complex job. That is why ministers get paid so much. They take the responsibility because they have a complex job. I point out that the former member for Belmont, Hon Eric Ripper, did that. In 2007–08, Hon Eric Ripper spent 87c in every dollar he collected in revenue on the recurrent side of the budget. The current government in the current year, according to the midyear review, is spending \$1.04 of each dollar it raises in revenue on recurrent expenditure. Let us understand that: the former Labor Treasurer, Hon Eric Ripper, was saving 13c in the dollar for a rainy day; this Treasurer is spending four cents extra, and we are in a downpour. This year the Premier said that no matter what happened Western Australia would have had a deficit this year. That may or may not be true, but I can tell members that if the government had maintained large surpluses in the years before, we would not be in the shambles we are today, because we would have had a large buffer sitting there to protect Western Australian taxpayers —

Ms R. Saffioti: Plus the \$500 million interest!

Mr W.J. JOHNSTON: — plus the \$500 million interest bill; to protect the services provided to Western Australians. That is what we are talking about. The Treasurer talks about ex-union officials, but this is about the services that are provided. Members opposite should remember that every time a teacher resigns from a school, the Department of Education has to give 10 per cent of that teacher's salary back to the Treasurer. That is what has to happen now. These are severe cuts.

Mr C.J. Barnett: No, they're not.

Mr W.J. JOHNSTON: I will say that again: every time a school teacher resigns from a school in Western Australia, the Department of Education is required by the Treasurer to give 10 per cent of the school teacher's salary back to Treasury. That is a cut to the Department of Education. I will read out the policy, in case the Premier misunderstands what his policy is. I read from this memo last night—I am sorry I do not have the second page to it. It is a memo to the chief executive officer from the then Acting Under Treasurer, which reads —

Savings will be harvested from agencies' salaries budgets on the basis of aggregate separations, providing flexibility to replace some employees who leave on a 'like for like' basis but by doing so, others may not be able to be replaced at all, or will need to be replaced with employees at a lower classification or on a part-time basis (see further below).

Then below, it reads —

- for permanent separations of specified front-line employees (police officers, teachers, nurses, medical practitioners, fire fighters, train drivers and child protection workers), the harvested saving will be 10% of salaries.

I say again: if a school teacher resigns from a school, this memo states that 10 per cent of the teacher's salary will be returned to the Department of Treasury as a budget saving. That is the policy of this government. That is a cut to education, because the education budget will be reduced by that amount of money. That is what is going to happen.

Mr C.J. Barnett: Good staff management!

Mr W.J. JOHNSTON: The Premier interjects by saying that is staff management. I hate to point this out to the Premier, through you, Mr Acting Speaker, that we now have independent public schools in Western Australia that are funded on the basis of a single component and it is up to them to decide how they spend their money. Somehow or other, the Department of Education has to return this 10 per cent back to the Department of Treasury. How will that impact on schools? Either the department will run out of money or school funding will be cut. The reason this is happening is because of the incompetence of this government. We are not dealing with that incompetence today; all we are asking for is these three pieces of information, which are readily available to the government. As I said, there is no circumstance in which a Liberal backbencher would not have asked for this information in their party room. This is the sort of information that a Liberal backbencher, if they are not totally derelict in their duty and taking their pay without doing their work, would have asked for. No Liberal backbencher would not have asked for this sort of information. It is not going to delay the passage of the bill, but it is the sort of information that is vitally essential to the operations of the state.

Extract from *Hansard*
[ASSEMBLY — Wednesday, 6 May 2015]
p3192a-3201a

Mr Mick Murray; Mr Ben Wyatt; Mr Bill Johnston; Mr John Day; Mr John Quigley

Question to be Put

MR J.H.D. DAY (Kalamunda — Leader of the House) [3.39 pm]: I move —

That the question be now put.

Division

Question put and a division taken, the Acting Speaker (Mr I.M. Britza) casting his vote with the ayes, with the following result —

Ayes (35)

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

Noes (19)

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

Pairs

Mr G.M. Castrilli	Ms S.F. McGurk
Mr A. Krsticevic	Ms J. Farrer

Question thus passed.

Division

Amendment put and a division taken, the Acting Speaker (Mr I.M. Britza) casting his vote with the noes, with the following result —

Ayes (19)

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

Noes (35)

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

Pairs

Ms S.F. McGurk	Mr G.M. Castrilli
Ms J. Farrer	Mr A. Krsticevic

Amendment thus negated.

Second Reading Resumed

MR J.R. QUIGLEY (Butler) [3.49 pm]: Speaking on the Loan Bill 2015 is a bit like *Alice in Wonderland*—everything that is black is white, and everything that is white is black. The reality of Western Australia is that we are blighted with a government that is borrow and spend, borrow and spend. Does that have some sort of a ring

to it? It is the very chant that the Prime Minister made against the former Labor government: borrow and spend, borrow and spend. This is what the state Liberal government is doing—unbridled. This is the third Loan Bill to come before this chamber and it is for \$8 billion. Much mention was made of what the Premier had said on an earlier occasion; that is, there is good debt and there is bad debt. That is elementary. It is good for the state to borrow if it is investing in something that will return a profitable income stream. That is good for the state of Western Australia. It is good to borrow if that will produce an asset that will produce income for Western Australia to educate our children, who will become income producers in Western Australia. We understand that that is good debt, but this government is increasing state debt at the moment. Lord knows what the debt will be when the budget comes out. I predict that it will be north of \$32 billion. That is unheard of—north of \$32 billion!

This Premier and this government are without restraint. That is not a charge I make by myself or the opposition makes by itself. Premier Barnett has form; he has history. It was of course a former Under Treasurer, Mr John Langoulant, who wrote—it has been read before in this Parliament—to the then Premier and Treasurer, Hon Richard Court, warning him about the conduct of his then education minister, Mr Barnett, who would not comply with any budget restriction at all and who spent like there was no tomorrow. An incredible letter was read into this Parliament. It was a warning from the Under Treasurer to the Premier and Treasurer of the state about the conduct of Colin Barnett. It is not just the Labor Party or the Labor opposition that is strident in its opposition to what the Premier and his Treasurer are doing.

Can I draw attention to the state of the house? I feel as though I am talking in an empty room.

[Quorum formed.]

Mr J.R. QUIGLEY: Following the Under Treasurer's strident criticism of the then education minister, Colin Barnett, who will ever forget the incident when the two elder statesmen of the Liberal Party, both former Premiers, Sir Charles Court and his son Richard Court, took Hon Julie Bishop to lunch at the Weld Club and pleaded with her to come from federal Parliament into a state seat to stop Colin Barnett taking over leadership of the party? Sir Charles and Richard Court, both distinguished Liberal Party Premiers, knew that this man would trash the state's finances. John Langoulant had warned the Premier and Treasurer, Richard Court, that that is what Mr Barnett's form was. That is why Sir Charles Court and Richard Court took Julie Bishop to the Weld Club and said, "Julie, please save us. Please save the state of WA. Please come back and take over the leadership of the Liberal Party. We can't risk it with Colin Barnett." Now what is happening with us here today? Sir Charles would roll in his grave if he knew that we were in this place debating state debt that is higher than \$30 billion. Sir Charles Court, dear man, would turn in his grave if he knew that the Liberal Party had brought a bill into this Parliament to borrow another \$8 billion, and at the same time had refused to tell Western Australians what would be the projected debt. None of us could go to a bank and borrow from a bank and say, "We can't tell you how much we'll need in the future. We need to increase our overdraft. We know we're going to need to increase it again, but we can't give you any idea of where we're going to stop, Mr Bank Manager." We all know that we would be laughed out of his office. What is happening with this \$8 billion of debt? It is not going to buy assets that will produce income. It is going to pay wages. It is going to pay the light bill. It is going to pay our day-to-day expenses. It means that in due course when this is spent, a further loan bill will be brought into this Parliament to spend more.

There has been a miniscule easing of the budgetary crisis by the commonwealth's belated acknowledgement of Western Australia's dire situation and giving us \$499 million. State debt rises by about \$1 billion every 10 weeks. This \$499 million coming from the commonwealth will be expended before we all rise for our winter break; it will all just go before we rise for our winter break.

I am pleased, however, that someone was listening to what I was saying in my speech in this place on 22 April when we were debating increases to land tax on mining tenements. It was said then that the Treasurer predicted that we would get \$600 million, and we got \$500 million. I said that of that \$600 million, the Treasurer had to put away a couple of hundred million—I did not give an exact figure—to pay for the extension of Mitchell Freeway. That is because at the start of the federal government's term, it took back the \$500 million that had been promised for rail. Who will ever forget the former Treasurer—sitting in the same seat in which the current Treasurer sits—saying in 2012 that the government accepts the Hicks recommendation in the independent report that the best investment in rail is the extension of the last seven kilometres from Butler to Yanchep and unlocking the economic potential of Yanchep? We all know that Tokyu Corporation—I have spoken about this before—one of the biggest developers in Japan, has been waiting for 20 or 30 years for it. It is dinkum. As I have already said, it has taken the fast-speed optical cable to Yanchep for industry and for education. I said then that the Treasurer must get the money from the commonwealth, as it cancelled the rail, and invest it in extending the freeway. That has now happened, but money was allocated out of the state coffers for that rail. We know that \$200 million is there. As I said on 22 April, that \$200 million, Treasurer, should now go straight to funding the rail to Yanchep. My electorate, who pay their taxes, will see nothing from this budget. The commonwealth is building this freeway through to Hester Avenue, and the

state should now get on and build the rail straight through to Yanchep. I am calling upon the government to do that because it has this \$200 million.

Debate interrupted, pursuant to standing orders.

[Continued on page 3226.]