

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 22 June on the following motion moved by **Hon Ljiljanna Ravlich (Minister for Education and Training)** -

That pursuant to standing order 49(1)(c), the Council take note of tabled paper 401 (2005-06 *Budget Statements*), laid upon the table of the house on 26 May 2005.

HON MURRAY CRIDDLE (Agricultural) [2.33 pm]: I welcome the opportunity to make some comments on the *Budget Statements*. Before doing that, I will comment on the leadership of both the federal and the state National Party. The Deputy Prime Minister, John Anderson, has indicated that he will stand down after having occupied that position for six years. He has been a member of Parliament for about 16 years. He has been leader of the federal National Party for quite some time. I wish him well in his move to the back bench. He is suffering from some medical problems. He has indicated that he wants to spend more time with his family. He has been a very good servant of country people. I wish him well and congratulate him on his contribution not only to his seat of Gwydir but also to the nation for the work he has done. I am sure that regional Australia recognises all the work he has done. His wife Julia has been steadfast in her support of him. I have known John for nearly all his time in the federal Parliament. I enjoy my friendship with him; I wish him well.

I will also comment on the Western Australian situation. Max Trenorden has resigned and the new leader is Brendon Grylls. Max has been a member of Parliament for 20 years and has served as Leader of the National Party for the past four years. He has done an admirable job in that position. He has very definite opinions. He has been steadfast in his support of country and regional Western Australia. He continues to serve as a National Party member in the seat of Avon. Obviously, he and I will continue to have conversations quite often. I have just met him in the parliamentary dining room with a number of people from his electorate. He is moving on with the task of representing his electorate.

I will comment on the season in Western Australia and some of the comments I heard the Treasurer make in the other house just a few minutes ago. He indicated that the Leader of the Opposition did not understand the current situation. I ask the Treasurer to reflect on the situation he is in at the moment. The level of government revenue in Western Australia is at an all-time record. Things are going along very well. The previous coalition government had to face the Asian economic crisis and a very serious drought in Western Australia. That government had to manage those things as it went forward with its budgets. It is all very well to be a wizard when things are going well. However, when things get tough, it is a totally different issue. We should reflect on the situation four years ago when the Premier was in election mode. He promised not to raise taxes. However, within a very short space of time there were tax increases. The government knew that income would improve, yet none of it was taken into account in the budget. If a person can handle a budget in tough times, he should be able to manage increases in income and revenue. Hon George Cash gave a very detailed analysis of the budget. I will not go into the details of the budget because that has been covered more than adequately. This government will spend \$3.9 billion more than the coalition government had to spend four years ago. It is not a bad fillip to have an additional \$1 billion a year to spend even though other taxes have been put in place. I know that the government has wound them back slightly but they are still biting. Some areas concern me greatly. There is indicated expenditure of \$4.7 billion in the budget. I wonder how much of that will be spent. I am not sure that the \$3 billion or more in each of the other budgets was fully spent. I am interested to see whether the government expends the money in the time allocated. A total of \$15 billion is expected to be spent over this term of government. It is all very well to say that, but to expend it and get it into the community is another thing.

Hon Kim Chance: I was thinking that myself. Historically, capital commitments are very rarely fully spent. I am hopeful that we will be able to spend the bulk of the \$4.7 billion but it is always a big ask.

Hon MURRAY CRIDDLE: It is a big ask but to continually claim that the figure is \$3 billion or \$4 billion ignores the fact that money is being rolled into the next year. It is a concern. The figures can be claimed, but the ability to do it is the issue I am raising. That is the issue Western Australia faces. We need to see that expenditure.

I also highlight the fact that state debt is just over \$6 billion. The projection is that it will blow out to \$8 billion in 2008-09. There is an enormous blow-out in the debt even though a surplus of \$500 million is to be announced by 30 June. There is a double-edged sword here: the state is running up debt, on which we have to pay interest, and we have a budget that is in surplus. Recently about \$450 million was added to the Treasurer's Advance. As far as I can see that was done to get rid of some money and reduce the surplus. It is a comfort zone to be in surplus. However, it is necessary to manage a budget even though it is in surplus. If the government is taking money from the people, it should spend it on the important issues in this state. The level of road funding is an absolute disgrace. In this budget just over \$300 million will be spent on the roads. The first year after I was

removed as minister, about \$378 million was spent on the roads. That is an enormous drop in funding. It is all very well to complain about road safety. Road funding is the guts of road safety. If we build passing lanes, as the coalition government did on Albany Highway and places like that, it improves safety on the roads and reduces the number of deaths and accidents. Roads deaths and injury cost the state about \$1 billion a year. Injury obviously comprises the largest part of that cost.

I started my remarks by commenting on the enormous growth in export income in Western Australia. I want to reflect on the Australian figures, because they are directly relevant to Western Australia. Australia's mineral and energy exports are forecast to be worth \$84.8 billion in 2005-06. That is an increase of 23 per cent. That is reflected in things such as iron ore exports, which are forecast to increase by 60 per cent to \$13 billion in 2005-06, after increasing by 53 per cent in 2004-05. That is an enormous increase. With regard to coking coal, which is of more interest to the eastern states, the mine production export forecast for 2005-06 will be eight per cent higher than for 2004-05. Agriculture will be lower. In Western Australia our agricultural export earnings are worth about \$4.9 billion. Western Australia provides about 40 per cent of Australia's grain exports. That will be the case provided the rain continues in the eastern states. It may well be higher than that this year. There are many smiling faces in regional and country Western Australia at the moment, because we have had a very good start to the season, although my colleague Monty House tells me it is very wet in his area and he has managed to get only 2 000 acres out of the 9 000 that he is to put in this year.

Hon Kim Chance: They smile until you start talking about grain prices.

Hon MURRAY CRIDDLE: The Australian Bureau of Agricultural and Resource Economics has just indicated that grain prices, for wheat in particular, are likely to rise to \$218 a tonne. That is a reasonable figure, in my view, if farmers get good production.

Hon Kim Chance: There is every reason that they should get that price. World wheat stocks are very low. I cannot understand why there is a bear in the marketplace.

Hon MURRAY CRIDDLE: The price of malting barley is going up. The price of feed barley is also creeping up. Lupins are yet to make a move. There are some problems with soya bean crops around the world as well. This is a bad time of the year to start estimating grain prices around the world, because we know that towards the end of the year they are likely to rise. However, if the minister keeps maintaining our good marketing system, with the Australian Wheat Board and the single desk, and keeps looking after the Grain Licensing Authority, we will all be happy, and I am sure there will be a very good result at the end of the day.

Hon Kim Chance: I will do my best!

Hon MURRAY CRIDDLE: I am sorry about that little sideways move, but the minister led me into an area that I am familiar with.

Hon Kim Chance: It is just cockies being cockies.

Hon MURRAY CRIDDLE: Yes.

As I have said, Western Australia currently exports \$4.9 billion worth of products. Grain comprises about 40 per cent of those products. Western Australia currently exports about 25 per cent of Australia's wool clip, which caters for six per cent of the world's apparel market. The wool industry is in deep crisis at this time. Thankfully all the indications from the latest sales, particularly in Western Australia - I am sure it will be the same around the world - are that stock prices are good and will rise. The promotion by the lamb industry in Western Australia has been very good and has led to an improvement in the price of lamb. Western Australia's vegetable exports comprise 31 per cent of Australia's total export output. Thirty per cent of Australia's fruit, such as plums and peaches, are exported from Western Australia. Western Australia provides 60 per cent of Australia's animal exports through the live sheep trade. It is absolutely essential that we maintain the live sheep trade for older sheep, and also for younger sheep - a lot of younger sheep are going through that program - because it provides an essential basis for that industry. Until such time as we can establish an export market for meat that has been killed in Western Australia rather than for meat that is live, in no way should we change our attitude to the live sheep trade.

The other issue is mulesing. When I went home on Saturday I was handed a handpiece, because the lambs that were left over from last year and that had not been mulesed were getting flyblown. Anyone who wants an indication of the value of mulesing to our sheep flock in Australia and to the wellbeing of the sheep should get on a farm when we have a heavy rainfall year, as we are having this year, and see the effect of flies on a flock that has not been mulesed. The flies cause absolute havoc to the wellbeing of the sheep. There is nothing quite like trying to crutch a few maggoty sheep. It is the last thing anyone wants to do. I well remember when we started mulesing. It was one of the best things we ever did, because it had a marked effect on our management

of the sheep and on the condition of the sheep. However, if there is another way of overcoming the problem, everyone will accept that.

The agricultural industry has made giant moves forward over the past 10 or 15 years in tillage and in the planting and growing of crops. The management of agriculture is excellent. The major issue for agriculture into the future and also for fishing - I note the Minister for Fisheries is not in the chamber at the moment - is how they will manage their marketing arrangements. The product is excellent, but they will need to manage their marketing arrangements to provide maximum benefits for Western Australian producers. That will be no mean feat.

I now want to touch on biosecurity. At page 223 of the budget papers reference is made to the barrier fence, wild dogs, and cane toads in the north of the state. Before the Northern Territory election, the Country Liberal Party had intended to do some work on the issue of cane toads. I hope strategies are in place and that the minister is in communication with the ministers in the Northern Territory, because the Northern Territory is the last frontier, as far as I can see, before the cane toads get to Western Australia. We will not be able to deal with this issue in the estimates in the short-term, unless we form a committee, but I would like the minister to make some statements in the near future on how the problem with cane toads will be handled in Western Australia, because that issue is absolutely paramount. I hear that some animals die when they eat the cane toads. That is just a start. The cane toads will wreak havoc on Western Australia if they are able to get into the state.

Hon Kim Chance: Certainly. I have met with the territory government on this matter, and we have had excellent cooperation. We have a five-person team in the Northern Territory right now, and it is working between the Western Australian border and Victoria River and doing some excellent work.

Hon MURRAY CRIDDLE: I am pleased to hear that, because this will be a very important issue for Western Australia.

The other issue that I want to touch on is at page 241 of the budget papers; that is, the Western Australian Meat Industry Authority and the Muchea and Midland saleyards. I notice that some expenditures are going ahead. There is mention in the budget of asset sales worth \$6.5 million.

Hon Kim Chance: That refers to one half of the Hazelmere land down near the Great Eastern Highway bypass.

Hon MURRAY CRIDDLE: My interest, as the minister would have guessed, relates to where the majority of funding will go in the future. Indications I have received are that far more money will come in from the sale of the land related to the Midland saleyards than will be expended on saleyards. A new saleyard like that at Katanning is needed. I would also like to see something done with the Mt Barker cattle yards, as I am not sure they are in the right place.

Hon Kim Chance: They are there now.

Hon MURRAY CRIDDLE: Indeed. Issues pertaining to the Northam saleyards need to be resolved quickly. If the minister goes ahead with the Muchea saleyards, he will find they draw capacity from Northam. Those difficulties need to be sorted out. Bert Llewellyn at Northam would like to hear a final outcome in the near future.

Hon Kim Chance: He's already heard it; he just didn't listen.

Hon MURRAY CRIDDLE: I will touch on a number of budget matters related to roads and the rail industry. It is interesting to note that the Public Transport Authority is taking 11 per cent of the \$4.7 billion allocation, which is like putting money into a bottomless pit. I will explain that comment as I go along.

I was riled a little when the Treasurer put out a press statement indicating that he would slash \$328 million of debt from the "failed Westrail freight privatisation". The previous government raised \$585 million from that process. I was the responsible minister for the sale. An indication was given at the time that the purchaser would spend \$400 million on new rail infrastructure such as rolling stock and the like. Also, the debt on that sale, which probably reached \$800 million by the time the sale had been concluded, was historical, and there was a growing requirement prior to the sale for the state to spend money on rail infrastructure; in fact, about \$100 million was spent in the year the operations were sold and the line was leased. Many people say that the government sold the line. That is rubbish: we leased the line and sold the operation. The Treasurer's statement indicates that the government has paid off a lot of the debt. However, much of that debt was historical. The Treasurer said that the purchaser would spend \$400 million. I have been to the purchaser, and that company has spent \$700 million on rail and road infrastructure in Western Australia over the past five years. I did not state that - it is here in the company's media statement released after I rang and told company representatives what was going on. The company has put in 880 000 new sleepers, installed 128 kilometres of new rail, and overhauled about one-third of its 200 locomotives. Nobody in the rail system complains about rail, apart from the fact that it is competitive with road. Too much freight is on road; more should be on rail. The fact is that rail

is operating well. I recently had another yarn to people at that company, and they want to get involved in the Co-operative Bulk Handling restructure concerning prioritised bins and strategic receipt points along the rail line. Western Australia must get smart with its rail mechanism to ensure we can cart produce to port. Getting our produce to port is becoming a very serious issue.

I now move on to ports. I asked a question recently regarding ports in Western Australia that are being required to spend enormous amounts of money. It amuses me when I hear about what is spent on the Geraldton port, as the \$100 million was borrowed from Western Australian Treasury Corporation to be repaid by the port's users. The government will not expend anything. Virtually all the \$30 million at the Esperance port was borrowed from Treasury Corporation to build a loader and to install a shed to store sulfur. All that money will be paid back. It is a commercial transaction in which users will pay. The talk about government spending is wrong; these amounts are purely loans that proponents will pay back over time. The Broome Port Authority is another example. The Leader of the Opposition knows well that \$16.8 million will be spent on that facility, which unquestionably needs it. A lot of the money borrowed from Western Australian Treasury Corporation will be paid back, and a service obligation will cover the interest on the \$7.3 million borrowings in the first seven years. I am aware of the issues at the Broome Port Authority, and I am worried that it will not get the income required to meet its payments. That matter needs to be looked at seriously. I asked questions the other day for that very reason. The money paid back at the Geraldton port goes through the books. A dividend must be part of the ports' profit and tax obligations. The dividend for the Geraldton Port Authority was \$129 000 in 2002-03 and \$472 000 in 2003-04; it had to pay tax in 2001-02. All those burdens are an impediment to the progress of the port. I understand that 13 people have left the port of Geraldton in recent times. An excerpt from an article in the *Midwest Times* reads -

Thirteen Geraldton Port Authority employees have walked away from their positions in the past 18 months, but Port chairman . . . has denied the organisation had a revolving door staff policy.

Of the 13, several were senior positions including three harbour masters, one deputy harbour master, a finance manager, port services manager plus three accountants and two public relations officers.

This is alongside the resignation of the chief executives John Durant -

I think John was pushed rather than resigned -

and Peter George, who left after 12 months at the helm.

He went on to another very good job -

However, despite this number totalling more than 30 per cent of the Port's workforce, Mr King laughed off the revolving door tag . . .

Many of the people who left had been with the port for a long time, and the port had been operating well for a long time. Sure, there was a shift in how things were done. I was part of the process of multi-skilling at the port; it is a good idea so that people can carry out a range of jobs. It worries me that the Geraldton port is in this situation. I have been informed that the port had concerns about loading. The ship loader was not working properly and people were frustrated because trucks were lined up. If a ship is not loaded to the full capacity of the loader while the ship is in position, a penalty is imposed with demurrage and other aspects, as the ship must anchor out at sea rather than being in a position where it can load quickly. That issue must be addressed at Geraldton. Fixing the port will cost money. I am told that about \$40 million is required to fix it properly. If the port is to be deepened, it is no good having another bottleneck. That other bottleneck must be fixed. Those ships can cart something like 60 000 tonnes, and they have done so recently. That has been an enormous step forward. That bottleneck must be removed. I know that the port authority has been told that it cannot have the money. In fact, I think there is only \$2 million for Geraldton in this year's budget. There needs to be a rethink. The minister knows that a very large amount of iron ore is likely to go through the port. If half of that comes to fruition, there will still be 30 million tonnes in about 10 years, because the projection is 60 million tonnes. We need to do something about it. I will put together a bit of a proposition for the mid-west about what should be done. The roads are not sufficient to carry the heavy-haulage traffic. Just the other day another mine announced that it would put about 25 000 truck movements a year onto road. Thank God the southern transport corridor, which the previous government initiated, has been built. The government needs to also finish the second stage. It will cost only \$20 million. The government has plenty of money.

Hon Kim Chance: That will happen. I understand the point. Even if half comes in, which would be a very good result, I think the logistical answers are patently obvious; we would need to go ahead with Oakajee and we would need a railway line.

Hon MURRAY CRIDDLE: I have said publicly that a new port is required; that Western Australia needs to have standard-gauge rail, because the axle loadings on the narrow-gauge rail are not good enough, and that the road infrastructure needs to be upgraded.

Hon Kim Chance: With 20 million to 30 million tonnes, I think that would be obvious.

Hon MURRAY CRIDDLE: That would be self-funding. A new port with that sort of tonnage figure would be more than self-funding. I understand that about eight million or nine million tonnes are required to make a port self-funding. Another issue is that the Geraldton port needs to be as deep as the Esperance port, which is 20 metres deep. A lot of people refer to the Oakajee port, which is 12 or 13 metres deep, as a deepwater port. That is not deep enough. It needs to be a true deepwater port. It needs to be 20 metres deep to cater for capesize vessels rather than smaller vessels.

Hon Kim Chance: Capesize rather than panamax.

Hon MURRAY CRIDDLE: Panamax vessels are used now for 60 000 tonnes, but that is a thing of the past. I should not say that they are a thing of the past: they are quite all right for some regions in China, which will take smaller vessels of about 30 000 tonnes. That is the sort of tonnage that these vessels can take up the river to their destinations, but other areas need far greater tonnages. Other issues also become very important in that area. The issue of the port of Geraldton will be put on the agenda very soon. Other ports need to be looked at. There is no doubt that the Esperance port is very good, but the accessways into Esperance need to be upgraded. A 400-metre corridor into Bunbury needs to be built very quickly. It will cost about \$17 million. We need also to sort out the coal-woodchip issue at the port. The railway needs to be built so that logs can be carted by rail rather than by road. It is a load of rubbish to blame the privatisation of the rail system for any delay. Donnybrook is a mess with the number of trucks that travel through it. When I was a minister, the government fixed the problem in the centre of that town, and now it is facing all sorts of challenges.

Hon Barry House: It is not looking good down there at the moment, because approvals from the port of Bunbury for the WAPRES chipping mill are in limbo.

Hon MURRAY CRIDDLE: Obviously Hon Barry House agrees with my sentiments. I am not sure that I got the whole story right, but the plan needs to be put in place to ensure that those trucks do not go through that town. I visited the town only a couple of months ago. Incidentally, the trucking industry needs to be reviewed. The idea of accreditation and permits and those sorts of issues have by no means been resolved. Nowadays, accreditation auditors do not even look at the sheds, trucks or anything else. They really need to inspect the trucks. We need a full inspection service so that trucks are inspected once a year. It would be a far simpler job. All the truck owners would be on a level playing field and they could go to tender on the same basis. Once a truck owner has been accredited, and if the ticks are in the right place in the book, he gets through the loop. That process does not involve checking the trucks. The same sort of thing happens with truck drivers' work sheets. The process needs to be upgraded. In fact, it would be a very simple solution on the north-south routes. There could be a station just south of Newman, which is about 14 hours from Perth, and the truck drivers could be checked there. There could be a decent place for them to park and to have a sleep. It would take away half the problems. If the stops were put in areas drivers went through to meet their schedules, they could be checked there. It is not that big a deal. People need to know where they stand on the issue of permits for various trucks.

The Leader of the Opposition commented on this issue, but I congratulate him on the work he did on the Perth Convention and Exhibition Centre. I attended a tourism function at the centre the other day. It immediately brought in \$10 million, with a multiplying factor of about five. An enormous number of people attended the function. There were 515 or so companies from overseas. I understand that it was the biggest event ever put together at one of these facilities in Western Australia. I was very pleased to attend and have a look at the businessmen who operate in that environment. It did Western Australia proud. Obviously, people who attend such events in Western Australia can travel around the state and visit our tourist destinations. That is another initiative of the previous government that has had a very good outcome.

I will now make some comments about the roads in which I have a real interest. At page 18 of the Treasurer's budget speech, it is stated that of the \$302 million allocated to expanding and improving the state and local road networks in 2005-06, more than \$108 million will be spent in regional Western Australia. Under the capital works program, the expenditure for Main Roads WA will be \$301.7 million. This amount is approximately \$75 million less than that in 2004-05. Why on earth is it necessary to cut the budget of Main Roads, when roads are essential for exports, school buses, commercial traffic, domestic traffic and the like? I will never know why the government has cut that funding. I have not even mentioned tourism. If there are no roads, people cannot get to tourist destinations. Recently, the Premier announced that the government would build a number of new tourism facilities, but the essential point is that people must be able to get to those places. That is just the start. The cost in interest of borrowing to build public transport infrastructure is blowing the budget to pieces. The cost of servicing the debt to build the rail line and public transport infrastructure will increase from \$70 million in 2003-04 to \$90 million in 2004-05 and to an estimated \$120 million in 2005-06, before peaking at very close to \$150 million in 2008-09. The minister has indicated that the cost of debt servicing is subject to a six per cent interest factor. All that money will be paid to the Public Transport Authority of Western Australia, which

already chews up \$200 million to cart people around Perth. Only 25 per cent or thereabouts of the cost of that service is recovered. We are spending \$200 million to run our bus and train system. Added to that is the interest factor, which will grow to \$150 million by 2008-09. Any increase in interest rates will have an enormous impact on the budget, and we will not get anything back.

The former coalition government estimated that it would cost \$941 million to construct the Mandurah rail project, which was to be part funded with \$300 million from the sale of AlintaGas. The private sector was also to be involved in the construction of the project, and the railcars were to be leased, so it would have had very little impact on the budget, apart from the community service obligation required to run it year in, year out. That is what happens with the northern rail line and the bus system. The project is now expected to cost \$1.563 billion, and the government has had to borrow most of that - \$1.1 billion. I explained that debt on public transport would rise to just over \$2 billion with the completion of the rail project. The interest on that will be phenomenal. That rail system will cart just a few people to the city. The former coalition government announced that it would take the rail line through Kenwick. That project was to be funded virtually off the balance sheet. The Mandurah rail project being undertaken by this government has impacted on the road budget; little work is being done on our roads.

The major initiatives for roads are detailed on page 660 of the *Budget Statements*. They include a few things, such as the construction of passing lanes on the South Coast Highway, some work on the Albany ring road to facilitate the transportation of logs to the Mirambeena industrial estate and the upgrade of Great Eastern Highway at Sawyers Valley, which is commonwealth money. That item indicates that the budget includes commonwealth money. Some work will also be done at Caiguna, with federal funding of about \$19 million. That means that the amount of state funding edges down all the time. The *Budget Statements* also indicate that the extension of the Kwinana Freeway and the construction of the Peel deviation will occur over time. Half of the funding for that - \$170 million - will come from the commonwealth.

Hon Kim Chance: There has been no change in the reporting arrangements, as you know.

Hon MURRAY CRIDDLE: No; the government just does not have any money in the budget for roads.

Hon Kim Chance: What you are observing is a cut in commonwealth road funding. You know that commonwealth and state road funding have always been reported in the same set of accounts.

Hon MURRAY CRIDDLE: The minister should look at the figures over the years. What I am saying is accurate; the government is not putting money into the road system.

Hon Kim Chance: You are also observing a cutback in commonwealth road funding. It has been cut back every year in the past 10 years.

Hon MURRAY CRIDDLE: No; road funding from the commonwealth is quite high this year. It is about \$240 million.

Hon Kim Chance: It is just not coming to Western Australia.

Hon MURRAY CRIDDLE: It has never come to Western Australia, if we look at the whole package. However, there is a good element of federal funding this year.

Hon Kim Chance: I will look that up.

Hon MURRAY CRIDDLE: The minister can look it up if he would like to.

Hon Kim Chance: I will take your word for it.

Hon MURRAY CRIDDLE: Quite a substantial amount of federal funding is being provided. It is reflected in those figures. The minister can check that; I think he will reach the same conclusion.

Hon Kim Chance: I think I should check.

Hon MURRAY CRIDDLE: The other thing that needs to be remembered -

Hon Kim Chance: It is raining again, Murray.

Hon MURRAY CRIDDLE: Yes; money. As I have said many times, for every \$1 million spent on roads, 17 jobs are created. That spending is critical to address the challenges in Western Australia. Western Australia has 175 000 kilometres of roads, 75 per cent of which remain unsealed. Most are local government roads. There were some cutbacks in local government funding through the regional road groups, which was a real tragedy.

Another area I will comment on is the infill sewerage program in the south of the state. That program has been cut back for quite some time. In the past financial year, \$34 million was budgeted for that program. The figure is down almost \$10 million this year. The government has pushed out the program by about 15 years from what was proposed by the former coalition government. The Murray and Serpentine Rivers and other areas are

suffering. Hon Barry House knows all about that sort of thing. Septic tanks are still used around the place. Geraldton, Bruce Rock and Kukerin also have problems, as the infill program has not yet reached those areas. We need to accelerate the infill sewerage program.

Hon Barry House: It is a major problem for the waterways around Mandurah and those areas.

Hon MURRAY CRIDDLE: Yes, it is. I go back to the old chestnut of Indian Ocean Drive. I put on the record that it appears the start date for that project will be 2007. Hopefully, it will be. It is the last remaining coastal link between Perth and Geraldton. The original cost estimate for that project was \$32 million, and the former coalition government was to complete the project in 2003. The cost is now estimated to be about \$65 million, which is about double the previous estimate. That enormous extra expense will be incurred because this government has failed to do the job. All these projects were in the transport forum program and the billion-dollar program of the former coalition government. The funding for those projects was collected by the federal government through the 4c levy. That has not been returned through the system - it was supposed to come back through the goods and services tax payments. The failure to follow through with these road projects is impacting on businesses. The impact was explained in a survey of small businesses, which goes back to 2001. Forty-eight large-scale projects worth more than \$500 000 each, to a total of about \$2.6 billion, had been planned in conjunction with the completion of Indian Ocean Drive, and would have provided almost 3 000 jobs. Twenty of those projects were linked directly to tourism, and 10 were residential developments. The remaining 18 were major expansions planned by existing businesses, based on increased tourism activity. A lot of small-scale projects were also planned, and the expected investment of \$4.85 million would have directly employed 66 people across 26 businesses. A range of impacts occur when infrastructure of this type is not provided. Once again, it illustrates the necessity to build these sorts of things.

I turn to driver safety. Documents containing recommended changes for the training of young drivers were recently provided to us, and require feedback. It is my firm belief that young drivers need to practise their driving skills in the environments in which they will do their driving. The system under the coalition government began with phase 1. The minimum age for this phase was 16, and people had to pass a written test on road rules to gain a learner's permit. There were preconditions, with a minimum age of 16.5 to commence phase 2. People had to complete a practical driving assessment. A two-year probationary licence could be gained at a minimum age of 17, after completing 25 hours of supervised driving and a hazard perception test. A full licence could be obtained at a minimum age of 19. Other road safety issues such as the use of seatbelts, alcohol, fatigue and driver attention need to be taken into account. However, young drivers need to be able to experience all the conditions on the road. We seem to be heading towards a situation in which we will almost not let young drivers drive on the roads. One of the recommendations is to take the 24-hour learner to 120 hours of supervision. That impacts on people all over the place and I have some real concerns about that. Another proposed change will require revision of the logbook system. Also, a six-month learning phase is proposed. These things could be handled if a reasonable test was set to achieve a better understanding of the way individuals are developing. People develop at different rates. Some people can drive at a very early age and some cannot. Young people will be penalised. A suggestion has been made that there should be nobody else in the car when kids are driving. However, they have to go to work. Another suggestion is that they do not drive at night, and that will impose another penalty on the kids. We have to allow people to function normally, otherwise society will become over-regulated.

On the farm, everything in the shearing shed must have a guard around it. Earlier we were jokingly discussing that people can get into a tractor without wearing a shirt, but they must wear earmuffs, safety belts and all sorts of things. For years people did not have these restrictions and they were never safer than on a tractor. Nowadays they have rollbars and all sorts of things.

We can become an over-protective society. Kids have to experience life, and we are taking that challenge from them. It is amazing I survived when I was a kid, but to a certain degree we lived on the edge. It was a harmless life, but at least we learnt a little bit about life. These days, the young people are given just about everything and they do not have to develop their thought processes to enjoy themselves.

I warn people about the whole idea of the way we train our young drivers. We will never stop the idiot; he will kill himself regardless. The death rate has reduced quite dramatically from 350 in past years to 170 last year. However, there are still adults driving without wearing their seatbelts and people saying they will drive from Carnarvon to Perth in six hours or whatever. Those sorts of people are the exception and we will never stop them. The idea of police hiding behind trees trying to catch someone for driving five or 10 kilometres over the speed limit is not the answer. People have to be taught to do the right thing by themselves and others on the road. I have read this document, "Helping Keep Our Kids Safe on Western Australia's Roads", but kids must be given the chance to develop and to take on responsibility. I wanted to touch on those issues.

From a budgetary viewpoint, I am very concerned about the amount of money that will be spent in areas that will benefit the state. In other words, money will need to be spent on those areas from which the government

receives its money; for example, ports, roads, and rail, and we should not forget airports. We had the regional airports development scheme throughout Western Australia. Those areas need to have money spent on them and it is no good saying that we do not have the money to do that. We simply have to find the money to allow the state to progress for the benefit of Australia.

I hope this state takes the opportunity to develop some real vision for the rail system. The eastern states have taken the opportunity to develop a rail service from Alice Springs to Darwin at a cost of \$1.3 billion. I sometimes think we should have been first with that project. Another system will be developed from Melbourne to Brisbane. I am making representation to a review that is currently in place to put forward my point of view. The National Party will be developing that and putting its point of view forward for a policy for the future. It is absolutely essential that we get the opportunity to use some of the AusLink funding for future projects. That is one of John Anderson's achievements, as he departs the scene as Deputy Prime Minister.

I hope the committee has the opportunity to examine the budget papers more closely in the future, so that we can keep a close eye on the way the government spends the people's money to make sure it is put to best advantage.

HON HELEN MORTON (East Metropolitan) [3.26 pm]: I would like to talk about this government's record in community consultation and in particular to some of the items in the budget. A lot of people probably are not aware that there is a very small unit that operates within the Department of the Premier and Cabinet called the citizens and civics unit. In 2002, the citizen and civics unit produced a document titled "Consulting Citizens: A Resource Guide". The Premier wrote the foreword to that document, part of which states -

Decisions that have been reached through a consultative process carry greater legitimacy and credibility in the community. Engaging the community in decision-making builds trust within communities and in our democratic systems of government.

The government document also states that if consultation is not undertaken or if it fails or if it is only taken on a token basis, it will produce apathy and cynicism, not only towards the government and institutions but also towards political processes and the system of government as a whole. The Premier holds up this document as a benchmark in community consultation. He outlines that it will fail if decisions are already made or there is insufficient time or resources given to the process of community consultation.

In October 2001, a report was prepared for the Organisation for Economic Cooperation and Development that stated that engaging citizens in policy making is a sound investment and a core element of good government - building trust in government, raising the quality of democracy and strengthening civic capacity. In 1985, the Federal Court constituted by Toohey J in *TVW Enterprises Ltd v Duffy and others* also said that consultation is no empty term. It said that a responsibility to consult carries a responsibility for those consulted to have an opportunity to be heard and to express their views so that they can be taken into account. Consultation is a serious matter and needs to be taken seriously, especially at a time of significant change. It raises the chances of successful implementation and increases the chance of voluntary compliance with major reforms and change. At a time of major changes and reforms members might expect that the government would ensure its departments and agencies participated in best practice consultation, and might use this document as a guide and resource to assist them, unless of course there is a desire to build apathy and helplessness in the community or among the workers concerned. I do not know whether it is intentional, but this is what is happening; people and workers are feeling apathy, cynicism and helplessness about being able to have their views properly considered.

I draw members' attention to significant issues and trends relating to the health portfolio at page 452 of the budget papers. The Health Reform Committee's report, released in March 2004, sets out a clear plan for major health reform. On page 453, the budget papers state -

- Strategic directions have been developed for the health reform agenda and the health system as a whole . . .
- The strategic framework promotes the building of community partnerships and strong leadership . . .

On page 454, under "Healthy Partnerships", the budget papers refer to stronger links with consumers, community groups and private providers. I will outline to the house how this government has attempted in one case to create stronger links and partnerships with health professionals, community groups and private providers. I draw attention to the second dot point on page 474 of the budget papers, which states -

- The 61-bed Galliers Private Hospital was acquired in February 2005 and integrated into the South Metropolitan Area Health Service. It will provide additional beds for Winter . . . and assist in the waitlist reduction . . .

The acquisition of that hospital was heralded as one of the government's major achievements for 2004-05. Unfortunately, this major achievement is a major deception. I will tell the house about the government's acquisition.

When the redevelopment of the Armadale Health Service began, it became clear that there was a need to put both a public hospital and a private hospital on the same site. The existence of a private hospital on the site would assist in recruiting specialist doctors to the site, which would mean that the public hospital could also recruit and retain specialists. That recommendation was arrived at on the basis of a lot of consultation with clinicians, community members and specialists at other successful facilities, such as at the Joondalup Health Campus. The second recommendation from the Joondalup Health Campus and others, especially the clinicians, to the planning group was that, to attract a private hospital onto the site, there needed to be an intensive care or high-dependency unit. A private operator would not be able to attract specialists to the site unless the specialists could undertake the range of work that they wanted to do, which would include the admission of people to a high-dependency unit. That recommendation was also consistent with advice from the medical services task force set up to establish the redevelopment of the hospital at Armadale.

Approval processes to get the high-dependency unit and the private hospital added to the development included negotiations and agreement with representatives from Treasury and the Department of the Premier and Cabinet and with the Minister for Health. The public hospital was subsequently planned and built with the high-dependency unit on board. In the next number of months there was a high level of community consultation, presentations and promotions to medical and nursing staff, local government and the wider health industry seeking feedback. The last of three redevelopment brochures approved by the Minister for Health that went out to every household in the catchment area after the change of government carried the new government logo and included diagrams and a representation of the high-dependency unit. The May 2000 redevelopment report, also approved by the Minister for Health, contained an article about the high-dependency unit stating that it would be open and up and running by August or September 2001. In the meantime, the government had gone to tender to find a private operator willing to lease the private facility and the medical centre when it was built. The government gave the planners three conditions that had to be met: they were not allowed to use any taxpayers' dollars to either build or operate the private facility; they were not allowed to sell any land or facilities to raise the capital for it; and the community benefit of having the private facility on the site had to be transparent and agreed to by the community. Those conditions were all met. Futuris Corporation Ltd was the successful tenderer. It paid \$12 million up front in a lump-sum payment to lease the building for 20 years before the building was even started. The government used that money to build the private hospital and medical centre on the site. Futuris's trust and faith in the government was contained in three legal documents: the agreement to lease, which was the basis on which Futuris put forward the \$12 million; a lease agreement that Futuris was to enter into when the building was completed; and a co-location document that described all the ways in which the government and the public and private sectors would interact and share services. Futuris, mindful of its viability, added three conditions that the government had to continue to provide for the duration of the 20-year term: the emergency department, the operating theatres and the high-dependency unit. Before the building was completed, there was a change of government. At completion, the new government refused to sign the lease agreement. However, at that stage Futuris had paid the \$12 million, the building was completed and it had moved into the facility.

Why did the government choose not to sign that lease agreement? The suggestion is that the government could not afford to make the high-dependency unit operational. Other advice I have is that Fremantle Hospital doctors did not want to stop patients being transferred from Armadale to Fremantle. They needed to justify their own request for an expanded high-dependency unit, and the building of the high-dependency unit at Armadale would have resulted in the retention of a number of patients there who would otherwise have gone to Fremantle. However, in the next two years that the service operated, there were many high-dependency unit crises in the metropolitan area. The private operator operated the private hospital, called Galliers Private Hospital and Specialist Centre, for two years without a lease. Trying to attract doctors, specialists in particular, to a hospital where there was no security of tenure was very difficult, and Futuris had a lot of credibility problems there at that time. Despite all those odds, there was a significant increase in the level of specialist services and Futuris was able to recruit, among others, a cardiologist from Boston, who came on the understanding that the high-dependency unit would be made operational. The credibility became such a problem that after two years the private operator had no choice but to sue the government, especially when the member for Fremantle became the Minister for Health. The process of suing the government went on for many months, involving the State Solicitor's Office and a private firm representing Galliers hospital. It became clear that the government would lose the case. Futuris could afford not to back down. The case was scheduled to be heard in February 2005, coinciding with the election. The government settled out of court for \$15.3 million. The Minister for Health released a media statement on 21 December stating that the government had bought the hospital to help with the demand for winter beds. The media release states, in part -

The State Government has bought two private hospitals . . .

. . .

The Minister said the purchase of the two-year-old Galliers Private Hospital had shown that the Liberal Government's policy of privatising hospitals had been a failure and resulted in ongoing litigation.

"The Labor Government has now been able to settle all legal action and put the hospital back into public hands where it belongs . . .

What an amazing deception. The government prints its failure and deception as one of its major achievements and claims that it is building healthy partnerships with health professionals, private operators and consumers. With no consultation with the general manager of the private hospital, the community and staff were thrown into confusion. One specialist left and two that were due to join the Armadale hospital from overseas did not come. The apathy, cynicism and loss of trust and faith in the government was significant. The \$15.3 million would have paid for the high-dependency unit to operate for at least three years. Galliers hospital was providing up to six winter beds to public patients and could have done more if necessary. It was contracted to undertake public elective surgery. I have now been informed that the Minister for Health is considering advice from the department to re-lease the facility to another private operator. The whole exercise was a terrible waste of time, money, faith and trust. How can that be a significant achievement?

I now turn to the major initiatives for 2005-06 at page 481 of the *Budget Statements*. The second last dot point refers to reconfiguring the Kalamunda Health Service to meet the needs of the local community. Given the significant changes being considered for the health service, one would imagine there has been considerable community consultation, especially as it is proposed to remove obstetric services and surgery from the local hospital. The government describes good consultation as feedback from analysis, alternatives and decisions. The government promises to keep the community informed, to listen to and acknowledge concerns and provide feedback on how public input has influenced decisions. Examples of tools the government has said it can use include public comment, focus groups, surveys and public meetings. One would also imagine that if such a significant change were taking place, a comprehensive needs analysis would have been undertaken - the community's felt needs, normative standards of need, expressed needs and comparative needs would have been synthesised and fed back to the community for comment. Unfortunately, none of that has occurred. As I mentioned, part of the reconfiguration at the Kalamunda District Community Hospital is the removal of obstetric services. Over recent years, there have been between 350 and 400 deliveries at the hospital annually.

I return to my central theme of the government's record on community consultation. Maternity services are a family issue; families need to be involved in the decision. The government needs to use best practice in consulting families when making changes to fundamental services, such as whether maternity services should continue in various hospitals. Families feel that they have not been consulted and they are confused about why the services are being removed. They are not sure if it is because of risk and quality issues. The University of New South Wales recently released research information on its study of 750 491 women in Australia who gave birth between 1999 and 2001. It found that lower hospital volume is not associated with adverse outcomes for low-risk women.

People also wonder whether the plan is based on the sustainability of resources. Surely that cannot be financial resources. What options were considered for Kalamunda? What about the option of a service being run by general practitioner-obstetricians and midwives? Has that been considered? Local GPs and midwives believe it is very sustainable; so much so that they have arranged finance to build a training facility on the site to help train future generations of GP-obstetricians. If this option is not being considered for Kalamunda, why not? Governments throughout Australia are reliant on GPs for low-risk deliveries. Is it because teaching and research professors want to maximise the number of deliveries in fewer hospitals and make training and research more convenient to them that we have this situation? People need to be consulted about whether they are prepared to forgo the convenience of having their family members around them.

Debate interrupted, pursuant to standing orders.

[Continued on page 3298.]

Sitting suspended from 3.45 to 4.00 pm