

LOAN BILL 2017

Second Reading

Resumed from 15 June.

HON JIM CHOWN (Agricultural) [4.00 pm]: This is a continuation of my remarks from the last day's sitting, which was some four days ago. I may recap briefly what I said on that occasion to refresh the minds of members in this place. Before I do so, I would like to thank Hon Michael Mischin for his eloquence on the performance of this government at this particular time in his Address-in-Reply speech to the Governor. A number of pertinent points were made by Hon Michael Mischin on where this government is going. This \$11 billion Loan Bill 2017 is being presented as a drawdown account. As I said the last time I spoke, we are being asked to approve this Loan Bill without a budget, any outline or plan on expenditure. We are being asked to approve it as an act of good faith; I have already expressed my concerns about doing so. The government will take people for granted on its performance and its ability to achieve what it said it will achieve. Of course not all achievements can be put in place, but one would expect the majority of them to be attained. At this stage this government has failed on every one of those accounts, but at the last election the Labor Party went to the public of Western Australia and virtually duped them into believing that it will achieve anything in government. As Hon Michael Mischin pointed out, it has compromised itself to the point at which it virtually cannot govern anymore, other than with the majority it has in the other place. If I were a member of this particular government, I would be expressing grave concerns on these particular matters, certainly in the caucus room to its leader, Mark McGowan.

A good example is Gareth Parker's interview today with the Premier. He asked a number of very pertinent questions and the Premier could not really answer any of them, other than to say that the Labor Party won government, it will do its best for Western Australia and no, Lotterywest CEO Paul Andrew was not pushed. When Gareth Parker pursued that question, the Premier said, "No, Mr Andrew actually resigned. Well, maybe we had something to do with it in regard to retail trading issues that the government was asking Lotterywest to undertake on its behalf." This is just the start. This is how Labor is starting its four-year term: by pressuring CEOs who have control of hundreds of millions of dollars. Lotterywest certainly has control of well over \$1 billion per annum. The last time I looked, \$890 million in the 2015–16 year was allocated on a number of projects throughout Western Australia. In my opinion, and that of others and certainly the Western Australian press, Mr Andrew was pressured into giving up his job halfway through a five-year term. Under the Public Sector Management Act, upon giving up his job he will be paid 12 months' salary and the Labor Party will put in someone else to do its bidding. That is not good government. This is WA Inc just commencing. I notice even in the Western Australian press we have the Poynton and Satterley group advocating on behalf of this government to the Prime Minister of this nation.

Hon Stephen Dawson: They were advocating on behalf of the state.

Hon JIM CHOWN: With the imprimatur of the Premier. When we were in government, this particular group of people did their absolute best to leverage advantages out of the previous Barnett government and it was not entertained. With the imprimatur of Mr McGowan, they were over there on behalf of the Western Australian government and the people of this state, trying to get a better GST deal and achieve something that the Premier could not at the recent Premier's conference. Do members really think they will not come back and say, "Listen, Mr McGowan, we have done your bidding. We have done our best, now this is what we would like you to do for us"? Let us just wait and see—seriously.

I have spoken about Western Power and so have many other people in this place on this side of the house, so I will leave that issue alone. I hope more will be said about the union movement stopping what would have been a very good outcome, from a budget perspective, for recipients of electricity in the south west land division. Hon Peter Collier last week also talked about the double-dipping issue, in which ministers of the McGowan government helped themselves to around \$4 000 of taxpayers money, knowing full well they were double dipping. What did the Premier do? Absolutely nothing until it became public. We all make mistakes. We are human. The human condition is not an exact science. What concerns me is that the Premier has not come out and named those particular cabinet ministers; he actually refuses to name those ministers.

Hon Stephen Dawson: Are you pointing at me?

Hon JIM CHOWN: No, I have just got my finger out. I will put it back in my pocket!

One could only come to the opinion that all members of the cabinet, including the Premier, were helping themselves to public moneys at the expense of the public. In about 2013–14, a New South Wales Premier stood down from his position over a \$3 000 bottle of wine. He did the honourable thing when he was found to be wanting over whether that particular gift received on his election was noted. Here we have the

Western Australian Premier refusing to state which ministers helped themselves and why they have not paid back that \$4 000. The only conclusion can be that it is all of cabinet, including the Premier.

A number of issues on this Loan Bill should also be of concern to the public and members of the house. In opposition we get briefings from departments. The Liberal Party, and I hope the National Party and all other crossbench parties, received an opposition briefing from Treasury. It was a four-page document outlining the very basics. In the graph from the briefing, which we all received, we note that government trading enterprises between 2017 and 2020 have a decline of net debt of \$3 billion, yet government borrowings go up to well over \$44 billion over the term of this government. I asked Treasury why the government trading enterprises have a declining debt. The answer was that that will be through efficiency gains. As we have found out since, efficiency gains are all very well, but in reality it is a massive increase to the Western Australian user of their services, including electricity and water—the two big ones. Those prices will go up by at least 15 to 16 per cent in the next two years. In effect, this government is prepared to make every householder pay for its election commitments through increases in power and water prices. They will pay for the government's outrageous election commitments at a time when the state is suffering fiscally, especially from reduced royalty incomes and because of the GST issue, which have been debated at length in many places, including in this house. How will the government achieve this? Ports are included. Its dividend back to government—the subsidisation of energy in this state, which I think is around \$500 to \$600 per annum from a Treasury perspective—will decline. The government will take it back into general revenue.

Regarding this government's relevance as an honest government that one should give a chance to, consider the lies we have received about making no new taxes. The Labor Party went to the public at large before the election and said it had a debt reduction plan. We have yet to hear what that plan is. I hope in his response to the second reading debate Hon Stephen Dawson answers the questions that he has been asked so that we can gain some comfort in approving the Loan Bill 2017, because at this stage this side of the house is far from convinced. I mean that seriously; we are far from convinced that we need to go down this track. Do not think it is a fait accompli.

Hon Peter Collier: We might have to pull another all-nighter. We might be convinced then.

Hon JIM CHOWN: We may have to have another 24-hour sitting, I agree. It would be at least 48 hours. This is the largest loan bill ever put before the house. I think that I have said enough on this matter. I look forward to the contribution of other members on this very serious decision we must make as members of the Legislative Council.

HON JACQUI BOYDELL (Mining and Pastoral — Deputy Leader of the National Party) [4.12 pm]: It has been an interesting debate on the Loan Bill 2017 so far. A conundrum that members of this house face, and certainly members of the other house have faced in previous weeks, is whether to support the Loan Bill. This house has debated the opportunities that the government has had in determining the figure it would bring to Parliament in the Loan Bill for members to consider. I was absolutely staggered, I have to say, to then hear that the government was asking for \$11 billion in a loan bill. I will be interested to hear the contributions of other members to this debate.

I will go through a couple of issues. First in my mind is that in approving such a Loan Bill the government is setting a path forward from a budget perspective for the people of Western Australia. That is a big undertaking. I know that the government has argued that it needs \$11 billion to deliver its election commitments and the budget's forward estimates. Taking into account the reduction in the GST return and the impact of the price of iron ore on our state coffers, \$11 billion remains a staggering figure to me. How we debate this bill weighs heavily on the minds of members of this house, as it did for members in the debate in the other place. Once this \$11 billion Loan Bill goes through, if it does pass this house, the government could essentially find itself not having to come back to Parliament to have its budget scrutinised. That concerns me greatly. It concerns me that we are setting on a path of no transparency, and without setting the expectation of government to come back to Parliament to seek scrutiny for why it seeks different amounts of money over time. Governments have done this; the Liberal–National government brought loan bills to the house. However, \$11 billion is a staggering figure to request of the house, without even a budget or a plan going forward for the Parliament to consider as yet. It is a major struggle for members of this house. I am sure that we will all take on board the depth of that responsibility as we debate the bill.

Effectively, given that the Labor government has not delivered a budget and that it will not do so until September, we do not know whether it is its policies, its election commitments or the ongoing government expenditure of current programs that will require these funds. We have absolutely no idea about where the \$11 billion will go. When I talk to people in my electorate who say they are concerned about how regional development fits into the government's investments, I have to say that I have no idea. I have no oversight of it; I cannot scrutinise a budget. The only answer we have been able to get from this government in response to

questions about regional development is that it is all under review. The government then brought in an \$11 billion Loan Bill for the house's consideration.

As I said during my contribution to the Address-in-Reply last week, the current Labor government ran its whole campaign on reducing debt, reducing borrowings and bringing the budget back to surplus whilst promising everything in between. It said it would not increase taxes and it would create jobs. I am yet to see any of that and I am yet to see a plan. With all due respect, the Labor government cannot come to the house and suggest that it is aghast at the budget situation that it believes it has inherited because it ran its whole election campaign on that. The Labor Party was aware of the financial situation and the struggles facing the state. There have been long-held arguments in the media about it, and the GST issue and the risk to the state budget from the iron ore royalty have been long-debated in this house. After running an election campaign based on the state of the former government's budget and saying that it will instigate budget repair, the Labor Party cannot then come to the house and suggest that it is all so terrible and it did not know that it was all so bad! The last eight years of the Liberal-National government saw the state go through a significant growth period on the back of the resources boom. Growth requires investment in services, and services cost money. Substantial investments in the state were made to meet those needs. While in government, the Liberal and National Parties made those tough decisions and took a leap of faith in the state. As a result, regional development expanded in the state of Western Australia. Perth, as a metropolitan city, grew. From an education and health perspective, services for the people of Western Australia were a major focus of the Liberal-National government. People can see Elizabeth Quay, Perth Stadium and any of the regional development projects in my electorate—water parks or pools, or petunias in the main street. I am happy to walk past petunias in the main street because they beautify the community in which people choose to live. Those decisions have all been based on the platform of allowing regional development and community development to grow. They were good decisions, and I stand by every single one of them.

The Loan Bill before the house, in which the government is requesting funds, has no information attached to it; indeed, the government has not even provided information to the people of Western Australia on how that money will be spent. That is a very precarious predicament to be in as a member of this house. During debate on this bill, my colleagues in the other house stated that they feel that the government should be asking for a more reasonable amount. We suggested amending the Loan Bill to lower the amount requested to \$3.8 billion. The reason we came up with \$3.8 billion is that we had a revenue source that would bring \$7.2 billion to the state and therefore assist the state's budget bottom line. The government needs to consider income alternatives. It needs an income revenue source that will allow it to move forward to assist the state's bottom line and assist the people of Western Australia in asset and infrastructure development. How do we meet the growing needs of our health and education services if we do not have a new income revenue source in the state? That is a challenge that the government will face because it cannot make—I am sure it is finding this out—savings to the budget simply by cutting expenditure. The government needs to investigate the income revenue sources that are available to it. I encourage it to do that.

I do not see any point in moving an amendment to this bill because the government has proven itself to be incapable of making tough decisions. It does not have a plan going forward. It has offered no alternative income revenue sources to the state and to the people of Western Australia. All it has offered is job cuts, increased taxes, and cuts to projects and expenditure, particularly in regional development. I think it is exceptionally disappointing that the government does not have the capacity to display any dexterity or innovation in its decision-making. Unfortunately, the people of regional Western Australia in particular will bear the brunt of that. I am not just making those comments without any information or any indication from the government about where it is going in regional development. I make those comments off the back of questions that we have asked of the government in this house around its plan for regional development. I make those assumptions after reading comments made by the Minister for Regional Development about her disappointment in managing the budget of royalties for regions and therefore managing regional development investment in the future. In her words, of course there will be enormous disappointment. That sends shivers through the people of regional Western Australia because we are still three months down the track with no indication of what plan the government has for regional development. It continues to concern me greatly, and it continues to concern the constituents in the Mining and Pastoral Region every time I speak to them about what is going to happen to the projects that are up in the air at the moment. I would like to give an answer to those people. I hope to see that come to fruition in the budget. Indeed, there is no indication of that from this government yet, and there probably will not be until September when the government hands down its budget. Until then, there is a great deal of uncertainty. Regional development in the state of Western Australia is officially on hold. People in regional Western Australia are aware of that. They are concerned. They are raising concerns about the future of regional development with the minister.

Earlier I touched on the fact that the National Party took to the state election a policy to increase the special lease rental of 25c paid by BHP and Rio Tinto as part of their legacy state agreements. We believed that if we increased it to \$5 a tonne—they are currently paying 25c—that was an opportunity for BHP and Rio Tinto to pay their fair share to the people of Western Australia, who own those assets and who get to sell that asset only one time. It is incumbent on the government to ensure that we get a fair deal when dealing with these major mining organisations. We mainly talk about BHP and Rio Tinto because those organisations are beneficiaries of the legacy state agreements. If BHP and Rio Tinto are not prepared to pay an increased amount under their special lease rental—they are paying 25c a tonne, which was set in 1964—how are they paying their fair share? As citizens of Western Australia, they operate their businesses here, yet they plunder the assets owned by the people of Western Australia. How are they assisting in the budget repair of the state of Western Australia? Mums and dads are being asked and will be asked—we are seeing that information leaked slowly to the media—to pay their fair share.

The Treasurer has already indicated that there will be increases in power prices. There is the potential for seniors to lose their eligibility to have a Seniors Card. There is uncertainty in all levels of society within Western Australia, except, it would seem, in the corporate offices of BHP and Rio Tinto. I suggest that the government ask these companies why they believe they are paying their fair share and why they do not believe they have to contribute further to assist the government to bring the finances of the state back to order. Hon Ben Wyatt, the Treasurer, indicated in the house a couple of weeks ago that he was having meetings with BHP and Rio Tinto. Indeed, he has indicated that he does not mind a cash out of that 25c a tonne special lease rental. If options are being discussed, I hope that the government is having robust discussions with BHP and Rio Tinto about how they will pay their fair share to assist the people of Western Australia to continue investment in health and education services, in community development and in mental health services. The government needs to be in these spaces to support our constituents. We need those services to continue to be delivered. I ask the government how it is making sure that BHP and Rio Tinto are paying their fair share in this budget deliberation.

Debate interrupted, pursuant to standing orders.

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