

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from an earlier stage of the sitting.

HON CHARLES SMITH (East Metropolitan) [5.06 pm]: Just by way of a reminder from my opening remarks, the things that members need to take away from what I have been saying are the following: population Ponzi is bad, productivity enhancing investment is good, diversification is good, and manufacturing is good—all of which we need to get into as a matter of urgency.

I had been talking about the police portfolio and how pleased I am that the government has at last woken from its law and order slumber to recruit another 800 frontline police officers. That is a great thing. I was talking about how cynically the government invests in gouging motorists in its speed camera replacement program.

To get back onto law and order, briefly, when we recruit more police officers, there is a very real chance of arresting more people, sending more people to court and engaging in more prosecutions. Sadly, I do not see new levels of funding for the Office of the Director of Public Prosecutions. I do not see that reflected in the budget forward estimates. The budget states —

The Office's new indictable caseload is projected to increase significantly across 2020–21 and the forward estimates period, in part due to additional resources in frontline service delivery within the broader justice system. Provisions have been made in the forward estimates period to address this growth through the funding provided in the Public Prosecution Services Expenditure and Impact of Additional Police Officers spending changes.

I see a small forward estimate for this financial year. However, it seems that the budget of the Office of the Director of Public Prosecutions remains the same. The Office of the Director of Public Prosecutions has struggled for many years to do its job efficiently and in a timely manner. It will continue to struggle unless it is properly funded to do its job.

Put quite simply, the Director of Public Prosecutions needs more prosecutors; it is as simple as that. We need more courthouses, more magistrates and more prosecutors. I have a few comments to make about justice in general.

Again, I see a small forward estimates due to the impact of the new police, but I struggle to see how this will deal at all with the significant issues facing our courts. I reiterate for members that we need more judges and magistrates to handle an ever-increasing caseload, which also means significant adjustment to the budget for justice and prisons. Again, unfortunately, as in years gone by, it looks more like retaining the status quo, which will continue to bog down the overworked system. If we are going to put more police on the streets, we need more prosecutors, courthouses, judges and magistrates. Indeed, I would like to see another prison. We need proper consequences when people break the law.

In this budget we have had one pleasant surprise—the Premier leaning to economic nationalism. We also have an unpleasant surprise for our long-suffering public sector workers. They have gallantly battled through this COVID-19 so-called pandemic for very, very little reward. Our teachers, nurses, police officers and so on—our frontline public sector—have received, yet again, no significant pay rise beyond inflation, in effect, taking pay cuts. Our public sector workers have been under incredible rates of stress. I would have thought this government would have rewarded that somehow. I therefore agree with our UnionsWA secretary, Meredith Hammat, who said, “A wages policy that helps our public sector workers’ wages keep pace with cost-of-living could have helped the recovery by providing additional stimulus to our local economy at a critical time.” I think she is quite correct. As usual, the government turns its back on its workers as it continues to be the lapdog for big business. Let us pay our public sector workers properly, shall we? That would be a refreshing change.

Water has recently come up as a topic of conversation, and how much money the Water Corporation appears to be making. I want to raise this issue in the house. I understand the WA state budget surplus was generated by overcharging Western Australians to the tune of \$800 million, \$787 million in 2018–19 and \$1 billion in 2017–18. To be honest, it appears that the Water Corporation of Western Australia is being used by the government as a cash cow to the tune of \$800 million a year. It is therefore effectively being used as another agent of taxation on residents and businesses in Western Australia, in addition to all the other forms of taxation that WA residents have to put up with. Ironically, in the meantime, the Water Corporation's assets continue to degrade with burst water mains and so forth. This form of hidden taxation, if you like, is unacceptable. It hurts those families that perhaps have to use more water than other families, at a time when family income is under threat or in decline due to the current economic and social situation. Water supplies and sewerage networks should be adequately funded, but these services should not be used as a form of indirect taxation. Can the government please look at reducing household water bills?

I would like to say a few words about some additional taxation. GST and payroll tax are taxes that both the commonwealth and state governments have taken credit for in producing a surplus. I think a surplus of \$1.1 billion was announced. As I have mentioned, that surplus is primarily due to iron ore royalties and GST back payments. At the moment, I think we are getting a fix in the GST of around 70 per cent of per capita share. That has been cited as one reason the budget is back in surplus. The WA government should be insisting that we recover 100 per cent GST

per capita. We are missing out on around \$2 billion a year. If we could get back up to 100 per cent GST per capita recovery, we would get another \$2 billion a year in our coffers, which would mean that we would not have to rely on other forms of taxation—payroll tax, stamp duty and so on—to make ends meet. That, of course, is a founding policy of the Western Australia Party—a fair return of the state’s GST contribution. Until that point, we will continue to be ripped off by the commonwealth and get a bum deal from Canberra.

I want to mention another form of taxation that I have spoken about a few times in the house, including last year during the debate noting the budget papers—that is, stamp duty. Stamp duty receipts in times of economic downturn tank; they go down. I think there is support for this within general economic commentary. Even Property Council of Australia economists have stated that stamp duty really needs serious reform in Australia’s states. I want to read to the house some quotes from Shane Oliver, who is an economist. He was quoted in an article in *The Australian* as saying —

“It is economically illogical that the states have got themselves in this silly situation ...

That is, declining stamp duty receipts. The article continues —

“It highlights the case to eliminate stamp duty and replace it with either something more rational, like a broader GST, or some sort of land tax.

Property Council chief executive Ken Morrison described stamp duty as a “rollercoaster tax”.

He said if governments continued to rely on it, more prudent budget planning was required for when downturns occurred.

Such as now. It continues —

“Stamp duty is great on the way up for state governments, but terrifying on the way down ...

You will not get any disagreement from me. As I have noted before, stamp duty on property transactions has to be one of the worst taxes around. Stamp duty not only hinders labour mobility by discouraging workers from relocating to places of employment, but also unnecessarily penalises people who move to homes that better suit their needs. Obvious examples include baby boomers downsizing from large family homes and young families upsizing to bigger family-friendly homes. Such disincentives inevitably lead to inefficient use of housing stock, such as empty nesters occupying large homes with multiple spare bedrooms. It is well known that stamp duty is highly inequitable. Data from Domain shows that between four and eight per cent of housing stock is transacted annually. As such, we have a bizarre situation in which a small minority of the population are paying taxes that support services for the whole community—all for the privilege of moving to a home that better suits their needs.

I think it would be wise for state governments to review in detail stamp duty on property, and examine a more generalised form of land tax.

Debate adjourned, pursuant to standing orders.