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Hon Dr Steve Thomas; Hon Neil Thomson; Hon Martin Aldridge; Hon Wilson Tucker; Hon Sue Ellery; Hon Steve Martin; Hon James Hayward

# SERVICE DELIVERY

Motion

**HON DR STEVE THOMAS (South West — Leader of the Opposition)** [10.03 am] — without notice: Welcome to budget day! It is with a great deal of pleasure that I move —

That this house notes —

- (a) the McGowan government will announce another multibillion-dollar surplus today, thanks to rising state taxes, the high iron ore price and the GST floor put in place by the former coalition federal government; and
- (b) that despite this wealth, the McGowan government is still failing to deliver adequate services to the people of the state, including in the areas of health, housing, regional development, tax reform and emergency response;

and calls on the government to lift its performance for the benefit of the people of this great state rather than its own self-interest.

It brings me no pleasure to have to move another motion about —

Several members interjected.

**Hon Dr STEVE THOMAS**: The government's performance is wholly inadequate. It would be great to be able to say that it was going a good job, it was actually performing and it was using the biggest boom of any state in the history of our nation for the benefit of the people of Western Australia. It would be lovely to be able to move on to other things but, unfortunately, in the biggest boom in history, this government has continued to fail to deliver for the people of Western Australia. Today's budget will be no different. Today's budget will reveal a multibillion-dollar budget surplus.

I note that in last year's budget, the government came out and said that it would be looking at a \$1.6 billion surplus. In the *Government mid-year financial projections statement*, it said that it may be up a bit, to a \$1.8 billion surplus. As set out in the motion, once again, we need to look at the iron ore price because it largely dictates the outcome of the budget process in Western Australia. What did the first budget say? It said that the expected iron ore price was \$U\$77 a tonne. By the midyear review, the government had to push that up to \$U\$87 a tonne. Do members know what the average price of iron ore is for the year to date, according to the Western Australian Treasury Corporation? It is nearly \$U\$109 a tonne. So it is \$U\$22 a tonne above the expected price in the government's most recent estimate. What does that do to the government's figures? We will read it in the budget papers this afternoon. There will be \$90 million worth of additional revenue for every US dollar a tonne above the estimate. It is pretty simple maths. I am using \$U\$107 a tonne, but I am happy to put a little wager on whether it comes in at roughly that amount. I think it will be pretty close. Unless the iron ore price crashes from \$U\$103 today down to \$U\$80 over the next six weeks, it will be relatively accurate. At \$U\$107 a tonne, it is another \$U\$20 a tonne higher than expected in the midyear review and at \$90 million iron ore revenue for each dollar, that is another \$1.8 billion of revenue that it has not budgeted for. On the government's \$1.8 billion budget surplus, which it predicted in the midyear review, it has probably added \$1.8 billion of iron ore wealth. That will take it out to \$3.6 billion.

As we have heard, particularly in the federal budget brought down on Tuesday, it is not just that the government has increased iron ore royalties in Western Australia; it is also getting a bit more GST than expected, so it will be a little higher than that. It will also receive state taxes. The government has to acknowledge in the midyear review that state taxes are also up half a billion dollars on expectations—\$300 million of the roughly \$500 million in payroll tax alone, but a few other taxes as well. It is a few hundred million dollars more—a little bit here and a little bit there—so we are looking at a surplus of about \$4 billion again this year. That is before we take in the tricky accounting in which this government loves to engage. Once again, it is the second time the government has deferred dividends from government trading enterprises. Do members know what a joy that is for a government? When a government is so embarrassed by its revenues, and when it is so rich that it is struggling to hide the money pouring into its money bin, it has to try to put it somewhere else. In ancient days, we would dig a hole, put our gold coins in that hole and hope nobody found them. Where are the holes that the McGowan government is using to hide its embarrassment of wealth? In one of these circumstances, it is not taking it out of the accounts of government trading enterprises. What will that do? The money will sit there; it does not go through the books to be reflected in the budget surplus. How much is it? Of the \$1.4 billion, which is about normal for government revenue from government trading enterprises, the vast majority is coming from the Water Corporation, so instead of \$1.4 billion to \$1.5 billion, the government has booked in \$47 million. A bit over \$1.4 billion is being retained in the books of government trading enterprises so it does not show on the government's books. So there is another \$1.4 billion. Although I think the government will announce a \$4 billion surplus this afternoon, and I am quite looking forward to it, it will also

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squirrel away another \$1.4 billion. It is more like a \$5.5 billion surplus, so we are getting back up to those massive surpluses we have seen over the last couple of years—that embarrassment of wealth that this government has thanks to three things. There is the iron ore price, which the government cannot take credit for, although it tries to take credit for the outcome. There is the GST floor deal, which this government tries to take credit for all the time, but in fact if it was simply on the actions of this government, nothing would have changed because federal legislation changed it; nothing happened at a state level apart from this government asking, "Can we have some more, please?" The federal Morrison government changed this. We will probably hear a speech about how the Labor government managed this and it was done under its purview, but it was in fact thanks to the federal government at the time that that changed. Of course, there are also increased taxes and charges. I cannot even blame the government for that because it has not generally changed the rules or thresholds around taxes. It is just that when this economy moves along—not the government economy, the fiscal economy—the government is the recipient of all the largesse; it gets the money in. When the general economy is going well, which it is, through the mining sector in particular, but also agriculture and a few other areas—although agriculture has drifted away a little bit lately—as industry does well, taxes come in, and payroll taxes in particular. What is happening? The private economy, the general economy, is doing very well, and the government is reaping it in. I cannot even blame the government for that. Ultimately, what in its improved financial position is the government responsible for? Nothing. Congratulations to the government for managing to put in a solid wages policy, which the previous government had started in the last couple of years when Hon Mike Nahan was Treasurer, so, well done; the government continued on those tight economic boundaries. But what has the government done to actually deliver the outcome? Nothing. How do we know that? The first two years of this government's budgets, 2017-18 and 2018-19, showed the projected debt going from \$32 billion to \$43 billion under the previous government, and it was also proposed to go from \$32 billion to \$43 billion for the first two years of the McGowan government; there was no difference. There was no difference in the management outcome based on the parameters the government had. But what happened? This government stumbled into the best economic circumstances of any government in our history. As governments tend to do, it walked into it and said, "We did that."

Hon Sue Ellery: Stumbled?

Hon Dr STEVE THOMAS: Stumbled, fell into.

Hon Sue Ellery interjected.

Hon Dr STEVE THOMAS: I will have to get the thesaurus out—stumbled into, fell into, tripped over accidentally and fell face-first into. It does not really matter how we describe it. This government stumbled into the best economic circumstances of any government in our history. There was no difference in the proposed outcomes in the first two years of the McGowan government from those of the government that preceded it—no difference. When the government says it was its good financial management, I say, "What a load of rubbish." I had to listen to that yesterday—what a nonsense. The government stumbled into it. Does the government know why it stumbled into it? I asked a question in February 2019: what will happen to the government's budget if the iron ore price stays high; what will happen if it stays at US\$90 a tonne or more? Do members know what the answer was? That is highly unrealistic. The thing that generated the massive budget surpluses for Western Australia from 2019 to 2023, and will probably last for the rest of this year before it corrects, was something in 2019, two years into the McGowan government's reign, that it said was highly unrealistic. If this government had planned for these budget outcomes, it would have said, "We think we are going to get massive iron ore revenues for 2019 onwards, and that is our strategy." That is what happened. There was not suddenly a major cutting of expenditure. Expenditure continued to rise; expenditure continued to go up. There was not a major slash in expenditure; it is just that revenue blossomed. It exploded way out past expenditure, and it is that explosion of revenues that this government tries to claim credit for, which is an absolute nonsense. The government's budget future was going to be exactly the same until the boom of the iron ore prices in 2019—firstly, probably when the dam burst in Brazil and, secondly, from the COVID stimulus spending that came about in countries around the world. That is why we will probably look at a \$4 billion surplus today, on paper, plus another hidden \$1 billion to \$1.5 billion in retained dividends of government trading enterprises. I have no doubt that at some point someone in the government—I am not even sure who will give the response; generally it is the Leader of the House—will say that the government will use those government trading enterprise dividends for expenditure in government trading enterprises in the future. That is what the government did last time. It set the money aside and said that the first \$1 billion for the next desalination plant will be left so ultimately the Water Corporation can spend it on the future thing, and that is right. That is a legitimate process if the government is honest about how it manages its finances—if it tells the people of Western Australia and this Parliament that its real budget surplus is \$1 billion higher and it has all this extra money. It is just convenient for the government. This is one of the holes it has dug in the ground and tipped its silver in. The government not only has the money bin to play in like Scrooge McDuck, but also a few holes it has dug here and there in which it has deposited some of this cash, and these GTEs are exactly one of those.

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Another thing the government has done is to beef up special purpose accounts to put money in. The advantage of a special purpose account for an opposition and the public, who like to see a bit of open scrutiny, is that at least it is put into the budget bottom line. The money comes in and is put into one of these holes but it is at least recorded in the profit and loss of government. That is useful. At least the government cannot hide that money from scrutiny like it is doing with government trading enterprises. At least the government cannot reduce its surplus with those things. Special purpose accounts are exploding. They went from about \$3 billion to \$3.5 billion a year to \$8 billion to \$8.5 billion a year. Of course, that is what happens when the government has more money than it can spend.

I start this process by demonstrating that the government again has more money than it can spend, and that is absolutely the case. What happens? The money bin fills up, and as it fills up there is this overflow the government tries to hide, so it digs holes around the place and tries to tip its money into them. It is absolutely an embarrassment of wealth. With an embarrassment of wealth, we would think this government would provide top-level services, but it is not. It will probably also make a rod for its own back because every year the Premier who is the Treasurer starts lecturing the eastern states about its financial management. This government, which accidentally tripped into this massive wealth, then lectures eastern states that do not have massive iron ore resources to fill the money bin to play Scrooge McDuck in and have to work in other areas to raise revenue. Some of them are mining states like Queensland, which has coal, but coal has not had the sort of run iron ore has had, although it has improved lately as the energy crisis kicks along. Western Australia is a lucky state within a lucky country, but this is the luckiest government, and the luckiest Treasurer, in the history of politics in our country. This is "Lucky Mark".

Hon Pierre Yang: So you are jealous? You talk down the state.

**Hon Dr STEVE THOMAS**: No; hear me clearly: the state is fantastic; the Premier and Treasurer has the problem. I am happy to talk down the Premier and Treasurer; I am leaving the state alone.

This is "Lucky Mark". This is the luckiest Premier and Treasurer in the history of Australian politics. He has come along.

Someone will probably talk about COVID, and it is a fair cop. From an opposition perspective, the Premier did some good things around COVID. He quite adequately delivered on the advice of the Chief Health Officer; he did that quite adequately. That is fulsome praise from an opposition—an adequate performance in the delivery of the advice he was given by the experts and the Chief Health Officer. That is an absolutely fair cop. It is everything else that this Premier seems to have a problem with; it is the delivery of the services that he cannot manage. He cannot deliver Metronet on time and on budget. He is competing in the construction market with everybody who is trying to build a house. Let us talk about his performance, and I am sure members will. I would love to see government members jump up and try to talk about the government's great history of where it is failing—like housing, health and regional development.

I have limited time, so I will just talk about some of the critical things. When the government has the biggest fiscal boom in the state's history, it should do two things: it should reform the economy so that before the next boom and before the next correction—hopefully it will not be a crash, but let us see—the downturn will not be felt as deeply during in the dip. Let us see some economic and taxation reform.

Several members interjected.

Hon Dr STEVE THOMAS: They know that I do not need any help to hold the government to account.

Hon Kyle McGinn: We've heard this speech 17 times.

Hon Dr STEVE THOMAS: You would think that it would start to sink in, but it takes a long time to get government members to listen, and even longer to accept the truth. That is what we are dealing with. There has been no economic or taxation reform. This government has done nothing during the three years of economic boom to demonstrate that it understands. It has been reverse Keynesian economics, for those who are economic tragics. I am more in favour of Milton Friedman than Keynes, so I am a bit more right wing than Keynes, but Keynes basically said that when the economy is going well, the government should store the money aside and then put it back into the economy later down the track when there is a correction. That is the basis of the biggest theory of Keynes that has caused the greatest debate. This government has a \$9 billion-a-year infrastructure bill that has resulted in the government trying to build projects in competition with the private sector and the housing sector, and the government cannot deliver on it. It is plainly obvious that the government cannot deliver on its own infrastructure bill because it cannot get its money out the door and it is competing with everyone who is trying to build their own house. The construction time frames have blown out to two or two and a half years because people are competing with the Premier, who cannot get his own projects out on time. It is pretty simple. During the estimates committee two years ago, the government said that it would complete all but one or two of its special purpose account funding projects by the end of the government's term of four years in office. It will not even get close to doing that because it cannot get the money out the door. There is so much money sitting in the system that the government cannot spend it. That is the

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circumstance in which we find ourselves. Imagine going to the next national cabinet, whether or not it will be in Beijing—I do not really mind —

Several members interjected.

The PRESIDENT: Order! It is one thing to interject on the speaker and another to chat across the chamber.

Hon Dr STEVE THOMAS: Can members imagine the Premier trotting off to next year's national cabinet in Beijing and saying to the other state Premiers, "Look at this great big surplus I have all over again. I'm such a good financial manager. By the way, I'm going to talk up the threat to the GST all the time because that's really good domestic politics for me." The biggest threat to the GST is the Premier, who is also the Treasurer himself. He goes out there and lectures the eastern states leaders and everybody else by saying, "Look how good I am. If you were as good as I am, you'd be doing all right." He waves massive surpluses in their face and then gets the mining sector to tip in \$3 billion for his pet projects and argues that the GST floor, which was introduced by the previous Liberalled government by the way, is under threat. Why is it under threat? It is because of his activity more than anything else, because he goes out there and lectures everybody about how good he is. The eastern states have figured it out that it is down to the iron ore price and state taxes. The iron ore price reflects that.

The Premier has been a lucky Premier and Treasurer. It is not about his financial management. Let us make use of that luck to support the people of Western Australia and deliver the services that are demanded by the people that the government has been unable to deliver in the way that the people demand. Let us spend it on their future, not on the political future of the Western Australian Labor Party.

HON NEIL THOMSON (Mining and Pastoral) [10.24 am]: My colleague has raised a point about the government finding it difficult to spend the infrastructure money. I would like to make a few suggestions. We have serious issues in the north of our state that have been neglected by the state government. It has been absolutely shameful the way the community has been treated. In general terms, we see the consequences of this neglect. We saw that in stark relief with the situation at Banksia Hill Detention Centre yesterday. What an appalling situation. This government has got to the point at which it effectively has a Premier just shooting from the hip and calling the detainees terrorists, murderers, rapists and everything else. The government is unable to deal with the most basic issues around youth diversion and dealing with the problem at its source or addressing family dysfunction or the other issues in the north that have been spoken about at length in this place. The government is sitting on its hands on this issue. It has not invested in the restorative justice measures that are needed. Those young people are not innately bad. Many of them should have bright futures ahead of them. Many of them should have the opportunity to be in the community and maybe even represent their community in this place. The government has shamefully neglected the north. We can see that in relation to the juvenile justice situation falling down. We are seeing delays to the juvenile justice facility that was planned for the north. Excuses constantly come up about the floods and so forth. The government was dragged kicking and screaming to this issue in the very first instance. After it finally made a commitment, as soon as the first issue came along, it was used as an excuse to not proceed with the development of these important services. We are seeing challenges for the retention of police in the bush. That is another issue that has been really challenging for our hardworking police and all those involved in the justice system across the state.

One of the most damning issues that I find really frustrating is the way this government has treated our transport crisis in the north. The Minister for Transport has basically thumbed her nose at the people of the north, and particularly those in the East Kimberley. The last time I looked, which was a few days ago, road trains could not be driven across the low-level crossing. I believe that to this day the main transport route is being diverted through Norseman. That has resulted in transport costs that are between two and three times higher for some of our most vulnerable and isolated communities.

I want to read something to members because it is important to look at what the minister said and what the minister did. I do not believe that this government wanted to spend any money on this issue. Let us look at it. On 23 January, after the minister returned from her overseas holiday, she went up north and stood on the banks of the Fitzroy River and made some commitments. The media statement put out by the Minister for Transport states —

Transport Minister Rita Saffioti has today outlined the State Government's plan to reconnect the Great Northern Highway at Fitzroy Crossing.

. . .

The plan will involve the implementation of a barge system across the river, which will initially be operated by tugs, with a cable system to be operationalised shortly after.

None of that happened. All we got was something a little bit bigger than a tin dinghy that could take one vehicle at a time, six vehicles a day. That was all we got. The statement continues —

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The barge system can be adapted when the river levels fall too low, using portable pontoons, which would act as a temporary crossing.

I had people and armchair experts call me offering advice that we should put a military-style bridge in there. We saw what happened in New Zealand after cyclone Gabrielle ran through it and 12 bridges were wiped out. They were restored within weeks. Apparently, New Zealand stores Bailey bridges. I spoke to engineers about this, and it took them between three and five days to build the 12 Bailey bridges.

We know that the bridge over the Fitzroy River is a difficult one and every excuse under the sun will be used for the delay. We know that that 170-metre crossing is difficult, but the only solution put forward by the minister was that a portable pontoon system would be used. The statement continues —

The barge system will be used while Main Roads constructs a low-level floodway crossing,

Main Roads went ahead and began constructing that. It was open for only a day because then the rains came and it was flooded over and construction had to be delayed. It took 105 days from the time the original bridge was taken out before general traffic could cross the river. This is our main highway. This is negligence in the extreme. There was a solution. The minister outlined the solution. The barge system would be developed with tugs initially and then cables and pontoons, which would enable people to use it. The media statement continues —

Main Roads will work with industry to ensure transport operators are briefed on the operation of the barge system and is currently assessing options for breakdown areas for trucks on approach to Fitzroy Crossing.

None of that was ever delivered. I do not know whether that was cabinet's or the minister's decision. I do not know who decided that this decision was too expensive, was not going to deliver or maybe was the wrong solution. The minister should have looked for the right solution.

This is the government that was blasted by the Auditor General for the oversupply of rapid antigen tests. This government is big on its promises and makes out that it is doing something, even throwing money into social housing but still cannot construct those houses. This government loves a headline, like this headline, but cannot deliver. With a record amount of money in the money bin, as my honourable colleague says, this government is unable to do the most basic thing—to make sure that we have a road operating for our transport sector. This is the only sealed road north of Norseman, apart from the Nullarbor. What a disgrace, but here we are.

We will be fine for the next few months. No doubt, at some time in the future, the road trains will get running again. We have had to ship cattle because we could not move them from east to west by road. People in the agricultural sector up in Kununurra have not been able to deliver their services properly because they cannot get access to transport solutions. During the dry season, we will probably get the trucks running again, but when the river rises, communities will be isolated. That could happen at any time. It is likely to happen in December, maybe in January, and then for the next four months, which will set back our economy in the north. This government refuses to invest in and address the most basic needs in the regions. This government creates challenges, heartache and hardship for our regional communities.

HON MARTIN ALDRIDGE (Agricultural) [10.34 am]: I rise to support this very sensible motion moved by the shadow Treasurer in this pre-budget budget debate today. From media reports, we are expecting our third consecutive budget surplus of more than \$4 billion. If we put a budget surplus threshold of more than \$1 billion, we have had four consecutive budget surpluses of greater than \$1 billion. Why is this important? The second limb of this motion refers to the areas in which this government is failing to deliver, and I cannot do this motion justice in 10 minutes. This subject is certainly something that we will have more time to debate once the budget is handed down at two o'clock this afternoon and over the course of the next few weeks in the budget estimates examination, which I am very much looking forward to.

My honourable colleague Hon Neil Thomson just touched on an issue that I wanted to talk about today, and that is the RAT plague facing Western Australia. Of course, they are not our little four-legged friends that we tend to exterminate at this time of year; they are the state government's internet shopping frenzy of rapid antigen tests. Members opposite probably have not availed themselves of this paper from the papers office because it is not very good reading. It is the twenty-first report of our state's fine Auditor General, *State government 2021–22 – Part 2: COVID-19 impacts.* I know that members opposite will not have read this, so I will read a couple of paragraphs from the Auditor General's overview. It states —

The State's expenditure of \$580 million on RATs has received significant attention both in Parliament and the wider community. An initial intention by Health entities to spend \$3 million on RATs for health workers and returning travellers rapidly evolved to purchasing \$440 million worth of RATs – around twice the cost of the Bunbury Hospital redevelopment. Along with the \$140 million spent by the Department of Finance on RATs, public entities spent the equivalent of 10% of the State's 2022 operating surplus on

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diagnostic plastics without demonstrable evidence of clear, considered and coordinated planning or ongoing advice as to the necessity of the expenditure.

I acknowledge the uncertainty that the pandemic created, and that many public servants, particularly in Health Support Services, worked extremely hard over an extended period to implement directives. However, I have never before witnessed such escalation in the cost of a program over such a short timeframe, occurring with a lack of due consideration of the impacts, or without a record of anyone pausing to ask what level of procurement was sufficient and whether this had been achieved.

I implore members that if they have not picked up a copy of this report from the papers office, they do so because it is very compelling reading. I pay great attention to the reports that the Auditor General tables in the Parliament, and I often attend many of her briefings that she holds in Parliament on a Wednesday. I do not think I have read too many reports that have the strength of language that we see in this report.

Hon Dr Steve Thomas: Not that there have been many complimentary ones lately.

**Hon MARTIN ALDRIDGE**: No, there have not. But this is among some of the strongest reports that I have seen from the Auditor General in terms of criticising what I will not even call a procurement process because there was no procurement process. The government bypassed every ordinary procurement process and used the emergency provisions to spend \$580 million of taxpayers' money. Obviously, we now have the problem of what to do with all these tests that are still sitting in the government warehouse. Some have already been chucked out.

The next question is what we do with all those tests that are sitting in people's bathroom cupboards, kitchen cupboards, wardrobes and other places. I was at a local shopping centre recently, and it still has a pop-up stall in the middle of the shopping centre. Three staff were at the RAT pop-up, and it had about 10 boxes of RATs boxed or lacky banded together, with probably about 100 RATs. The staff were yelling at customers, "Free RATs! This is your last chance to get your free RATs."

**Hon Sue Ellery**: Do you know how many are going out from those pop-ups a week? About 800 000 and something or nearly 900 000 a week are going out through those pop-ups. People want them.

**Hon MARTIN ALDRIDGE**: I stood there for about 10 minutes and watched this pop-up. No-one came. They could not get —

Hon Sue Ellery: I am telling you that is how many are going out a week.

**Hon MARTIN ALDRIDGE**: I know the government is doing its darnedest to get rid of them because its theory is that as soon as the RATs are out of the warehouse, they are being put to good use, whereas all they are doing is sitting and expiring in people's bathroom cupboards, kitchen cupboards and who knows where else.

There is no doubt that we needed rapid antigen tests because we know from other jurisdictions that our testing capacity would have failed, particularly in regional and remote locations where there was no capacity at all. As the Auditor General pointed out, the expenditure of almost \$600 million happened without a record of anyone pausing to ask what level of procurement was sufficient and whether this had been achieved.

We learnt through the estimates process last year—a very good budget estimates process—that the Department of Health admitted that there was no methodology about how much was enough. Why is this important, apart from, obviously, the gross waste of taxpayers' money? There are so many other things that we could have spent that money on. The Auditor General made this point. We have circumstances now, particularly in our regions, in which hospitals are being downgraded years after the temporary downgrade occurred. We have a remote hospital in the Kimberley, Wyndham Hospital, which is now a daylight-hour hospital; it operates only during daylight hours, but it used to be a 24-hour, seven-day-a-week service.

In Carnarvon, in the Gascoyne region, we have a situation in which women can no longer deliver a baby. We now have a stretch of some 1 000 kilometres—it is probably closer to 1 100 kilometres—between Geraldton and Karratha in the state of Western Australia where women can no longer deliver a baby. Hospital redevelopments have long been talked about in Mullewa, Tom Price and Meekatharra, and we will wait until two o'clock today to see how much money the government has committed to actually progressing those projects. In the last few days, we have seen the government announce a \$1.2 billion health infrastructure package. How much of that \$1.2 billion made it outside the metropolitan area? Does anyone want to hazard a guess? Maybe the government members will because it was their announcement. Of the \$1.2 billion of health infrastructure in this budget, the answer is less than two per cent, or \$16.8 million, and most of that will go to a car park at Albany Health Campus and an upgrade of Peel Health Campus in Mandurah.

I think the Auditor General makes a very good point: if somebody had paused to ask themselves whether they needed to spend \$600 million on plastic, maybe some of these things might have progressed faster than they have. At least we now have a situation in which the Labor Party's commitment to redeveloping the Geraldton regional

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hospital has finally been budgeted for, even though it will be delivered after the next election. At least we now finally have the full commitment in the budget, notwithstanding it is significantly more than the government thought it was going to cost. Many other projects certainly do not have that benefit and are still waiting for some commitment from the government.

I really hope that at two o'clock today, I will be able to issue a media statement welcoming the budget because of its delivery for regional Western Australia, in particular for our health system. I doubt that will be the case, but I will be the first to welcome the budget if we see just a small commitment to some of the number of things I have just mentioned, which could have been funded well before now if somebody had paused and considered whether spending more than half a billion dollars on rapid antigen tests was a wise decision.

**HON WILSON TUCKER (Mining and Pastoral)** [10.44 am]: You do not need to be Nostradamus to make the prediction that Western Australia will be posting a surplus in this budget, several hours from now. I can already picture the front page of *The West Australian*, which will feature a cheesy image, most likely of the Premier with a crown or on a throne, surrounded by bags of money. Maybe, if we are lucky enough, we will get a caricature of Scrooge McDuck, much to the eternal delight of one particular member.

Hon Dr Steve Thomas: Yay! We can but hope!

**Hon WILSON TUCKER**: Whatever this cheesy tabloid paper comes up with, it will signify that WA is doing pretty well, we are back in the black again, and the good times are still here in Western Australia. We know that the good times we are experiencing in WA are not just confined to WA. We saw the recent federal budget, which just landed, in which the federal government posted a modest \$4 billion surplus. In the federal sphere, \$4 billion is a modest amount, but obviously if we apply \$4 billion to WA, that is quite significant.

Members opposite probably have a bit of an indication of what the budget will be. I have heard some napkin maths figures being thrown around of potentially a \$4 billion or \$5 billion surplus. Members can confirm that with a series of blinks or coughs, if they wish. They would be very helpful.

Hon Dr Steve Thomas: It has been leaking, has it?

**Hon WILSON TUCKER**: I have not heard anything, member. If you have, please let me know. We will all find out very soon.

The federal Treasurer, Jim Chalmers, has said that despite this modest surplus, which I believe is the first at the federal level in 15 years, next year will not look so good. A deficit is likely to be coming, and a number of factors will contribute to that. We know that high interest rates are being experienced not just in WA and Australia but also in other jurisdictions. Australia has a slowing economy as a result. Global markets are slowing down, and a number of financial institutions are under pressure. It paints a fairly bleak picture, at least in the mid-term.

We know that WA is not immune. This government has done very well in riding out the economic storm that was COVID, and in WA we are all obviously familiar with how we are very reliant on commodity prices and resources—in particular, iron ore, which has done particularly well in 2021, 2022 and 2023. We will find out what happens in 2024. A correction is coming, and I do not think we will get back to the lofty heights of 2022 anytime soon. A long-term correction is certainly coming as well, as global markets move away from fossil fuels and adopt cleaner energy alternatives.

I think at that point—when there are cheesy caricatures of the Premier rolling in bags of money—there will have to be more public scrutiny of the decisions, or the lack of decisions, that this government has made in securing better outcomes on the back of the massive windfall royalties that resources companies have been enjoying, and the government will have to carve out a more equitable share for the Western Australian people. It will be at that time. Right now, it is all well and good. The government is making money, but it could certainly make a lot more money than it is enjoying right now. The conversation will shift, and it will be at that point that I think there will be more scrutiny, and more scrutiny from future generations, on the government's decisions to try to get a more equitable share of those resources. It is enshrined in the Constitution that the resources belong to the people of Australia and, by proxy, the people of Western Australia. I think that is something that gets lost in translation—they do not belong to the resources companies; they do not belong to the government. The government is the custodian, and its responsibility is to try to secure better outcomes for this generation and for future generations of Western Australians.

Last November, the Premier held a press conference. Mark McGowan was up at Kings Park standing shoulder to shoulder with a number of mining executives with the beautiful Perth city as the backdrop announcing an industry fund. It was dubbed by the media as a "future fund"; it was for future proofing the economy by these mining companies digging deep into their back pockets—although I do not think it was that deep—to splash some cash around to invest in some state infrastructure projects. It was during this press conference that the Premier also

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announced that no changes to the royalty regime in WA had happened under his watch and were not going to happen as long as he was Premier.

In the recent federal budget announcement, we saw the concession that the petroleum resource rent tax was not working. I do not think it has been working since its inception back in the 1980s. There has got to be some more cash generated on the back of tightening up that tax on the resources companies. The Premier was very quick to say that this is a reasonable and sensible suggestion, but the Premier is less quick to look at his own backyard when it comes to any royalty regime changes. He is happy for other jurisdictions to do it, but he is unable and unwilling to go to bat for the Western Australian people when it comes to standing up to big mining companies to try to carve out a more equitable share of those windfall profits.

At the same time, the Premier announced that any future reform is off the table. In a sense, he gave this golden handshake to industry, to all the mining executives at that press conference and all the resources companies in Western Australia that a couple of million bucks is enough of a share of the record billion-dollar profits from Western Australian—owned resources. If we read between the lines, the Premier is basically looking after the interests of billionaires to the detriment of the Western Australia public. We know the Premier is very quick to mock and make fun of east coast billionaires, and I think rightly so—one in particular deserves a fair amount of mockery. However, he is less willing and unable to do the same with west coast billionaires. Instead, we see friendly text messages back and forth with a certain media tycoon, expensive bottles of Grange drunk in mansions with a real estate mogul and massive royalty breaks in the form of domestic gas reservation exceptions, again, to his favourite media tycoon.

For the record, I want to state that I am not an anti-mining, anti-capitalist or anti-free market. I am saying that I am constantly disappointed that a government that claims to be socialist is not doing enough to secure better outcomes for the Western Australian people and to carve out a more equitable share of those resources. This lack of action comes with a cost. There is an opportunity cost that is quickly diminishing, given the lack of action by this government. Future generations will look back and judge this government when these cheesy cartoons dry up. They will look at the strategies and initiatives this government put in place to futureproof the economy. When I talk about futureproofing, I am not talking about energy rebates or the sugary handouts at budget time—I am sure we are going to experience a few of those very soon—I am talking about long-term diversification initiatives that actually produce better outcomes for this generation and future generations of Western Australians.

One initiative I have mentioned previously is the mechanism of windfall profits. The federal government is unwilling to entertain it. This is where the state government could show some initiative and backbone. Another suggestion I will discuss during the short amount of time I have left—I have more to say on this later—is actually using the surplus we are about to experience to offset and subsidise a reduction in payroll tax. WA has one of the highest rates of payroll tax. We know that with the way the goods and services tax carve-up is structured, the east coast is really profiteering off the back of WA's profits and using those profits to incentivise companies to headquarter and set up in their states. Reducing payroll tax could have a long-term benefit in attracting companies to headquarter here in Western Australia.

HON SUE ELLERY (South Metropolitan — Leader of the House) [10.54 am]: The one element of the Leader of the Opposition's contribution today that I agree with is that there is not enough time. There is not enough time for me to outline all the reasons that this motion is completely unnecessary. I am not going to be able to respond to all the elements that have been raised so far, because I want to spend a little time responding to the comments from Hon Martin Aldridge about the Auditor General's report, because I did read that report with great interest.

I will start by tackling some of the issues raised by Hon Dr Steve Thomas. I want to start by talking about what an operating surplus is and what it is not. It is not a big bucket of money that sits somewhere gathering dust. An operating surplus is used to fund our record infrastructure pipeline of work, with about \$33 million over the next four years to fund the hospitals, schools —

Hon Dr Steve Thomas: I think you mean billion.

Hon SUE ELLERY: Billion, yes.

That will fund the schools, roads and rail projects et cetera. Our strong financial position is not one we fell into; it is one we worked really hard to achieve. It put us in the position where we could respond appropriately to COVID-19—much better than any other jurisdiction in Australia was able to; we could make all the investments we needed for the delivery of services and pay down the massive debt that we were left by the Liberal–National government.

Hon Dr Steve Thomas: You haven't done it.

**Hon SUE ELLERY**: The member did nothing to address debt except build it up. The Barnett government recorded massive cash deficits over its entire eight years in government, peaking at \$4 billion in the last two years of office.

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What is interesting to note are the comments made by the Leader of the Liberal Party in the other place, Libby Mettam. Since she has been in her position, she has spent about \$3.5 billion. She has called for \$500 million for a freeze on household fees and charges, \$644 million to provide another household electricity credit, \$300 million to community organisations and \$2 billion to increase the public sector wages policy by five per cent. That was just in the first two weeks of her time as the Leader of the Liberal Party, so I look forward to hearing what else she is going to commit to over the course of the remainder of this term.

I also want to address the issue of "hiding surpluses" that Hon Dr Steve Thomas kept referring to. He made the assertion that the \$1.3 billion retained by Water Corporation, Western Power and other government trading enterprises is some kind of hidden conspiracy. The retention of dividends by GTEs is certainly not new. It actually reflects good financial management. It is about GTEs keeping those funds to help them fund future infrastructure projects, such as the third desalination plant and the decarbonisation of the south west interconnected system. Downward revisions to public corporation revenue are also forecast across the out years, mainly due to a lower profit outlook for the Water Corp and Western Power as a result of higher interest expenses. Where is this "hiding surpluses"? All of that was reported in the 2022–23 midyear review. How are we hiding it? We actually reported it. The previous government, year on year, overestimated the revenue that it was would get from iron ore, and budgeted accordingly. It was budgeting for money that it was assuming it would get. It did not get it, and it was still spending more money than it was receiving.

I want to touch briefly on the Fitzroy Crossing issue. There was an extraordinary proposition by Hon Dr Steve Thomas—I wrote the words down—that the Minister for Transport has been "negligent in the extreme".

Hon Neil Thomson: It's true. Correct. I'm glad you said it.

Hon SUE ELLERY: You said it! I am going to do my best not to be distracted by Hon Neil Thomson; it is too easy. Repairs on the Great Northern Highway at Willare commenced on 16 January as soon as the flood waters receded, despite the fact that the member was calling for us to start repairs before the flood waters had receded, which would not have been a very sensible thing to do. Road access was restored initially under escort on 9 February and full access was enabled on 24 February while emergency repairs continued. Those repairs will continue over the dry season. Main Roads Western Australia has worked through some extremely challenging conditions during the end of the wet season to restore access on that highway between Broome, Derby and Fitzroy Crossing in fewer than four weeks. Works to restore temporary access across the Fitzroy River have proved to be more challenging with both fluctuating river levels and obtaining the necessary cultural and heritage approvals. I know that that is not anything that the honourable member would like to pay attention to, but we actually do have to pay attention to that. A ferry service commenced across the river on 14 March that has carried over 15 000 passengers with 500 people a day using it at its peak. That ferry service ceased operation on 30 April after the low-level crossing was opened. The ferry service will recommence in the next wet season when the river starts to rise again and makes the low-level crossing inoperable.

I want to thank everybody in Main Roads and all the contractors it worked with. I note that it has employed a great deal of local people, including Aboriginal people, and I want to thank it for the enormous work that it has done. I could say more on that but I want to turn to the Auditor General's report, which was referred to by Hon Martin Aldridge. The fairest way to describe this is to call it a desktop analysis. The paragraph that Hon Martin Aldridge referred to first is the one that intrigued me the most. In her overview, the report states —

I acknowledge the uncertainty that the pandemic created, and that many public servants, particularly in Health Support Services, worked extremely hard over an extended period to implement directives. However —

That is the key word —

I have never before witnessed such escalation in the cost of a program over such a short timeframe ...

It is the use of the word "however" that —

A member interjected.

**Hon SUE ELLERY**: Yes. I do not dispute the rest of that paragraph. It is the use of the word "however" that intrigues me. What does the word "however" mean there? It is usually used to contradict or contrast what a person has just said. On the one hand, what she has just said is that she acknowledges the uncertainty, but on the other hand she uses "however", which contradicts that statement. Why did she do that? It is a qualifier. It contradicts what she has just said. I move on to the next paragraph —

Beyond the health sector, the impacts from COVID-19 are still being felt in a variety of other ways ...

She goes on to list them, and Hon Martin Aldridge read them out, including this one that intrigued me —

... many children had their school camps postponed or cancelled ...

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The overview refers to impacts that are still being felt. I thought, "Gosh, there must be a group of 11-year-olds wandering the streets with PTSD from the 10 weeks of camps that were cancelled back in 2022." I went to the section of the report on the Department of Education expecting to see some analysis of that research. Do not get me wrong. I do think that there will be ongoing impacts on a number of children as a consequence of the uncertainly of COVID; please do not misunderstand me. There will be a degree of anxiety in a group of children for a while to come.

Hon Martin Aldridge: And parents.

Hon SUE ELLERY: That may well be. I tried to find the research that backs up that statement in the report. Page 9 contains about half a page, or five paragraphs, on the Department of Education, but it does not mention school camps at all. How can a person write a sentence in their overview about the ongoing impact of school camps with no other reference to it in the report? The interesting thing about the section on the Department of Education —

Hon Martin Aldridge: There is reference in paragraph 4 to school camps.

**Hon SUE ELLERY**: Yes, but I am talking about the impact of it. That section of the report starts with "There are 826 schools across Western Australia". I thought, "That's actually wrong. It's about 800-plus public schools." The report makes a reference to the department's annual report, but it is actually wrong. There are 822 public schools and 312 non-government schools, but I will put that inaccuracy to one side. Let us go back to "however". If a person genuinely believes that the uncertainty that the pandemic created warranted an extraordinary response to an extraordinary set of circumstances, why would they then use "however" and reference an impact, at least one of which they provide no evidence of? I do not know what the assumptions are behind the inclusion in the overview page about that.

Hon Martin Aldridge: She'll do a briefing soon. You can come along.

Hon SUE ELLERY: She briefed my staff and I asked where the explanation for that was and there was none. I do not know what the assumptions behind that statement are, but why did she want to contradict that the pandemic created uncertainty? There are people whom I would describe as COVID deniers. They hold the view that governments around the world overestimated the impact that the pandemic was having. I do not know whether the Auditor General is one of them, but there are COVID deniers. If the basis of the assumption is that she had to contradict what she just said, that would be deeply alarming. I do not know whether that is the case, but I do know this: if we had not —

## Hon Neil Thomson interjected.

Hon SUE ELLERY: This is how we responded to the pandemic. We looked at what was happening around the world. We looked at people in New South Wales queuing in their cars for nine hours because there were no rapid antigen tests available. When we placed orders for equipment, it arrived but other governments took our order and we had to reorder. We looked at all that and we made a decision to order as many RATs as we possibly could because we did not want to end up like New South Wales. We wanted to provide the best possible outcome for Western Australians, and that is what we did. I sat at the table when those decisions were made. I was part of the State Disaster Council, which is a subcommittee of cabinet.

Hon Martin Aldridge: No, it's not. The State Disaster Council is not a subcommittee of cabinet.

Hon SUE ELLERY: Honourable member, there were two bodies that functioned and met at the same time. One was the Security and Emergency Committee of Cabinet and the other was the SDC. They met concurrently. I was part of that and I sat at those meetings. If I was presented with the same information now that I was presented with at that time, I would make exactly the same decision because it was the right decision. It meant that Western Australians were not spending hundreds of dollars purchasing RATs. It meant that Western Australians were not sitting in their cars for nine hours waiting for PCR tests. It meant that our economy came out of COVID stronger than ever before. We had the best health response, the best social response and the best economic response. Those who are going to do the proper analysis of COVID-19 responses in WA in the future, will look at those three things and balance them against each other. They will not do a desktop analysis, but a balance of the three elements of public health policy, the epidemiology and the social and the economic factors, and they will reach the same conclusion that I have: that we did the right thing by Western Australians. I stand by every decision we made.

HON STEVE MARTIN (Agricultural) [11.09 am]: I rise to make a contribution to the excellent motion by my colleague the shadow Treasurer, Hon Dr Steve Thomas. I have to say, the debate has taken an unusual turn this morning considering what was a budget motion on the morning of the budget. I would like to put on the record that the opposition—the Liberal and National Parties—absolutely supports the work of the Auditor General. We absolutely support the work of this very hardworking professional public servant, in particular with the latest report that is critical of government spending. A number of recent Auditor General reports have been similarly critical.

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I would also like to put on the record that the opposition absolutely refutes any allegation that the Auditor General is a COVID denier, as referred to by the Leader of the House this morning.

Several members interjected.

**Hon STEVE MARTIN**: It was an absolutely extraordinary imputation. I will move on to the substance of the motion. It was very timely that it was brought because part (a) deals with, among other things, an extraordinary effort yesterday from Hon Dan Caddy, who is away on urgent parliamentary business, at rewriting history. Apparently Mark McGowan solved the GST problem.

Hon Pierre Yang: He did!

**Hon STEVE MARTIN**: It is happening again! It is being rewritten again. The motion by my colleague this morning puts on record who was responsible for the —

Several members interjected.

The ACTING PRESIDENT: Order, members!

**Hon STEVE MARTIN**: Thank you, Acting President. They are at it again, rewriting history. Hon Dan Caddy had a crack yesterday and now it is still happening. This motion clears up that effort.

I would like to move to part (b) of the motion and discuss the failures of this government. We heard via interjection from Hon Pierre Yang this morning that—I do not think I am verballing him—for "eight and a half years, we did nothing!" He was referring to the Barnett government years. I will point out an area in which the McGowan government has done worse than nothing—it is public housing. There was an outstanding article on 26 March in *The Sunday Times* by John Flint, "Labor's social housing shame: New builds for homeless less than HALF the Barnett government's last term". I will quote from the article—

The State Government confirmed this week it added 2534 dwellings from the 2017–18 financial year to the end of January this year. This compares with 5815 dwellings built or purchased from 2013–14 to 2016–17 under the Barnett government.

. . .

As well as delivering far fewer dwellings for social housing and affordable housing, the McGowan Government also sold off some of the State's social housing stock. In the three years from July 1, 2017 to June 30, 2020, it sold 726 properties.

It was not building them. It was not buying them. The government was selling them off—worse than nothing. To the credit of the current Minister for Housing, I believe Hon John Carey is trying hard. He is not achieving much. He is getting a lot of money put into various funds but he is not getting much housing on the ground. He responded to the article's claims, saying that it was "not fair" to compare the two sets of data because the Barnett government was getting money from Canberra. He said it was therefore unfair to compare the two sets of data. Hello, GST solution! That lack of investment and effort by the McGowan government for three or four years when it first came into power is now reflected, very sadly, in what we are seeing.

Yesterday, I asked a question in this place around the public housing waitlist at the end of April. There are now 19 195 applications on the public housing waitlist. That represents 34 201 people, and there were 4 671 priority applications representing 9 261 people. Let us look back a year or two. In June 2017, there were 16 500 applications, so it has gone up by approximately 3 000 applications. In June 2017, there were 29 000 people. It has gradually been going up and up and nothing has changed. It has not slowed down. That number will get worse as other factors in the housing market bite. Rents are rising. We keep hearing that we are the most affordable state in Australia. That might be the case but it does not matter because there are not any places to rent. It is not about affordability; it is about housing availability, and there are none. The impacts of mortgage stress are about to roll into the housing market. Interest rates have gone up very sharply and building commencements will struggle as those interest rates kick in.

Before I move on from social housing data, I would like to mention that the only reason this data is available to the public—it is not made available by the housing minister or the government—is that Hon Dr Brad Pettitt or I ask every month and it is released, otherwise it would not be. It would be hidden from public scrutiny. I think the housing minister needs to do better and release the data without us having to ask. It seems unusual —

Hon Dr Steve Thomas: The member should ask for a gold-standard of transparency!

Hon STEVE MARTIN: That would be a good idea. This impacts on individuals who are desperate to get into the housing market. Obviously, not everyone on the social housing waitlist does not have a roof over their head, but it shows signs of stress in that market. In parts of regional Western Australia in particular, the private rental vacancy

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rate is 0.3 or 0.4, which means there are not any. Recently, I was in Albany. If members walk up the main street in Albany, they will see signs on the doors of restaurants and service industry businesses saying, "Please be considerate. We can't hire any staff. It might take longer than normal", or, "We are closed for the afternoon because we don't have any staff." It is about to get worse. The population of Western Australia is about to grow. International students are returning. The government is actively recruiting police, nurses and tradies from overseas so we know those people are coming. Houses are not being built—private or state—so the housing stress, sadly, will continue to get worse.

In the brief length of time I have left, I would like to refer to some information that has been released; a very large amount of information was released before this afternoon, so we know a good bit already of what is in the budget. Some information has been released around the forestry sector. As we speak, businesses are going broke and shutting their doors. Workers are being sacked in a whole range of small businesses right across the south west and the great southern in the hardwood forestry sector including logging contractors, sawmillers and trucking operators. All sorts of businesses are facing great uncertainty but the good news from the McGowan government is that 50 government jobs have been secured at a cost of \$36 million. They are government jobs, so private jobs are falling by the wayside. Private businesses will be thrown on the scrapheap but we have 50 jobs, apparently, for which the government has found \$36 million to place into the forestry sector and the Forest Products Commission.

Hon Dr Steve Thomas: May it rest in peace.

**Hon STEVE MARTIN**: Indeed. I think those businesses and those individuals who have been sacked in recent months will look at this government with some cynicism as it continues to greenwash itself in the forestry sector with more announcements like this.

**HON JAMES HAYWARD (South West)** [11.19 am]: I want to rise to add my support for this motion. We heard from members on the other side of the house that this is the same sort of motion that is moved over and over. The Leader of the House —

Hon Dr Steve Thomas: Optimistically.

Hon JAMES HAYWARD: Yes—nearly a promotion there! The Leader of the Opposition pointed out that it never changes. Yesterday we were talking about the facts. Again today we have this rolling record of people who have rewritten history and decided that it is all a case of good management when we all know that the circumstances that the state finds itself in are very favourable. That has little to do with how the government has managed itself and a lot more to do with the circumstances around the world, including the price of iron ore, the return of the GST and all these things that make the state's budget healthy. We also know that during the time of the previous government, about 500 000 people moved to the state. Those people needed services and those services needed to be provided. We hear the old saying about the plastic cows and bits and pieces. Honestly, which projects would the government not have funded over that period? That is a question worth asking.

I want to respond very quickly to the comment made by the Leader of the House about the Auditor General. The Leader of the House said that nothing would have been done differently; that is, had the time and the information been the same, nothing would be done differently. I will tell members how I read that. Effectively, the Leader of the House is saying that absolutely nothing has been learnt from this experience. The Auditor General simply did an audit, which is exactly her role, pointing out that things were not done well. I remember sitting in an estimates committee when the Department of Health was trying to work out who was ordering these things because two departments in the state government were ordering rapid antigen tests. One did not know what the other one was doing, and we ended up where we are now, with 2.9 million clinical tests expired—more than one for every man, woman and child in Western Australia—and going in the bin. We are rapidly moving towards seeing the expiration of more RATs in the coming months. They are sitting in a government warehouse, in people's houses and electorate offices as they approach their expiry date. Why has nothing been learnt and why could it not have been done better?

One of the problems we have—this is an unfortunate trait of the McGowan government—is that instead of taking on feedback and criticism, the government goes straight to attacking the person. That is a very unfortunate position to be in because lessons could have been learnt. Nobody does things perfectly. Some criticism must come when someone takes the lead on these things. People do not always do everything right; there always has to be something that we can do better. If we get to the point that we are so arrogant that we cannot take on board the criticisms of intelligent, articulate people like the Auditor General, we will be in a very grave place. That trait of the McGowan government is just not good. We can all do things better. We know the reality. Yesterday I asked a question without notice about the state of housing and the homelessness situation. I was told that Western Australia has the lowest number of homeless people compared with anywhere in the country. We have only 10 per cent of the population for a start. There are real issues out there that affect real people. To be honest, the government needs to wake up, stop singing this song and start helping those people.

Motion lapsed, pursuant to standing orders.