

Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Mick Murray; Dr Mike Nahan; Ms Rita Saffioti;
Speaker; Mr Terry Redman; Mr Dave Kelly

WESTERN POWER — PRIVATISATION

Matter of Public Interest

THE SPEAKER (Mr M.W. Sutherland) informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

MR M. McGOWAN (Rockingham — Leader of the Opposition) [3.05 pm]: I move —

That the house oppose the privatisation of Western Power.

This is a clear motion; it is very clear. We cannot get much more straightforward than: “That the house oppose the privatisation of Western Power”. Here is an opportunity for members of the Liberal and National Parties to put on the record exactly where they stand on this issue. The people of Western Australia can see for themselves what the government stands for. Do they support the sale of Western Power? Do they support the long-term lease of Western Power? Do they support the privatisation of Western Power or not? It is one or the other. Why are we in this position whereby the government has plans to privatise the monopoly provider of power to the majority of Western Australia? I will tell members why we are in this position and what the Premier said himself in February this year. This is what the Premier said before a major business audience: “WA is broke.”

Mr C.J. Barnett interjected.

Mr M. McGOWAN: That is what the Premier had to say. That is what he said; he admitted it in this house.

The Premier arrived in office to the best set of finances in Australia, and the strongest set of books ever in this state, and he has converted that to the worst of all the states. He has converted Western Australia’s credit rating to the lowest of any state in Australia. He has taken WA from the gold standard and converted it into junk bonds. That is what the government has done over the course of seven and a half years. What is the Premier’s answer to all that? His answer is to break every promise he ever made and to sell off the monopoly provider of power to the majority of Western Australians, which is contrary to what he said prior to the last election and since the last election. This Premier’s record is to wreck the finances, sell off the monopoly of public assets and then retire after the next election. That is the government’s plan; that is the Premier’s plan. He has said it himself that if he wins the election, he will retire during the course of the next term. That is his plan. What sort of plan is that to take to the people of Western Australia? It is the Premier’s plan to wreck the finances, sell off monopoly government assets and then retire! That is his plan and that is what we will be reminding the people of Western Australia about every single day between now and the next state election. We will make sure the people of Western Australia know what the Premier is about.

Several members interjected.

The SPEAKER: Member for Swan Hills!

Mr M. McGOWAN: The motion is very clear for members opposite. They can vote for the motion, in accordance with what they committed to before the last election, or they can vote against the motion. I want government members to understand exactly what the Premier said before the last state election. On 7 March 2013, four days before the last state election, the Premier was quoted in *The West Australian*. He stated —

“Claims that I will privatise Western Power and the Water Corporation are absolutely false and anyone who puts themselves forward to be the premier of WA must tell the truth,”

They are prophetic words. He should vote for our motion!

I quote the Premier again so that all members hear it. On 7 March 2013, he stated —

“The reason that you would retain the energy utilities in government hands is the energy utilities are major engines of economic growth in this State and only through ownership of utilities can you guarantee supply and reliability of supply, particularly in a State like WA which has a small, isolated grid that cannot be connected to the other States,”

The Premier said that four days before the last state election. All we are asking the Premier to do is vote in favour of his commitment prior to the last state election. It was not only the Premier who said this. In January this year, in *The Australian* newspaper, the Treasurer said —

“The government’s position on this matter has been consistently clear—we are not selling Western Power,”

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The Premier himself, in *The Australian* newspaper in December last year, said that the state would not be following New South Wales. He stated —

“NSW is part of the east coast grid,” ...

“We are isolated here—we have no other connection to any other power supplier in Australia.

“And Western Power—the poles and wires—is the natural monopoly.

“If the government was to retain any single asset in the energy industry it would be that,”

Time after time, the government has said that it will not privatise Western Power. Time after time, before the last election and since the last election, it has said it will not privatise Western Power. I am not copping any of these mealy-mouthed words that leasing Western Power is not the same as privatisation. We will not cop that. Indeed, the Treasurer said himself that leasing is the same as a sale. He said it himself. If he wants to run that argument, obfuscate and use those tricky little words in the lead-up to the next election, he should do that and see how he goes.

I will run the house through why we should not sell a monopoly provider of one of the most essential services in Western Australia. One, it is a broken promise. Two, it is a natural monopoly. Three, it provides significant income to the state. The last financial year —

Mr C.J. Barnett: Do you know what a natural monopoly is?

Mr M. McGOWAN: I think people have worked you out, Premier, just so you know.

Mr C.J. Barnett: Do you? Can you define it?

Mr M. McGOWAN: I think it is very clear that people have worked him out. Last financial year Western Power produced for the state nearly \$400 million in dividends and income tax equivalent payments. Just so the government understands, when it sells Western Power, it will lose the ongoing income. That is what happens. If we sell it, we lose the income. When someone sells a farm, they lose the income. I say that so the National Party understand, even though none of them are farmers. When someone sells a farm, they lose their income. When someone sells their business, they lose their income. When someone sells their investment property, they lose their income. When the government sells Western Power, we will lose that \$400 million currently going to government, which has been growing each year. That will be gone. The government will get a big whack of money up-front, but it will lose not only its capacity to service the debt but also its ongoing income. We will lose jobs, particularly in the regions.

I want everyone to understand what Western Power is. Western Power covers an area, as shown on this map, from Kalbarri to Ravensthorpe to Augusta and out to Kalgoorlie.

Mr J.H.D. Day: Do you know what it is called?

Mr M. McGOWAN: It is called the south west interconnected system, my friend. The Minister for Planning should not worry; he is not across the detail. Where does Western Power cover? It covers a massive area of regional communities. People in Kalgoorlie, Kambalda, Albany or Geraldton or anywhere throughout the wheatbelt will experience job losses. Regional communities across Western Australia will experience massive job losses. Everyone knows that. It also means a loss of services, particularly in the regions. Why would a private operator, as we saw —

Several members interjected.

The SPEAKER: Just hold it a minute. Member for Cockburn and the Leader of the National Party, you can have a turn.

Mr M. McGOWAN: Jobs and services will be lost throughout the regions if a private operator buys Western Power. What incentive would a private operator have to provide these services to these remote communities out there across regional Western Australia? The government can say it has all the guarantees it likes. Let me think: is there a prior example whereby the regions have suffered when the Liberals have privatised? I know—Westrail Freight.

Only yesterday the Leader of the National Party said that that privatisation was a disaster. Well, guess who was responsible? The National Party was responsible in conjunction with the Liberal Party and this Premier. The National Party was responsible for that, but it is complaining about the last major privatisation that impacted the regions, saying it was a disaster, and now it is in bed with the Liberal Party proposing another one, all because this government wrecked the state’s finances. The government has to go. I think the people of Western Australia have woken up to it. The government has destroyed the state’s finances, so it will fire sale government assets and then the Premier will quit. That is the government’s plan. What a plan. The regions will suffer. The government

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will sweat the assets and jobs will be lost across the community, in particular in the regions. Major regional centres across the state will suffer. Small towns will suffer a decline in service delivery, which is the experience elsewhere.

As the Premier correctly identified, we are not part of the National Electricity Market. We are not connected to the other states. Even Tasmania is connected, but we are not. We are not connected to the other states. Remember that the other states are connected in a National Electricity Market. We are not connected into that market. Therefore, we stand alone. That is why it is important to have some government control and certainty about service delivery in Western Australia and also, I might add, some government control over the pricing regime that applies to consumers. This is also in an environment in which the government has just handed over regulation of the system to the Australian Energy Regulator.

Dr M.D. Nahan: Come again.

Mr M. McGOWAN: You are handing it over to the —

Dr M.D. Nahan: No, I am not.

Mr M. McGOWAN: Is the Treasurer denying that? There we go.

Mr C.J. Barnett: You understand what it means?

Mr M. McGOWAN: Of course, I do. The state government is handing over regulation from the state to a federal body. I thought the government stood up for the state. Apparently it does not. What does the government do? It hands over the regulation of the system to a national regulator and then it sells off the major part of the system without any experience of how it will be regulated. Talk about an awful time to try to sell this asset.

Then we learn, as we learned in the last couple of days, that there are significant concerns about value. We learned about Fremantle port. The federal Treasurer said it is worth only \$1.1 billion. We learned about the TAB being worth \$200 million—the government's other two privatisations it has on the cards. We have learned that it is a bad time to be engaged in these forms of privatisation. When I am asked, I say it is a fire sale. It is a fire sale of Fremantle port and the TAB all because of the government's desperation because its seven Treasurers have wrecked the state's finances. The government will sell this off and the state will suffer, particularly in the regions and the suburbs. Jobs will be lost and we will lose the ongoing income to the state, and all because the government has wrecked the state's finances. It is a hell of a plan.

Government members now have the opportunity to vote for what they promised before the last election and what they promised after the last election, or vote against it. They are the options here. Parliament has a chance here to have it put on the record. It is pretty clear. If government members try any tricky amendments, we will know what they are up to. The government's plan is to try to avoid explaining what it is about. Government members are either for or against privatisation—one or the other. This is an opportunity for the Liberals and the Nationals, and in particular Liberal and National backbenchers, to explain where they stand.

MR W.J. JOHNSTON (Cannington) [3.19 pm]: I would like to quote the Treasurer. He said —

I did not say that we were going to take the Western Power issue to the election and I did not say we were going to sell it. To be clear: we did not, I have not, and it is a policy of government to not sell or lease Western Power.

What else did the Treasurer say? He goes on —

It is our policy not to sell Western Power; that is it. It is our policy not to sell Western Power ...

He goes on —

... I indicated to them that the problem with Queensland was that in opposition Campbell Newman campaigned strongly against privatisation, got into government, and then advocated strongly not for privatisation, but leasing, and it did not fool one person.

He continued —

I have been consistent.

He also said —

... I also indicated strongly and clearly that it was not our policy to sell or lease Western Power.

Where did I find those quotes? I found them in *Hansard* of June 2015. He is a man of principle. He is a man of consistency. He says that Campbell Newman was trying to fool people by advocating against privatisation in

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opposition and then being in favour of privatisation when in government. This man was in government when he advocated against privatisation. Now he is not fooling one person. He said clearly that he wanted to be consistent. He outlined the benefits of not selling Western Power, and now he has come into this chamber to advocate selling it. We know what this is about; it is the Premier's plan for the future: sell Western Power and quit. That is the Premier's plan. If the Premier wins the next election, he will sell Western Power and then quit the government. It is no wonder that he is so badly regarded by the Western Australian population. Members may have heard me say before that the current Premier is the most unpopular Premier in Western Australia's history. Not only that, he is also the most unpopular Premier in any state in the history of this country.

Several members interjected.

The SPEAKER: I want to hear one person—the member for Cannington.

Mr W.J. JOHNSTON: It is no wonder that 60 per cent of Western Australians oppose the Liberal government's plan to sell our asset, Western Power, in a fire sale.

Dr M.D. Nahan interjected.

The SPEAKER: Treasurer, I call you to order for the second time.

Mr W.J. JOHNSTON: The Liberal Party created the debt and now it is going to make everybody else pay for it. The privatisation of Western Power means that there will be higher prices for families, less flexibility for the future and, according to the Premier, less economic development. We will have to pay fees to merchant bankers and we will have less income for WA's taxpayers. If the government sells Western Power, more revenue will go to Canberra and less revenue will go to the WA government. The government rightly complains about our 30 per cent GST share, yet its proposal to share income taxes from Western Power is to give it all to Canberra—100 per cent of the tax equivalents will go to Canberra. Let us understand that. When Western Power is held by the state government, the tax equivalents come to us and we spend them on the services that Western Australians need. If the government sells Western Power, that money goes to Canberra for the federal government to spend, not us. The sale of Western Power will take money out of the pockets of schools and hospitals in Western Australia and put it into the federal government in Canberra's pockets for it to distribute to other states.

We all know that privatisation does not make electricity cheaper. WA families cannot afford an expensive privatised electricity system. The Liberal Party has demonstrated a bad record on privatisation, including Westrail's freight network and Alinta Energy. The Premier said that the price of gas would only go up with inflation. Everyone knows that that statement is completely false, yet that is what the Premier promised. The privatisation of the Fiona Stanley Hospital costs us tens of millions of dollars a month. It cost \$100 million before the hospital even opened. I lived in the northern suburbs, in Wanneroo, when Wanneroo Hospital was closed. The Liberal Party sold that hospital and it was an absolute disaster. A baby died because of that privatisation. That is the reality. That is exactly what happened!

Several members interjected.

The SPEAKER: Members!

Mr W.J. JOHNSTON: WA Labor understands voters' anger about this Liberal Party sellout. They can see that this is a sellout by a government that does not tell the truth about privatisation. *The West Australian* states —

Compounding the problem for the Premier was a separate question that found 60.7 per cent of those polled opposed selling government assets such as Fremantle port and Western Power to repair the Budget.

Indeed, only a minority of Liberal Party voters support selling Western Power and the port. The Liberal Party's promise in 2013 was very clear: all its promises were apparently fully funded and fully costed. What is the justification for breaking those promises and asking to sell Western Power? Where is Metro Area Express? MAX has not been delivered. It is a broken promise. There has been one broken promise after another. There is plenty of money for the Premier's pet projects, but there is no money for schools, hospitals and ordinary services for Western Australians. That is the problem. Every day staff positions are being cut in the hospital system.

Several members interjected.

The SPEAKER: Members! We have the wall of noise.

Mr W.J. JOHNSTON: Staff are being cut from the South Metropolitan Health Service and clinical staff are being sacked today because of this government's failure to manage its budget.

The Premier has decided that he is going to be humble. He now says that the government is the underdog, but what did he say in August 2015? The Premier is quoted in *The West Australian* as saying —

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“I don’t intend that we will lose a single seat,” he said.

“Some of them are going to be tough to hold, but we will hold them and I’m confident we can also wrest some seats from our opponent.

That is the arrogance of the Premier. That is the arrogance that has been rejected by ordinary Western Australians across the state. The Labor Party is the only political party in Western Australia that puts ordinary Western Australians at the heart of its promises. We are the only party that has a real story to tell about the future of this state. Our plan is not like the Premier’s plan to sell Western Power and quit the Parliament. That is not our plan. Our plan, now that the boom is ending and people are worried about what this arrogant and out-of-touch government has done to the state, is to rebuild the state’s finances brick by brick. We know that no Western Australian can trust this Premier.

MR C.J. BARNETT (Cottesloe — Premier) [3.26 pm]: I would like to take this opportunity to say a little bit about Western Australia. The one absolute central theme of what the Leader of the Opposition said is negativity about this state. He has no confidence in the state and its future. We simply got clichés and the same old rhetoric from the Leader of the Opposition and just drivel from the member for Cannington. The member for Cannington made no sense and just gave us throwaway lines. I am going to be a little bit more serious and say something about Western Australia that opposition members should know.

Ms R. Saffioti: Are you going to give a lecture?

Mr C.J. BARNETT: Yes, I am going to give a lecture—sit back, relax and listen!

Several members interjected.

The SPEAKER: Members!

Mr C.J. BARNETT: Let us step back a bit and look at Western Australia. For a start, there are only eight countries in the world that are bigger in geographic area than Western Australia. That is the number one fact. This state produces 43 per cent of Australia’s merchandise exports. At the peak of the commodity price cycle it was over 50 per cent and I suggest that by the end of this decade it will again be over 50 per cent. We absolutely dominate Australia’s international trade. It is a reality that issues of isolation and distance impact on virtually every aspect of life in Western Australia. That is the reality. One issue of isolation and distance is that we are not connected to the national grid. In the last nearly eight years since this government was elected, this state has achieved by far the highest rate of economic growth of any Australian state—although it has slowed now—and way above the rate of national growth. Yes, we are cyclical, because we are export orientated and we very much depend on commodity prices. That is the nature of this economy. Yes it carries some risks, but it gives us a higher trajectory long term, as we have had in the past and we will have in the future. There is no sense that members opposite understand that.

In the seven years from 2008 until the end of 2015 the population of this state grew by 420 000 people. In fact, the population growth statistics would be higher if we had the data from last year. That is not far short of the entire population of Tasmania, which is 516 000 people. During the term of this government we have grown by virtually the population of Tasmania. That population growth presents a few challenges. Western Australia’s geography, its isolation, its population growth, its dominance in exports and the reliance the national economy places on this state to be a strong first world trading nation—a top-20 nation—present challenges. Commodity prices have come off the peak; as they have before and as they will again. Suddenly, the rest of the country is looking around and saying that the mining boom, as they call it, has finished. No, an industry that peaked at over \$107 billion is still worth probably over \$95 billion a year. The dominant export industry of Australia is not about to disappear; sure, it has slowed, but it will come back—as it has many, many times over the decades—yet opposition members dismiss that.

It is true that we will probably never experience the growth that we have had over the last few years in mining, petroleum investment and the expansion of production that is now coming on. As the state has grown, this state government quite deliberately had a big, strong and aggressive capital works program. Why? The first reason is the neglect of the previous government. Only one significant and major capital works project was undertaken and achieved by the previous Labor government, which was the Mandurah railway. Who was that down to? It was Alannah MacTiernan.

Several members interjected.

Mr C.J. BARNETT: I give her the point. She had a bit of drive and she got on with it. It was the only major project that members opposite achieved—the only one.

Several members interjected.

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The SPEAKER: Members!

Mr C.J. BARNETT: Okay, Alannah again.

Several members interjected.

The SPEAKER: Members!

Mr C.J. BARNETT: I can mount a case that both of those projects—the Mandurah rail line and the dual carriageway down to Bunbury and the south west—had their origins under the previous Richard Court government. Both of those projects originated under the Court government, particularly the dualling of the road because all the sections south of the Forrest Highway connection were done under the Court government and, yes, the final link was done by Alannah MacTiernan—congratulations Alannah. All the first sections were done —

Several members interjected.

Mr C.J. BARNETT: I am not saying that. I am giving you credit —

Several members interjected.

The SPEAKER: Thank you, member for Butler; I call you to order for the first time. Member for West Swan, I have been pretty lenient on you.

Mr C.J. BARNETT: The previous government's neglect in all sorts of areas, and the fact that just as this government came into power, the global financial crisis hit, and hit Western Australia particularly hard because of its export exposure, meant that we went out aggressively with public works. They were much-needed and also well-timed. We got this state through the global financial crisis without the catastrophe that could have happened. This government is also getting this state's economy through the rapid and large decline in commodity prices because we are maintaining capital expenditure in all sorts of areas. The state government and particularly this —

Several members interjected.

The SPEAKER: Member for Warnbro, I call you to order for the first time. Member for Churchlands, I call you to order for the first time. No, Warnbro might be for the second time; Churchlands is for the first time. I want to hear the Premier.

Mr P.B. Watson: Give him two, Mr Speaker.

The SPEAKER: Member for Albany, do not tempt fate.

Mr C.J. BARNETT: Strong capital works projects across all areas of government has meant that during the nearly eight years of this government, the asset base of the Western Australian government has grown enormously because we have built things. We have built schools, we have built hospitals, we have built roads, we have built power supplies and we have built water supplies.

Mr P. Papalia: And prisons.

Mr C.J. BARNETT: And we have built prisons too. Members might be interested to know how much the asset base has grown. In 2008, the state government's asset base was \$124 billion; today, it is \$190 billion. That is almost a \$70 billion growth in the asset base of the government of Western Australia. That is significant.

Mr W.J. Johnston interjected.

The SPEAKER: Member for Cannington!

Mr C.J. BARNETT: That is a measure of the capital works undertaken by this government—something members opposite did not do in government and something members opposite would not have done if they had been in government during this period.

Mr W.J. Johnston interjected.

The SPEAKER: Thank you, member for Cannington. You have had a turn. I call you to order now for the first time.

Mr P. Papalia interjected.

The SPEAKER: Member for Warnbro, you are on two calls.

Mr C.J. BARNETT: The capital works projects are reflected in the almost \$70 billion growth in state assets during this government's term. That in itself is a significant achievement—a huge achievement. Against that investment, as of basically now at the end of this financial year, we will have a total level of debt of \$30 billion.

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As I have said on numerous occasions, that is too high, but that debt is not loss as some might see it. That debt is an investment program in long-term assets for the people of this state. That is what it is about.

Several members interjected.

The SPEAKER: Members!

Mr C.J. BARNETT: Can I remind members of the composition of that debt? Sixty per cent of that debt is associated with water and power supplies to service the extra 420 000 people in this state. Would members opposite not have done that? Would they not have expanded water and power supplies to meet the population? If we then add in investment in hospitals and schools to service the existing population, to make up for the lack of investment by the previous government in those areas and to improve the quality and presence of health and education facilities, then 90 per cent of that debt is covered by water, power, schools and hospitals—90 per cent of that debt! Which schools would members opposite not have built? Which hospitals would they not have built? Which ones? Name them. Can they name a hospital that they did not want to build, name a school that they did not want to build, name a power supply that they did not want to extend and name a water supply that they were not willing to extend? They should name them if they are critical!

Mr Speaker, members opposite point to Elizabeth Quay and Perth Stadium as pet projects of the Premier or whatever else. Thank goodness we have Elizabeth Quay and thank goodness we are going to have a world-class stadium because if we want to bring people to this state and we want to grow the tourism, hospitality and entertainment industries, government expenditure is needed in that type of infrastructure. That is what we need. Members opposite would not have done it because they would not have had the courage or the decisiveness to actually make a decision, as they could not when they were previously in government. They would not have been able to get to the table and make the decision.

Several members interjected.

The SPEAKER: Members!

Mr C.J. BARNETT: Let me turn to privatisation.

Several members interjected.

The SPEAKER: Member for Warnbro, I call you now to order for the third time. Member for Swan Hills, I call you to order for the first time. If you want to exchange pleasantries, go outside.

Mr C.J. BARNETT: Given the situation with GST—I am not going to talk about this in any length at all—this state is only getting 30 cents in the dollar this year; I think we all know that. The effect of that is that the state loses \$4.5 billion, taken by the commonwealth and given to other states.

Mr W.J. Johnston interjected.

The SPEAKER: Member for Cannington!

Mr C.J. BARNETT: If the state had a per capita share, we would be in surplus to the tune of \$1.3 billion, but we do not have that.

Several members interjected.

The SPEAKER: Member for Girrawheen, I call you to order for the second time. Member for Wanneroo, I call you to order for the first time. We have had a reasonable debate to now; let us continue.

Mr C.J. BARNETT: The GST issue, which I think the people of Western Australia understand well, means that we are running —

Dr A.D. Buti interjected.

The SPEAKER: Member for Armadale, I call you to order for the first time.

Mr C.J. BARNETT: If Western Australia had its per capita share—indeed, if we had even, say, 75 per cent of our per capita share—this state government would be in surplus not large deficit. The result of the GST issue alone means that, on a current basis, we are running significant deficits, therefore adding to debt. Given the GST, there is no circumstance in which the state could not be running a deficit at present on our annual operating balances. Debt has been added to and we therefore have a dilemma: How do we maintain services and how do we make the necessary capital expenditure into further assets right across all infrastructure areas? How do we do that? Recognising that our asset base has gone up by \$70 billion, maybe it is the right thing, on financial grounds, to sell some assets and to use part of that to invest in the new assets a growing state needs and to retire some of that debt. That makes some sense to me. In looking at that, some pretty obvious questions arise when dealing with that reality. The first question to ask is: does the asset need to be in government ownership? I would say that the asset that has been sold—the Perth Market Authority—did not need to be in government ownership.

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Indeed, there is no doubt that its privatisation will bring new investment and expansion to the horticultural and fruit industry. Does the TAB, a betting agency, need to be in government ownership? I would say emphatically no as there is a conflict of interest in the government, as a regulator of gambling, owning a gambling business. We can look at other entities.

Several members interjected.

Mr C.J. BARNETT: I am not interested in your perception.

A second issue we will look at is the value of the asset. Indeed, if the value of the asset in government ownership is greater than what it could be sold for, we just would not sell it. That will be a second test on any asset that has been sold. I have a bit of experience in privatisation from a long time ago—back in the 1990s. I will tell members what that is; I will not dwell on it. I wrote the policy for the Richard Court government, which identified from day one that we would privatise Bankwest, which we did, and we would privatise the SGIO, which we did. As a former energy minister, I handled two privatisations, one being the Dampier to Bunbury natural gas pipeline and the other Alinta, which I will talk about. Both of them were financially very successful to the state. But something came out of that experience. If we are going to privatise something, the public needs to be aware of our intentions. To win public support, it is not enough to simply say that the sale of an asset will be used to retire debt. The public, quite properly, will want to be convinced that it is in the public interest to privatise. It will also look for some tangible benefit. In the case of the privatisation of Alinta, the tangible benefit to the community, which the community supported, was in two forms. The first was the right to buy shares, and 100 000 Western Australians did buy shares and did very well out of it. The second was a commitment by the state government to put \$100 million worth of computers into government and non-government schools. Computers were a lot more expensive then. That was a huge capital investment into education—a direct result of Alinta. Let us take the privatisation of the port of Fremantle. There are a host of issues, but the tangible public benefit goes simply beyond retiring debt, as the Treasurer has already referred to in previous debates. If the port of Fremantle is privatised, an issue that has been neglected by successive governments will be resolved; that is, to move the live export of sheep and cattle from the inner harbour to the outer harbour in purpose-built facilities. As the Treasurer has said, the investment from the privatisation of Fremantle port will go into a dedicated high-standard animal welfare facility for the live export trade, away from the inner harbour.

Ms L.L. Baker interjected.

The SPEAKER: Member for Maylands!

Mr C.J. BARNETT: The farming industry has neglected that issue for decades. Its whole industry is at risk because if the Labor Party is elected, it will oppose and close down live exports. Yes, it will. It will close it down. It will cave into public opinion and close it down. Yes, it will. The privatisations provide a direct benefit to farmers in this state for what is a growth sector in agriculture.

Ms L.L. Baker interjected.

The SPEAKER: Member for Maylands, I call you to order for the first time.

Mr C.J. BARNETT: I will conclude, because the Treasurer will speak more about Western Power.

There are a lot of issues with the privatisation of an entity such as Western Power. It is a natural monopoly. It is a key agent of economic development and the like. But the world has moved on. The regulatory regimes that are in place today are strong. They were not there a decade ago.

Mr M. McGowan: What about talking about your commitment?

Mr C.J. BARNETT: Yes, I will talk about the commitment.

Mr M. McGowan interjected.

Mr C.J. BARNETT: Yes, I know, sunshine; I will respond to that.

When I was asked about Western Power at the time of the 2013 election, I said quite clearly and unequivocally that this government will not be privatising Western Power. I made it clear that we have absolutely no intention of going near the privatisation of Western Power during this government. That keeps the commitment. We have also said that if we are going to look at the privatisation of Western Power, we will take it to the electorate; we will take it to an election campaign. We will be looking for an acceptance, even support from the public, that it may be in the state's interests. We need to satisfy ourselves that the regulatory regime will make sure that power supplies are expanded and that consumers will not be adversely affected in any way. Indeed, the evidence is that transmission costs will probably come down under a regulated private Western Power. We will satisfy ourselves before that and no decision will be made on Western Power until after the election.

Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Mick Murray; Dr Mike Nahan; Ms Rita Saffioti;
Speaker; Mr Terry Redman; Mr Dave Kelly

We have kept our commitment to the people of Western Australia. We are going further because we will take it to the next election. We cannot do more than that in politics. That is being absolutely scrupulous and honest. I will allow the Treasurer to say more about Western Power itself because the world has moved on. Our responsibility is to contain debt but, more importantly, to fund the future capital needs of this state in health, education and transport, including public transport. Everyone wants more trains and everyone wants better bus services. How can we fund that given the GST situation unless we sell some part of that \$70 billion increase in assets that has been achieved under this government?

MR M.P. MURRAY (Collie–Preston) [3.47 pm]: I have been approached by many people. The main thing they say about privatisation is that ports, power, water, hospitals and schools should always stay in government hands. If I have heard that once, I have heard it a hundred times. I have heard it time and again in the last couple of weeks.

Let us go back to the privatisation of the rail lines. Down south in my area and in the member for Warren–Blackwood’s area as well the rail line did not last very long because Wesfarmers did not carry out any maintenance to that railway line. It came back to Parliament and said it needed \$8 million for maintenance otherwise it would shut it down. The government, rightly so, said that under the agreement, it was Wesfarmers’ job to maintain that line. It said it would shut it down. Now what do we have? We have trucks all over the road and trucks up and down the highway. The highway was supposed to have had \$17 million worth of work and it has not been completed. The work has not even started. Then we get the traffic that comes into the city and the place is jammed up. Why? Because the government privatised the rail line and allowed Wesfarmers to get out of jail after it said it would not spend that money on maintenance. The rail line went into receivership as such and was left. It is still sitting there today—a very good rail line that needed \$8 million. The company that got it took the cream—three-tier rail is very similar—and when it came to providing the maintenance, it ran back to the government. That is an absolutely appalling state of affairs. I believe that would happen with the power lines as well. Members should try to get the power on in country areas through the extremities of the south west interconnected system and see what it costs. People in the city do not understand that. I am sure the Leader of the National Party will agree with me about that. We are starting to talk about \$30 000 or \$40 000—the highest amount I have heard is \$70 000—to get the power put on. Imagine if that was done by a private company; the amount of money would be doubled.

I will move on from power because of the short amount of time left. Do members remember what happened to Main Roads? Main Roads was privatised. What happened to the first lot? Some very good works were done and they lasted about a year. The people who were involved did not come back to do the warranty work or the maintenance. In fact, Silverthorne had 50 or 60 trucks. What did it do? It declared bankruptcy so it did not have to carry out the maintenance. What did it do a couple of months later? It started another company. However, did it have any contracts to come back and do the maintenance on those roads that were peeling because they were substandard? No, it did not. The state then had to pick up that cost. An assessment was also done on whether it would be better to bring Main Roads back under the government, and it was proven that it would be better, but no-one at that time—I mean no-one—had the political will to make Main Roads into a government entity again. In saying that, we know what has happened. We see it even today when small companies do a section of road and then it breaks up, but the companies have gone and there is a new name on their trucks a month later. The Premier cannot tell me that it does not happen, because he knows very well that it does. That has happened even in the Northam area. The name on the trucks is not seen again. That probably occurs more so today with a shrinking economy. People cannot pay their bills as they used to. These companies have probably taken on contracts to do work that they probably should not have taken on.

I was bailed up again in Bunbury the other day by some people who were very angry about the Water Corporation’s engineering and construction division being sold. They asked me why it was sold. That has hurt immensely the private contractors in Bunbury who were subcontracting to the government arm of the Water Corporation. They have now been pushed out of the game because the new company has taken over. But, worse than that, the Water Corporation division was sold for a price that equated to one year’s profit. The member for Bassendean has said many times that it was a giveaway. The people in Bunbury are very angry at this. They have said to me, “Do you think I’m going to vote for that “b”?” So that the person knows that I raised that issue with the Premier, that was said in a very strong Irish accent. That is what happens to country towns, because centralisation does not work. We can ask anyone in a country town what happens. They lose services and jobs and then they lose teachers and then the small shops shut. Kalgoorlie, which would not be the smallest town around, has lost 6 000 people in the past couple of years. The mayor has told me that he is disgusted —

Mr D.T. Redman interjected.

The SPEAKER: Leader of the National Party, I call you to order for the first time.

Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Mick Murray; Dr Mike Nahan; Ms Rita Saffioti;
Speaker; Mr Terry Redman; Mr Dave Kelly

Mr M.P. MURRAY: That is what happens when there is shrinkage. As I have a very short time to speak, I am adamant that we not privatise, and I say that on behalf of the people of the south west.

DR M.D. NAHAN (Riverton — Treasurer) [3.52 pm]: I would like to go through the issues. Obviously, this will not be our last debate on this matter so I will stick to the issues. The first position of the government has been clear: our policy is not to sell Western Power. The Premier has indicated quite clearly that, at the next budget, we will review the policy and, if we decide to sell or lease Western Power, we will take it to an election and get a mandate from the people for it. What could be more democratic than that?

As to the port, this is not a rare thing. Most of the states either have sold or are in the process of selling their distribution and transmission assets. There are a whole range of things. Members opposite are going to run a New South Wales-like anti-privatisation campaign, and we will be like Mike Baird and argue the principles.

Mr W.J. Johnston interjected.

The SPEAKER: Member for Cannington!

Dr M.D. NAHAN: If we decide to do that, we will argue the case. It is not rare, because Western Power was split up some 10 years ago by the Labor Party. It was set up as a poles-and-wire regulated monopoly. The amount that can be spent and the prices it can charge are determined not by the government, as the Leader of the Opposition foolishly stated, but by the Economic Regulation Authority. The government does not have power over the determination of the price or the return or regulated asset base of Western Power now.

Mr W.J. Johnston interjected.

Dr M.D. NAHAN: No, it does not. Therefore, it does not have any input on how much it can charge.

Ms R. Saffioti interjected.

The SPEAKER: Member for West Swan!

Dr M.D. NAHAN: It is a regulated monopoly independent of who owns the asset. The ERA sets safety and delivery standards and enforces those, along with EnergySafety. It would be regulated in the same way whether it was owned by government or otherwise, as it is in the eastern states. We have had a lot of debate about the eastern states, particularly the government-owned assets in New South Wales and Queensland. Over 10 years, we have seen huge increases in the cost of distribution and transmission assets, forcing up electricity prices by 100 per cent. They are now on the way down.

A couple of issues have to be addressed. There is no broken promise. It is a regulated monopoly. Contrary to the \$400 million that the Leader of the Opposition mentioned, last year the state got \$197 million in both dividends and income tax, including the special dividend.

Mr W.J. Johnston interjected.

The SPEAKER: Member for Cannington!

Dr M.D. NAHAN: The expert and political brains trust over there who has been involved in every Labor Party political machination cock-up in history —

A government member: And lost!

Dr M.D. NAHAN: — and lost is always lecturing people.

As to jobs, the determination of how much is spent and the outline is determined by the regulator. I think the Leader of the Opposition mixed up selling electrons and selling services in terms of access to transmission and distribution assets. Western Power does not sell anything in small towns. It provides transmission and distribution assets that Synergy and others use.

Mr M. McGowan: Yes, that is right.

Dr M.D. NAHAN: That is not what the Leader of the Opposition said. We are going to see a Foley-type campaign, similar to the one in New South Wales this year, and we will be told that the prices will go up and there will be safety issues. As we know, one of the major outcomes from the failed push by Stephen Smith is that the Leader of the Opposition now is more beholden than ever before to the union movement, as was Mr Foley in New South Wales. That is what this debate is all about.

I urge members to go to the ABC's Fact Check on this issue. It goes into great detail and describes Mr Foley's claims, which are the same as the claims by the Leader of the Opposition and the member for Cannington, as "spin". The claims are that there will be higher prices and less safety—all spin. That is the ABC. This is such a radical thing that I will quote Ben Wyatt. I think he is the shadow Treasurer. He is not here now. John McGlue interviewed him on 28 March 2014.

Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Mick Murray; Dr Mike Nahan; Ms Rita Saffioti; Speaker; Mr Terry Redman; Mr Dave Kelly

Point of Order

Ms R. SAFFIOTI: It is usual practice to refer to someone by their seat, not by their actual name.

The SPEAKER: All right. Thank you.

Debate Resumed

Dr M.D. NAHAN: He is the shadow Treasurer, the member for Victoria Park. His name is Ben Wyatt. He was interviewed by John McGlue on 28 March. He was asked about the privatisation of electricity assets and I will quote him because it is a very good point; I could not have put it better myself. He said —

At the moment I'd think there'd be great hesitation selling a big monopoly asset —

This is controversial and that is why we will take it to the election —

although a regulated environment can indeed I think deal with that as it has done in other states.

The Leader of the Opposition criticised us for even contemplating moving it to that other regulation that the member for Victoria Park now says does work—that is, the regulation on the eastern seaboard. The shadow Treasurer was then asked whether it could be done if there was a good regulation system, and he said —

... but to answer your question, provided those conditions are dealt with appropriately I can't see why not.

That is very sensible; he should join this side. He must be embarrassed by his own side, because I know he has been going out, quite rationally, and saying, "Listen, I know the challenge the government faces; that is, we have large capital needs and less ability to meet those needs, and we can't put everything on debt, so we need to recycle assets, sell assets that we don't need to own, make sure they're adequately regulated, and use those proceeds to spend on assets, particularly in public transport, across the board. That's what you do. That's what businesses do, that's what households do, and that's what this government needs to do."

I know the member for Victoria Park rationally talks about that. He indicates that he is open to selling electricity assets if we can get the regulatory regime properly in place, and I know the member for Cannington goes around asking people, "What about selling the transmission?" The transmission is different from the distribution system. He is going out and asking people around the electricity industry; he is open-minded to that, but the leader is the leader —

Mr W.J. Johnston: That's just a lie!

Withdrawal of Remark

The SPEAKER: I call you to order, member for Cannington. Withdraw that statement, please.

Mr W.J. JOHNSTON: I am not quite sure whether I should, because it is not true. He is saying something he knows to be untrue.

The SPEAKER: Just withdraw it, please. You said, "That's a lie", so withdraw it.

Mr W.J. JOHNSTON: Okay; I withdraw.

The SPEAKER: All right; it is withdrawn. I call you to order for the second time.

Debate Resumed

Dr M.D. NAHAN: We know that the Leader of the Opposition, now that he is safely in front, is beholden to the union movement like never before. All he is going to do is run a scare campaign that will harm the future of Western Australia. It is quite pathetic, but that is what we expect.

MR D.T. REDMAN (Warren–Blackwood — Leader of the National Party) [4.02 pm]: In the very short time I have I want to make just a couple of points. One is that no decision has been taken to sell Western Power—that is the first point—and the National Party will absolutely do its due diligence on that. There is an argument about two assets in particular around what we call disruptive technologies, when technology starts to overtake where the current assets are at. One of those assets is the Totalisator Agency Board. I find it interesting that now that the minister seems to be getting pretty good support from industry, the Leader of the Opposition is starting to get a little bit wobbly in his position on that one. That is the point I will make there.

Mr P. Papalia interjected.

The SPEAKER: Member for Warnbro!

Mr D.T. REDMAN: The other one is Western Power. There are some very good examples around the place in which we are trialling battery technology to see how it can be used to reduce the impact of capacity challenges to the network.

Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Mick Murray; Dr Mike Nahan; Ms Rita Saffioti;
Speaker; Mr Terry Redman; Mr Dave Kelly

I want to make one closing point. The member for Collie–Preston stood up, right next to the member for Cockburn, and said that this government, through its privatisation process, runs the risk of pushing up the price of power to regional Western Australians. When the member for Cockburn was the Minister for Energy, he introduced the distribution headworks charges. For those who remember when that happened, it meant that a small business on the edge of the grid in the south west interconnected system had to pay a contribution to the capacity upgrades to get power to their business. Do members know how much that cost a small business in Denmark? It cost an extra \$30 000 for a small business in Denmark. So how can the member for Collie–Preston —

Several members interjected.

The SPEAKER: Member for Albany, calm down! It has nothing to do with you; he is talking to the member for Cockburn.

Mr D.T. REDMAN: How can the member for Collie–Preston rail against this government by saying that we do not support regional Western Australia, when the person sitting right next to him put a charge of \$30 000 extra on a small business in Denmark? If that exact same business decided to set up in Walpole, another 50 kilometres away, it would have had to pay \$60 000 extra. Guess how much that person would have had to pay if he were setting up the same business in Cockburn? Zero. That is what the Labor Party introduced when it was in government and that is why we have to consider all the opportunities before the government to deliver good outcomes to the people of regional Western Australia. The opposition has no credibility in regional Western Australia. One of the first things we did when we came to government was wind back the member for Cockburn's position for those people who live on the edge of the grid in regional Western Australia. The Labor opposition has no credibility in regional Western Australia.

MR D.J. KELLY (Bassendean) [4.05 pm]: What a pathetic defence of this government's position on the privatisation of Western Power.

Several members interjected.

The SPEAKER: We have the wall of noise!

Mr D.J. KELLY: We heard the Premier talk about his \$30 billion of debt as though it was part of a deliberate and calculated capital works program. The truth is that the Premier said that debt would peak at \$20 billion. What did we get?

Mr J.H.D. Day interjected.

The SPEAKER: Member for Kalamunda, I call you to order for the first time.

Mr D.J. KELLY: What did we get? We got \$30 billion of debt. If it was such a good idea to put debt to this level, why did the Premier not tell the public of Western Australia that he was going to do it before he did it? The truth is that the Premier has lost control of the state's budget, and because —

Mr P.T. Miles interjected.

The SPEAKER: Member for Wanneroo, I call you to order for the second time. I am trying to hear the member for Bassendean.

Mr D.J. KELLY: Because he has lost control of the state's budget, now he is selling off —

Mr F.A. Alban interjected.

The SPEAKER: Member for Swan Hills, I call you to order for the second time.

Mr D.J. KELLY: Because he has lost control of the state's budget, he is now selling off assets such as Western Power. He is not doing it because it is in the best interests of the corporation; he is not doing it because it is in the best interests of the customers. He is doing it to sell down state debt to try to cover himself for the chaos he has caused in this state's budget. That is simply all he is doing. He has caused chaos in the state's budget and that is why he is selling off the state's assets. The Premier promised that he would not sell Western Power. People heard that promise. They do not cop any of the weasel words that we are now hearing from his side that this is not a broken promise. They see those words for what they are: weasel words. People will remember at the next state election —

Mr P.T. Miles interjected.

The SPEAKER: Member for Wanneroo, you are going to have a rest. I call you to order now for the third time.

Extract from *Hansard*
[ASSEMBLY — Tuesday, 22 March 2016]
p1550f-1562a

Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Mick Murray; Dr Mike Nahan; Ms Rita Saffioti;
Speaker; Mr Terry Redman; Mr Dave Kelly

Mr D.J. KELLY: The Premier will pay the price for his broken promise. The National Party came in here today, talking about some charge introduced by the previous Labor government. It could have given a clear commitment that it would not support the sale of Western Power, the TAB and the Fremantle port, but it did not. The National Party had three minutes to state its position and defend its position, and all it has done is join the conga line with the Liberal Party, as it always does. At the end of the day, the National Party, along with the Liberals —

Dr K.D. Hames interjected.

The SPEAKER: Minister for Health, I call you to order for the first time.

Mr D.J. KELLY: You can try to shout me down, but the people of Western Australia know. They do not believe a single word you say, and that is the truth.

Division

Question put and a division taken with the following result —

Ayes (21)

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

Noes (35)

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

Pair

Mr P.C. Tinley

Ms E. Evangel

Question thus negatived.