



Parliamentary Debates

(HANSARD)

FORTIETH PARLIAMENT
FIRST SESSION
2018

LEGISLATIVE ASSEMBLY

Thursday, 12 April 2018

Legislative Assembly

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THE SPEAKER (Mr P.B. Watson) took the chair at 9.00 am, acknowledged country and read prayers.

PAPERS TABLED

Papers were tabled and ordered to lie upon the table of the house.

“PERTH THEATRE TRUST ANNUAL REPORT 2016–2017”

Correction — Statement by Speaker

THE SPEAKER (Mr P.B. Watson): I have received a letter dated 9 April 2018 from the Minister for Culture and the Arts requesting that an erratum be added to the “Perth Theatre Trust Annual Report 2016–2017”, which was tabled on 14 September 2017. The erratum addresses an error on page 37 regarding venue attendance figures at the Albany Entertainment Centre that were incorrect. The error is contained to page 37 and does not affect total figures elsewhere in the report. Under the provisions of standing order 156, I authorise the necessary corrections to be attached as an erratum to the tabled paper.

[See paper 1264.]

CULTURALLY AND LINGUISTICALLY DIVERSE MIGRANTS — SMALL BUSINESS DEVELOPMENT WORKSHOPS

Statement by Minister for Citizenship and Multicultural Interests

MR P. PAPALIA (Warnbro — Minister for Citizenship and Multicultural Interests) [9.03 am]: I am pleased to inform the house of a successful program delivering small business development workshops for Western Australians from culturally and linguistically diverse backgrounds. Delivered by the Small Business Development Corporation, with funding and support from the Office of Multicultural Interests, the workshops have once again highlighted that migrants are enterprising, ambitious, resourceful and innovative.

More than 164 people participated in nine workshops held in Girrawheen, Cockburn and Gosnells between September and November last year. Covering the key topics of starting a business, how to write a business plan and understanding business financials, the workshops aimed to increase migrants’ awareness and connections with the SBDC’s small business development services offered by the Western Australian government. A one-page flyer providing an overview of the SBDC’s services was developed and translated into Vietnamese, Mandarin and Indonesian, and is available on the SBDC’s website.

Beyond the immediate benefits for the attendees, the program has widened the corporation’s network with culturally diverse groups and resulted in more workshops, including three to be held in the Girrawheen Hub in April, May and June this year.

A recent survey by CGU Insurance, which is part of the giant Insurance Australia Group, notes that migrants who arrived either as refugees, skilled migrants or through the family stream own one-in-three Australian small businesses. It reinforces how the drive, determination and hard work of refugees and migrants make our cultural diversity one of our greatest assets. The survey found that migrant-owned businesses are, on average, generating higher revenue and are more focused on growing their business than are non-migrant businesses. As a result, they are making a significant contribution to the Australian economy. On average, migrant business owners work longer hours while at the same time placing a high priority on contributing to the communities they live and work in. Twenty-five per cent of migrant business owners are training young people compared with 19 per cent of non-migrant business owners, and 33 per cent of migrant business owners are planning new hires compared with 25 per cent of non-migrant business owners. Clearly, it is in our interest to nurture the potential in our recently arrived migrant communities.

I commend the SBDC and OMI for this initiative. I am sure that it will lead to bright futures for many of these individuals and a strong, positive contribution to our state’s economy, as well as further opportunities to advance culturally diverse enterprise.

YOUTH WEEK WA

Statement by Minister for Youth

MR P.C. TINLEY (Willagee — Minister for Youth) [9.05 am]: Tomorrow sees the start of Youth Week WA, and I rise today in my capacity as Minister for Youth to celebrate the positive contributions that young people make to Western Australia.

Historically, Youth Week has been run as a national event, with a harmonised national youth week across the whole country. Last year, the Turnbull government decided that the young people of Australia were no longer important enough to warrant a national youth week, so it cut the funding in its entirety for this important event on

the youth calendar. This year, our Youth Week will be a uniquely Western Australian experience. In 2018, Youth Week WA will run from 13 April to 22 April. The McGowan government has provided \$134 000 to support local youth through 58 Youth Week events throughout the state. From the Broome Mini Sports Day to the Bruce Rock Youth Fest to the Waroona Youth Fest and the Hedland's Got Talent competition, Youth Week provides multiple opportunities to get involved. In addition to acknowledging the positive contributions of our young people, Youth Week WA also provides a means for them to showcase their talents and profile their roles in their local communities. Our youth have much to offer all of us.

Mr Z.R.F. Kirkup: Hear, hear!

Mr P.C. TINLEY: Except in here!

As well as these very visible outcomes, another incredibly important element is less noticeable, and that is the unique amount of work that is undertaken in the many months leading up to Youth Week WA. During that time, young people work together with a range of other stakeholders, such as local governments and youth service providers, to plan, develop and promote these wonderful events. This is to the longer term benefit of Western Australia as it allows young people to work on a dedicated project that they are passionate about while improving their skills and connections in their communities.

I am excited to be heading to South Hedland tomorrow with my colleague the member for Pilbara for the opening of Youth Week and to personally celebrate the achievements of young people from the Pilbara. I look forward to a successful Youth Week WA this year and encourage all members in this place and people of all ages in the community to get involved and acknowledge the important contribution that young people are making right now in WA.

2018 PERTH AIRPORT ACHIEVER AWARDS

Statement by Minister for Child Protection

MS S.F. McGURK (Fremantle — Minister for Child Protection) [9.08 am]: I rise to inform the house of the Department of Communities, Child Protection and Family Support Perth Airport Achiever Awards program on 29 March 2018. This unique program has been running for 28 years and celebrates young Western Australians who have been in care and are striving to achieve their career goals through further education and training. This year, 32 young people across three categories were all recognised for their efforts. The three categories include University Achiever Award, Registered Training Achiever Award and Apprenticeship or Traineeship Achiever Award. One winner also received the Ida Curtois Inspiration Award, which recognises leadership and community spirit. It is through their tenacity, persistence and dedication that these inspiring young people are on a path to fulfil their educational endeavours. Despite the challenges they have faced, their example shows us that with a little bit of additional support, they are more than capable of creating a positive future for themselves. In their nominations, award finalists shared their stories of triumph and courage, which provided an insight into the lives of these young Western Australians and the adversity they have faced. I would like to share one quote that exemplifies the determination that is present in these young people. According to my notes, one finalist said —

“Gaining meaningful employment and lifelong skills are important to me to ensure stability and success in my future—I hope to make my family proud and be a good example to my younger sibling.”

I congratulate those young people recognised through the awards, and those who have helped them along their journey.

AUSTRALIAN ANIMALS — RECOGNITION OF MILITARY SERVICE — PURPLE POPPY

Statement by Speaker

THE SPEAKER (Mr P.B. Watson): If people would like to know why I am wearing a purple poppy today, it is because the purple poppy recognises the deeds of Australian animals during military service and helps Australians to understand the sacrifices that four-legged and winged diggers have made. From Simpson and his donkey to pigeons carrying vital messages, Boer War horses and the service dogs currently deployed in Afghanistan and Syria, animals have long served and protected Australian armed forces. Lest we forget our four-legged and winged diggers.

Members: Hear, hear!

DENMARK WASTEWATER RECYCLING PROJECT — DENMARK COUNTRY CLUB

Grievance

MR D.T. REDMAN (Warren–Blackwood) [9.10 am]: My grievance today is to the Minister for Water and relates to the Denmark wastewater recycling project, specifically the interaction of that project with the golf club in Denmark. By way of background, the project was going to effectively divert wastewater from the wastewater treatment plant in Denmark from the current entry point into Wilson Inlet estuary to the golf course to be used as recycled water, and then onto a tree lot. More recently, the agricultural college was to get some benefit from that as well. In July 2015, the previous Liberal–National government announced \$15 million of royalties for regions

funds for that project. For all intents and purposes, that project was progressing very well. Aside from the issue of effluent being disposed of into a closed system, which is a very sensitive issue in Denmark—we recently saw a newspaper article on the impact of that on Woodman Point off Rockingham—we also have the issue of the negotiations and arrangements between the Water Corporation and Denmark Country Club. A lot of work was done over a long time to negotiate for treated wastewater to go to the golf course to support not only the new grass greens but also the broader golf course. A lot of investments were made in both time and resources—many, many man hours and many hundreds of thousands of dollars—to upgrade the golf course with the view that the Water Corporation would support a level of treated wastewater going to the golf course. Those negotiations happened in good faith over many, many years. Grass greens were laid at the golf course. There was a lot of potential to support what is now a pretty strong focal point for Denmark. This project would help the golf course to be immune from weather events, particularly during the summer months, and matched very well with the high volume of wastewater that occurs during that period when people visit the community.

As a product of those negotiations, an agreement was signed on 19 December 2016 between the Water Corporation and Denmark Country Club—agreement 15184230—which effectively defined the roles and responsibilities of both the country club and the Water Corporation for the provision of recycled water to the country club. Those discussions with the Water Corporation formed the basis of investments made by the country club. The golf course moved to grass greens, which is a fairly high water-use project as far as golf courses are concerned, but the country club thought it had that agreement locked down and could therefore progress with all the things it needed to do. Since this happened, it has struggled to get other water sources from bores off the site. The project was given \$15 million, of which about \$1.5 million is now sunk costs. The government's budget cuts took back \$13.5 million and effectively stopped this project, which would have provided a climate-resilient water source to the golf club. It would also have contributed to the Water Corporation's goal of getting 30 per cent recycled water by 2023, which is one of its wastewater targets. A contract was put in place in good faith. It is the view of the golf club that the negation of the contract is quite disrespectful of the volunteer hours that have been put into the project and also the good faith negotiations that happened over a long time and which supported the golf club in making investments in irrigation equipment to cater for treated wastewater—it is not normal water, so it had to make some specific modifications to its equipment at cost. Given that it had had these good faith negotiations with the Water Corporation, it is pretty clear that those investments were made on the back of the fact that the country club thought it would get treated wastewater.

Denmark Country Club wrote to the minister on 11 January this year seeking some information on a clause in the contract that the Water Corporation used to pull out of the project. The country club considered the terms of the contract to be clear in being able to access treated wastewater for the golf course. The minister has not responded to that letter of 11 January 2018. That is quite a while ago now. It is disappointing. This project was negotiated by the golf club in good faith. There is a signed contract in place. The government has made decisions to pull money back. The golf club considered the nature of the negotiations to be such that there were contractual obligations on the Water Corporation to provide treated wastewater to the golf course. That has now been thrown out the window on the back of government decisions to cut back on financing this project.

There may be other options to move forward, and I encourage the minister to consider them. Given that treated wastewater is going into the closed system of Wilson Inlet only 400 metres from Rivermouth Caravan Park and recreation areas, it is a very sensitive issue in Denmark. Any treated wastewater going into a relatively closed system has a high level of risk. Here is an opportunity to take some of that away and utilise it for recreational purposes on the Denmark golf course. As I said, people are now making decisions to move to Denmark on the back of having grass greens on the course. Grass greens require higher levels of maintenance. It is a magnificent idea to align the utilisation of wastewater for a community-positive project. Good negotiations on the project had occurred with the Water Corporation, which the club thought it would be able to support. That has now been thrown out the window. The club has sought advice from the minister on the efficacy of the contractual arrangements that were in place. Unfortunately, it has not yet received a response from the minister. If the minister cannot consider the whole project, I implore him to consider other ways of supplying some of that treated wastewater to the golf club. It is a very good local recycling project that supports our community and supports Denmark Country Club.

MR D.J. KELLY (Bassendean — Minister for Water) [9.17 am]: I thank the member for Warren–Blackwood for the grievance. Since we have been in government, the member for Warren–Blackwood has been very critical of some of the decisions we have made about projects that he thinks we should fund but we are not. He has been very vocal about that indeed. However, since the last election, I have not once heard him acknowledge the role that he and his party played in the financial mess that this state is currently in. The member can smile and say that it has nothing to do with this, but the behaviour of members opposite has everything to do with the current state of the state's books. The previous government spent in a quite reckless manner, with no plan at all for how it would pay for it, other than a plan that the member's previous leader concocted when he retook the leadership —

Mr D.T. Redman: This is royalties for regions, which you support.

Mr D.J. KELLY: I did not interject on the member for Warren–Blackwood.

The former Leader of the Nationals came up with a plan to rip up state agreements and charge additional fees to iron ore miners. That plan would have required the government to rip up state agreements. That plan was not supported by the Nationals’ coalition partners.

The National Party was out there spending and making commitments with really no plan at all as to how it was going to be paid for in the long run. The National Party has been very vocal, urging us to spend, spend, spend on projects that it committed to. I think the public would appreciate it if the National Party at least once acknowledged its role in the financial mess that the state now finds itself in.

Mr D.T. Redman: This is royalties for regions, which you supported —

Mr D.J. KELLY: The member for Warren–Blackwood said, “But this is royalties for regions money.” One of the issues that the Langouant review identified was that the National Party considered royalties for regions money as somewhere outside the general budget process. It did not matter what was going on with the rest of the state’s budget, the National Party could just spend royalties for regions money on whatever it thought appropriate. It could just spend, spend, spend, and it did not matter what it was doing to the rest of the state’s budget. I respond initially in that context, member for Warren–Blackwood. It would be great if he told the people at Denmark Country Club, and the community more broadly, that he acknowledges that the National Party shares at least in part responsibility for some of the decisions now being made by this government that people may not be happy with because of the mess that it put us in when it was on this side of the house.

In respect of this project, it is correct that when we came into government we looked across every area of government to see the projects we could continue to fund and those that were not possible given the financial state of the budget. This is a \$15 million project. Only three years prior, \$12.5 million was spent on an upgrade of Denmark Wastewater Treatment Plant. I have been told that the upgrade reduced the amount of nutrients going into Wilson Inlet by 60 per cent. So \$12.5 million had already been spent on Denmark Wastewater Treatment Plant. This proposal was to spend another \$15 million to divert the treated wastewater through a recycling scheme, primarily to the golf club. That seemed a lot of money, I have to say, for what was going to be achieved. It would not have significantly reduced the amount of nutrients in Wilson Inlet because most of the nutrients in the inlet come from further upstream from agricultural uses. I have been told that to spend an additional \$15 million on another upgrade would have had an impact of only about one per cent on the nutrients within Wilson Inlet. So it was an awful lot of money to be spent on the wastewater treatment plant that only three years before had \$12.5 million spent on it.

The question the member for Warren–Blackwood has to ask himself is: if this was such a great project that desperately needed to be done, why had it not already been done by the National Party in the eight years it was in government?

Mr D.T. Redman: We did it! We made a commitment.

Mr D.J. KELLY: The National Party made a commitment —

Mr D.T. Redman interjected.

Mr D.J. KELLY: The National Party made a commitment —

Mr D.T. Redman: It was a cabinet decision.

Mr D.J. KELLY: Yes, I understand that, but the former government then lost the election. We are not bound by decisions the former government made. We looked at the projects that had been funded to see which were appropriate to continue with, given the state of the finances that the former government left us with. The member for Warren–Blackwood talked about the agreement that was signed between the Water Corporation and the golf club. I understand the announcement was made in 2015; the agreement was not actually signed until December 2016, so just before the state election—within the shadow of the state election.

Mr D.T. Redman: That’s normal, because you can negotiate —

Mr D.J. KELLY: Does the member want a response? I have only a minute.

I have looked at that agreement. My advice is that that agreement makes it clear that it is operable only if the funding is in place. If the funding is not in place, the obligations under the agreement are not there.

I can understand that the golf club is disappointed. A lot of people in my electorate and other electorates are now disappointed they will not be getting what they thought they might because of the state of the finances, but the National Party has to take some responsibility for that. I have asked the Water Corporation to speak directly with the golf club to ascertain whether alternative arrangements could be made. I understand that offer was made in January, but that the golf club did not take it up because it said that it wanted to seek further advice. That offer is still there. I am not sure about the correspondence the member referred to; I thought I had replied to that letter, but I will check on that. We are happy to talk to the golf club about alternative arrangements, but they have to be within the financial constraints of the state.

BURNS BEACH — WASTE MANAGEMENT*Grievance*

MR M.J. FOLKARD (Burns Beach) [9.24 am]: My grievance is to the Minister for Environment, Hon Stephen Dawson, MLC. I grieve about the challenges faced by my community in trying to ensure sustainable waste management.

In light of the ABC television series *War on Waste*, constituents in the electorate of Burns Beach are concerned about the state government's action on waste management and stewardship of the environment. Over the past several months, my office has received several complaints regarding rubbish collection and processing in the northern suburbs. The electorate of Burns Beach sits in the middle of two local government cities—the City of Wanneroo and the City of Joondalup. These cities currently have a combined population of over 400 000 people, and that is expected to grow substantially over the next few years.

In the middle of my electorate is Tamala Park waste facility, which puts almost 300 000 tonnes of waste into landfill each year. Although my constituents note with interest the intention of the local government to adopt the three-bin system and acknowledge that the government will implement a plastic bag ban from 1 July, they seek clarification of further actions by the government to avoid, reduce, re-use and recycle waste. I particularly note the recent decision by China to change its national customs inspection program, known as National Sword, to reduce China's tolerance of contaminated waste products to a level that precludes much of the export material that residents of Burns Beach would routinely contribute via kerbside recycling.

Can the minister please outline the government's plans to address the increasingly urgent issue of waste management in the northern suburbs?

MR R.R. WHITBY (Baldvis — Parliamentary Secretary) [9.26 am]: I thank the member for Burns Beach for this grievance and for providing me with some notice of it. Waste is an issue of significant public concern and is a priority of the McGowan government and the environment minister. A range of waste initiatives are currently underway to ensure that waste management and resource recovery in Western Australia reflects best practice, including announcements on the introduction of a container deposit scheme and a ban on lightweight plastic bags. The government's broader commitments regarding waste management will be set out in the new waste strategy to be released later this year. I am also aware of the concerns about the Chinese government's import restrictions on recyclable waste, and the impacts these restrictions will have on local recycling activities. Let me outline the breadth of actions the government is taking to improve waste and recycling performance in the state.

The McGowan government is working to reduce the impacts of plastic waste on the environment and will implement a ban on lightweight plastic bags from 1 July. Community support for action on plastic bags continues to grow as people increasingly understand the environmental impacts of plastic waste and the need to stop millions of bags entering the waste and litter stream every year. Of the 4 843 responses we received during public consultation on the plastic bag ban, more than 90 per cent of submissions supported the plastic bag ban. The Department of Water and Environmental Regulation is currently working across governments, retailers and other non-government organisations to support the ban's introduction on 1 July. The McGowan government has also committed to introducing a container deposit scheme to reduce litter and increase recycling rates. Under the scheme, consumers will be able to get a 10c refund on all eligible beverage containers such as soft drinks, flavoured milk, bottled water, beer, cider and sports drinks. The scheme will produce a significant stream of clean, source-separated beverage containers for recycling, and will encourage investment in collection and recycling infrastructure. The scheme also has business development and job creation opportunities that will provide a host of jobs for Western Australians.

More than 97 per cent of people who responded to the online survey during the public consultation period support a container deposit scheme for Western Australia. The scheme design is currently being discussed by a stakeholder task force, with community, government and industry representatives. We are also watching the rollout of container deposit schemes in New South Wales and Queensland and learning from their designs. The Minister for Environment asked the Waste Authority to review the state's waste strategy. The Waste Authority prepared a consultation paper and consulted widely on the review between October 2017 and March this year. Key themes coming out of the review include a focus on pursuing a circular economy and increased recognition of the need for shared responsibility to improve the state's waste performance. The Minister for Environment will release the new waste strategy later this year.

Last year the Chinese government notified the World Trade Organization of its intention to restrict the importation of recyclable waste. Some recyclable waste materials have been banned outright while others have had very low contamination thresholds applied that will be very difficult to achieve using current practices. In January this year the Minister for Environment wrote to the federal Minister for the Environment and Energy, Hon Josh Frydenberg, in support of a coordinated national effort to manage the impacts of the import restrictions and take advantage of emerging opportunities. The McGowan government recognises the benefits of national solutions but also recognises that we cannot wait for others to act.

On 15 March this year, the Minister for Environment met with waste industry stakeholders to discuss the likely impacts of, and potential responses to, the Chinese government's import restrictions. As a result of that meeting, Minister Dawson established a waste taskforce to advise on waste management in Western Australia. The waste taskforce will provide advice to the Minister for Environment on how Western Australia can best respond to the implications of China's decisions on the importation of recyclables by building on the state government's commitment to improving waste and recycling performance. I will chair the taskforce on behalf of the minister.

The McGowan government continues to roll out the \$20 million Better Bins kerbside collection program which supports local governments to implement better practice kerbside collection systems to achieve higher resource recovery. Better Bins encourages the use of the three-bin system: general waste, red lid; co-mingled recycling, yellow lid; and green/organic waste, green lid. Fourteen local governments have signed up to the Better Bins program, including nine metropolitan local governments, which translates to about 35 per cent of metropolitan households and over a quarter of a million households. We look forward to engaging further with local government to continue the trend toward a standard bin system across the state.

Achieving improved waste management outcomes requires action by all Western Australians and the government has a key leadership role. The Minister for Environment is working closely with state and federal government colleagues, industry and communities to improve the ways we avoid, re-use and recycle waste in Western Australia, from Burns Beach to Kununurra. I once again thank the member for bringing his concerns to the Parliament, and I look forward to the challenges ahead.

PILBARA UNDERGROUND POWER PROJECT

Grievance

MR K.J.J. MICHEL (Pilbara) [9.32 am]: I rise today to put forward a grievance motion on a serious matter. I address the Minister for Energy, Hon Ben Wyatt, and the Legislative Assembly to highlight my concerns with the previous government's funding and management of the Pilbara Underground Power Project.

Mr D.T. Redman: I bet you're happy it's there.

Mr K.J.J. MICHEL: I do not have time to take an interjection from you, member, but I will.

This project was woefully mismanaged from the very beginning, a fact clearly stated in the recent Langoulant special inquiry report. The report is damning in its conclusions on this project. There were inadequate processes in place for the allocation of funding. There was no business case for the initial funds. The Barnett government approved an initial \$35 million for the project from the royalties for regions program without a business case. Estimated construction costs did not take into account local conditions for a project of this size in Karratha. There was a significant cost blowout. The project is set to cost \$239 million, almost double the original estimate of \$130 million; that is a blowout of \$109 million.

Mr D.T. Redman interjected.

Point of Order

Ms S.F. McGURK: The convention is that during grievances there are no interjections. The member for Warren-Blackwood just presented his own grievance and there were no interjections. I ask that we hear the member for Pilbara in silence.

The ACTING SPEAKER (Ms S.E. Winton): It would be helpful if we could hear the member in silence. Thank you, members.

Grievance Resumed

Mr K.J.J. MICHEL: Even before the Langoulant report clearly laid out the time line of events that led to this shocking waste of state royalties, the Auditor General heavily criticised the project's planning and governance arrangements. The Auditor General found no evidence to support the original costings and cited "unrealistic estimates and inadequate early planning". I am sure the Minister for Energy would agree that the previous government failed the residents of the Pilbara with its mishandling of this project. A number of questions surround the appointment of the lead agency in delivering the project. The special inquiry found no evidence of the rationale behind the decision to appoint Horizon Power as the lead agency. This is important as Horizon Power lacked the capability and experience in delivering large infrastructure projects, particularly underground projects. Why and how was this provider chosen as the lead agency if at the time it had no experience with a project of this scale and no corresponding in-house capacity to manage and deliver it?

I am shocked at the weak governance arrangements and lack of oversight the previous government placed on this project. When construction began in 2010, contracts were not even finalised, nor was a funding agreement with a key stakeholder, the then Shire of Roebourne. Construction continued for 10 months at a cost of \$51.2 million, more than the approved \$35 million before a contract was signed. The Auditor General's report in 2015 also stated that the steering committee set up to oversee the project was ineffective and that Horizon Power rarely sought approval from the committee before making major decisions. This is likely as a result of its inexperience with projects of this scale and size with multiple stakeholders.

Initial project costs were imprecise estimates that were never revisited or refined. Contracts and funding agreements were not in place, yet the project commenced anyway. Only six months after the initial \$35 million, cabinet approved a further \$65 million. Two large lump sum payments were approved without a business case, without an analysis of estimated costings and without a whole-of-project assessment of the costs and benefits.

When the government approved the project in 2009 it was expected to be completed by 2012 at a cost of \$132 million. This project has taken nine years to complete, with multiple budget revisions, leading to a cost blowout of \$109 million. This is five and a half years longer than originally planned. The original time proposed for the completion of the project was obviously inadequate. However, it was the protracted nature of the project into a period of economic downturn at the end of the mining boom that hit the people of the Pilbara very hard. Nearly 2 000 houses have been lost in the Pilbara; therefore, people are suffering and struggling at this point. The project presented additional enormous costs to Pilbara residents as local governments sought to provide the balance of the required funds through special ratepayer service charges. For example, the City of Karratha council imposed an unpopular levy. The average contribution of households was nearly \$3 500, but for many it was much more, too much, including high costs to non-profit organisations. There was no community consultation, and this was at a time when the local economy was contracting due to the end of the mining boom. Not only were fuel and transport costs high, and people were losing value on their properties to nearly 60 per cent, but they somehow had to come up with additional money to pay this special levy. There were many protests at the time but neither the former member for Pilbara, the then Minister for Regional Development who spearheaded the project, nor the former Premier could give any relief to local residents. I invite the Minister for Energy to respond to these serious concerns affecting my electorate.

MR B.S. WYATT (Victoria Park — Minister for Energy) [9.39 am]: I thank the member for Pilbara for his grievance and I certainly sense his very legitimate frustration with this project. I want to start by making some broad comments around the undergrounding of powerlines as a project in both metropolitan Perth and regional Western Australia. This project has been around for a long time and it is very popular. From memory, I think around half the powerlines in metropolitan Perth have been undergrounded and there is more demand for funding the undergrounding than there are resources. In fact, one of the types of regular letters that I have to respond to is from councils looking for more money to continue the undergrounding in their own shires.

I want to pick up on an interjection made by the member for Warren–Blackwood and the point made by the member for Pilbara. I think the Pilbara always had the strongest claim for power to be undergrounded simply because of the impact of cyclones and that sort of weather event. It would provide a very important safety outcome and also reliability of services. Over the decades, we have seen the impact that cyclones have. To be frank, this project is a classic example of how not to deliver essential infrastructure in Western Australia. The Langouant report gave the project an overall score of 2.8 out of 10. I think that reflects the fact that Mr Langouant was incredibly scathing of it. He made the point that this was how not to manage a project, particularly when we are talking about that sort of money and, as the member for Pilbara said with some anger, the impact on local residents.

Regarding the cost and timing, the original estimated budget was around \$130 million, with a final projected cost of \$239 million—an increase of \$109 million and that does not include the costs that fell to Horizon Power, which were about \$22 million, and the cost of general admin of about another \$1 million. Basically, it was an 85 per cent cost blowout. The residents of Karratha in particular, as the member for Pilbara knows, have been hit the hardest with projected costs up from \$18.7 million to \$34.6 million. We just heard the member for Pilbara talk about the frustration of many of his residents with the levy that was then imposed as a result. In 2015, the Auditor General's report noted that the original completion date of the project when it was approved in 2009 was expected to be December 2012, so the delay has been nearly six years. Although under this government's leadership, the project is now to be completed ahead of these revised timetables and we have found some small savings on the re-profiled budget, but it does not make up for the damage that has been done and the mismanagement that occurred early on, which was outlined by the member for Pilbara.

I want to make some comments around project management. For me, the procurement process is perhaps one of the starkest learnings from the Langouant report. It was fundamentally flawed from the beginning and undertaken in a way that introduced unaddressed risks. Perhaps the strongest indication of that is the fact that construction work was commenced without contracts. No contracts were entered into prior to construction beginning. Contracts followed work commencing by about 10 months. We talk about business cases, and of course there was not one for phase 1 of this project, as identifying risk; that is the whole point. A government will make decisions on doing a project and the point of a business case is to identify risks and project management repercussions if decisions are not made or timetables are not met. That is the whole point. As a result of construction preceding any contract, the cost of the contract inevitably increased because the project's risk also increased. Regarding governance, as the member for Pilbara pointed out, no business case was provided for phase 1 of the project. From that point on, the government was playing catch-up, and we are still playing catch-up to a certain extent, trying to rein in the project so it delivers exactly what we want it to deliver—secure and reliable underground power in the Pilbara. There has also been a lack of appropriate records management so it is very difficult to determine the reasons the project was so poorly designed and managed. As the member for Pilbara pointed out, the steering committee failed to perform

its functions correctly. It really required a very strong oversight of Horizon Power. Again, starkly, simply providing Horizon Power with two large wads of cash to do the project was not the way to go about project management. Obviously, that should have been done in a much stricter time frame with payments according to delivery and milestones, but that simply was not done.

The member for Pilbara will be pleased to know that the current situation is that the final undergrounding work was achieved in November last year and we expect the project to be finalised for the middle of this year. The project will meet its revised time line and, as I said, some small savings have been made against the revised budget, but the damage has already been done with this project. I made the point at the beginning that of course this project is very important for the Pilbara because of the nature of the regular cyclones that come through there. When powerlines go down, it is not just an issue of supply but also safety. It was always a very important project to be done, and to be done correctly. As a result, a very good and appropriate infrastructure project has been met with great frustration and anger from local residents, as identified by the member for Pilbara. Now the new government is ensuring appropriate governance on all future projects through firstly a greater involvement of Treasury—Treasury is now going to be involved when original decisions are made, as opposed to being excluded from the decision-making process—and stronger oversight of departments and government trading enterprises. When these utilities provide this sort of important infrastructure, they need to be managed and the government needs to have an understanding of what the project is at the beginning. That was the problem; there was no understanding of what the project was, or the scale and size of the project. When construction was allowed to begin before that had been resolved, we ultimately ended up with this situation. I am pleased that the project is nearly done and the people of the Pilbara will have the benefit of this project.

LOT 2, PIARA WATERS — ZONING

Grievance

MR Z.R.F. KIRKUP (Dawesville) [9.46 am]: My grievance this morning is to the parliamentary secretary representing the Minister for Planning and is in relation to Lot 2, Piara Waters. At the outset I would like to thank the parliamentary secretary and the minister's office for hearing my grievance this morning. Although Piara Waters is not within my electorate, one of the owners of the property is a gentleman called Trevor Hall who is a constituent of mine. I would also like to take the opportunity to thank the member for Jandakot for his involvement, given his intense interest in his own district and in helping to try to bring about a resolution in this case. I have met with Mr Hall and his brother Wayne a number of times about the circumstances that relate to his property on lot 2, Armadale Road. I have been driven around his property a number of times as well. I have also met with the City of Armadale and I have raised this issue in correspondence with the minister a number of times. I have even raised it in budget estimates. My office has done quite a lot of work, as has the member for Jandakot's office, because I think we all realise the importance of trying to right what we see as a wrong.

The Hall brothers bought the property at lot 2, Armadale Road, as an investment for their superannuation and to help fund their retirement. They are fantastic, contributing Australians who, like many residents in my district, have done much in commitment and service to their country. They now find themselves at a time when they would like to enjoy the remaining years of their lives in a comfortable manner, which this property would help to afford. Unfortunately the property, which was initially purchased for the purpose of urban development, is constrained, certainly from the perspective of the government. For the Western Australian Planning Commission and the Department of Water and Environmental Regulation, the site is constrained. Unusually, in correspondence I have had with both the Minister for Planning and the Minister for Environment, when I asked for this property to be looked at again to re-zone it from "special rural" to "urban", time and again it comes back to us that this site is environmentally constrained because there is unique flora and fauna on the site. Not only have I gone to the site and checked it, and it is in effect no different from any other semirural block I have seen anywhere else, but also the Hall brothers have gone to the effort of providing an independent environmental consultant's report through Ascendo. Similar to my own observations on the ground, albeit I am not a scientist, it showed there was no unique flora or fauna on the site that would warrant it not being able to be changed from a special rural to an urban or urban deferred zone. The soil investigations—the visual indicators of wetland soils—were generally absent, except for one small portion of very minor wetlands on the eastern boundary of the block. The Hall brothers have indicated a number of times to the government agencies that they would ensure any development that happened on that site would include a 30-metre buffer or a buffer of some nature for those wetlands. Again, having been on the ground and as outlined in the independent consultant's report, there is no real, unique environmental value to the wetlands but even they would concede to make sure that that buffer remains. The reality is that in all their representations to the City of Armadale and to the Department of Planning, Lands and Heritage and the various environmental agencies, there has been very little by way of concession from the government. As I said at the very start of my speech this morning, these brothers have done a great deal to make sure they have set themselves up for retirement, and this block was part of their plan to make sure they could retire comfortably. The Ascendo report concluded that sensitive development on the site would be considered appropriate as long as that buffer was established because of the environmental values of the adjoining Jandakot Regional Park. The brothers Hall are not suggesting

that there should be a widespread development here. They simply would like to see this block removed from the special rural zoning to urban zoning so they can start to develop it in a manner, I would argue, that is conscious of any environmental factors that may exist. They certainly would appreciate more independent interrogation by someone from the Western Australian Planning Commission or Department of Environment Regulation by going out onto the ground, rather than a desktop study, which seems to be the process now and which often defers to old science or values that show that this site is somehow environmentally constrained. It is simply not the case. I encourage someone from the agencies to go to the site, and I believe the member for Jandakot has looked at this site himself. If they do go to the site, they will see that right across the road is St John Bosco College and 250 metres to the north are Riva Estate and Piara Waters. There is significant urban development all the way around the Hall brothers' block. Anyone who goes down Armadale Road will see that lot 2 stands out like a sore thumb. It is cleared and, as I say, it is no different from a normal semirural property, yet somehow these brothers find themselves on an environmentally constrained site. At the moment I think it cannot be zoned urban because of these environmental values that have been cited by the government and the City of Armadale.

I appreciate the parliamentary secretary taking my grievance this morning. I encourage and look forward to a positive response whereby we can commit the WA Planning Commission to independently look at this site again, not by relying on old science or old reports, but by actually going to meet on site so it can realise what I have seen—I do not want to speak for the member for Jandakot, but I suspect it is what he has seen—that is, this block is ripe for urban development. It is right opposite a school and it is ready to go. It would help meet some of the density requirements that the government has put on the City of Armadale. I think development of this property in a manner that is environmentally sensitive, as the brothers have been willing to do, and as the Ascendo report—an independent environmental consultant's report—states, could be done. An environmental planning report shows that this urban development could be done, but, unfortunately, these brothers, who have contributed much in their lives to build our country, now find themselves on a site that is effectively pickled. I look forward to the government committing today to look at and investigate this again, and interrogate the matter so that the Hall brothers can see a change to move this property from a special rural zone to an urban zone and realise their dream and their retirement.

MR J.N. CAREY (Perth — Parliamentary Secretary) [9.52 pm]: I acknowledge the grievance of the member for Dawesville and his words on this matter. I also acknowledge the member for Jandakot's work on this issue. The government is sympathetic to this situation and the Hall brothers. We appreciate that there are some complex issues relating to this site. I think it is best to summarise the issues in two parts. The first is a contest relating to the wetland values of the site. As the members for Dawesville and Jandakot have identified, the site is located between significant conservation estates, and I think we all acknowledge that there is a Bush Forever site next door. On the other side there is the secondary college and slightly to the north there is residential development. There are two issues here. The first is the categorisation of the wetlands. I note that the Hall brothers engaged separate independent consultants. It is a difficult issue in this regard. I understand that there will be calls for independent reviews, but I put it to the member for Vasse —

Mr Z.R.F. Kirkup: Dawesville.

Mr J.N. CAREY: I am a great fan of Vasse; that is why I always refer to the member for Vasse. I am in her cheer squad!

If every time a proponent questioned an assessment by a government agency and called for an independent review, there would be significant cost to taxpayers. That is the simple reality. I note that there is this question by the proponents about the wetlands. I want to read the response from the government agency. I appreciate that the Hall brothers disagree with it. This is on the public record. It states that wetland UFI14893 is identified as part of a conservation category dampland and is part of the extensive Anstey-Keane damplands system that extends to the east of lot 2 within the Bush Forever site. The EPA has identified significant conservation values associated with this dampland, including high biological diversity and important local and regional environmental values. That is the first contest. The consultant and the brothers say no; the government agency says yes.

The second issue is that the brothers then sought to get this site rezoned from rural to urban, and that was rejected by the Western Australian Planning Commission. I note, in procedural fairness, that the brothers, or the applicants, were able to make a deputation to the WAPC and it refused that. I want to put the reasons on the record. Firstly, it was inconsistent with the draft "South Metropolitan Peel Sub-regional Planning Framework", which was recently released. Secondly, no proportion of lot 2 was considered suitable for urban zoning in the absence of an approved bushfire management plan and studies to ensure that any development does not unduly impact on the hydrological regime of the adjacent Anstey-Keane dampland within the Bush Forever site 342. Obviously, as the member for Dawesville has identified, the WAPC rejected the rezoning based on the advice from the Department of Parks and Wildlife.

The minister is open to this issue and there is great sympathy for the owners. We see the viewpoint that the site is wedged near a school and residential development and that any buffer effectively of 50 metres or more, as suggested by the department, would preclude any development on the land. It is difficult though because, as the member knows, the other way this matter could be dealt with is perhaps by trying to get an independent review by

a government agency, but what precedent would that set? If that independent review backed the values of the government agency, where would that leave the applicant? I am sure the applicant would still argue that the land should be rezoned. Also, as we know, in this situation it would require the minister to formally direct the WAPC to rezone the site, and I understand that that would have to be tabled in Parliament. I would have to ask, but I am not sure whether that has occurred many times. I do not think it has ever occurred under a Liberal government that there was a direction to the WAPC, so that is a serious consideration for the minister to make because it would be setting a precedent. As soon as the minister directed on a planning matter such as this with rezoning, it would perhaps open the floodgates for any other situation. All I can say is that I spoke to the minister before taking this grievance. We are deeply sympathetic. I am happy, as the parliamentary secretary, to meet personally with the Hall brothers about the site, because some credence is given to the arguments that the member for Dawesville and the Hall brothers have made about the state of the site, and perhaps the member's criticism is fair. I also note the strong advocacy by the member for Jandakot that perhaps an additional assessment of the wetland site needs to be made, because, as the member for Dawesville noted, there was a desktop study. On the other side—the member would know this having been an adviser to a former Premier—a lot of times proponents engage a consultant that will give the direct views that they want. They do not engage consultants to provide alternative viewpoints to the proposal.

Mr J.E. McGrath interjected.

Mr J.N. CAREY: It rarely happens. I know that in my time as a mayor I never heard consultants engaged by an applicant say that they totally disagreed with the person who engaged them. Having said that, we take the matter seriously and will be glad to meet with the Hall brothers again. We have already met them. The member for Jandakot brought them three years ago —

Mr Z.R.F. Kirkup: Three years ago?

Mr J.N. CAREY: Three weeks ago! Sorry. We have been in here for a long time!

I am hopeful that perhaps a solution to this matter can be found.

PAY-ROLL TAX ASSESSMENT AMENDMENT (EXEMPTION FOR TRAINEES) BILL 2018

Second Reading

Resumed from 11 April.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [10.00 am]: The government is obviously very interested in what we have to say. As we indicated earlier, the Liberal Party will not support this legislation. The basis of our justification is the Treasurer's rant on this in question time yesterday, in which he accused all the users of the exemption process of being rorters and the Chamber of Commerce and Industry of Western Australia, which he said promoted it, as complicit in that. As we made quite clear, we are open to argument about reform of the system, which we did in 2014–15, and which came into effect in 2016–17. That had a significant impact in that, according to the government, the exemption for the revenue has gone down from about \$100 million to \$80 million and is on the decline. We recognised that there was a need for reform and we were willing to participate. All we wanted was evidence of the impact of the changes of three years ago and what needed to be done. The government has not provided the evidence required to pursue the policy to eliminate altogether, in a two-stage process, the exemption for payroll tax for training. By the way, this policy was introduced by the Gallop–Carpenter government in 2005, and we reformed it to some extent and were willing to look at further reform, but no data for reform was put forward.

A couple of the arguments put forward to us by the advisers simply have to be false. When a government asks for an opposition's support and provides bogus evidence, it should expect us to question that. As stated in the government's evidence, in 2014–15 we put a limit of 100 people a quarter on apprenticeship programs for each firm. One of the government's concerns is value for money. The third dot point of the information we got said that the exemption was not targeted at filling training gaps or addressing priority training areas. An example is that one employer employed 1 000 employees on the same business systems course. If employers are restricted to 100 a quarter, how can there be 1 000? It cannot be! That was a possibility three years ago and probably a reality, but it is not now. The government is using examples from three years ago—from before the reforms that we put in—to justify further changes now. It just cannot be. We have a right to know. Training is important for business and this is a major program provided for training. The government is going to scrap it in a two-stage process and move to a grant system, which we have rejected in the past as it has major flaws, which are seen around the country as this is not a new policy area. The government has put together bogus data. When the Treasurer was asked about it, he ranted that all the businesses using it were tax avoiders and tax cheats and that the CCI, which is arguing the case on behalf of its members, is complicit. When politicians, particularly those like the Treasurer, who is prone to rant and be abusive, make such statements, we have to be sceptical.

Another piece of data was that around 2016–17, around 120 employers were granted exemptions of more than 30 per cent of their wages, which is about five per cent of the firms that pay payroll tax. It could apply to only very small firms in terms of wage bills and the numbers. It cannot be any other way. Those figures show that the impact

of the so-called rorting will be most significant—because of the 100 employees a quarter limit—for small businesses, which are at the margins of paying payroll tax. The Treasurer is saying that small to medium-sized enterprises that have these small wage bills that just go over the payroll tax threshold of \$850 000 are the major so-called rorters of the system. In other words, he is saying that it is not BHP and Rio; the threshold does not apply to them as they have thousands of employees. It is not a big issue of them trying to rort the system. He is saying that small to medium-sized enterprises are systematically rorting the system. That is what he is saying, but providing no evidence to that effect. In fact, the evidence is from over three years ago. The government has to do better than that to get our support for eliminating this system.

It has been made clear to us that this is the first step. The government is going to eliminate the payroll tax exemption for training altogether and move to a grant system. We have seen grant systems before and know a couple of things about them. Grant systems have high administrative costs and have been rorted systematically in the past. A couple of royal commissions into the training levy fund have been held. Do members remember those? Grant systems are not quick or agile enough to target what firms need. They are determined by bureaucrats and agencies rather than employers and employees on the ground, which is why, over time the training system has shifted away from administrative grants to more employer-based decision-making. But the government is going back to that. We suspect that it is going back to it for its industrial and union-based agreements and we will see that in the future. We have to treat this as a stage of the government abandoning an existing system.

The government is saying a couple of other things. As the member for Bateman correctly argued, this state is going through a major structural change, from construction to production and diversification after the boom. Firms are going through a really difficult process and are hard-pressed to adjust. There is downward pressure on wages and retraining is absolutely needed. The government has said that 40 per cent of the users of the system are current employees. It says that is a negative thing. It will take away one of the major mechanisms that firms can use to retain current employees. They are going through major structural changes and, rather than fire workers, they need to retrain them. They use the system to retrain workers and the government is going to eliminate it and make it available for only new employees. Employers are going to fire people because of this change. If a current job no longer exists, is substantially altered or is of marginal value and they would like to retrain their employees, employers will lose this and will have to fire them. SMEs will fire people because of the government's policy. The government has not thought this through. We are more than open to a wholesale look at the system; we will look at every aspect of it. We should not only monitor what it is being used for, but also make sure it can be closely targeted. We would insist that it can be used for existing workers as well as new ones, and we will look at a cap of some sort. We will look at any major reform of this system. We are open to that but we are not open to "take it or leave it" or eliminating it altogether. The government must provide data. To a large extent, the critique of the system is based on data from three years ago that we took into account and reformed the system, which the government gives us a backhanded thanks for. But more is needed. We will not support the elimination of a major program to retrain existing workers during the most significant painful adjustment process ever. The government noticed this because the Premier yesterday announced a major program with Rio Tinto to retrain workers in Rio Tinto's businesses impacted by automation, which is a big issue in the mining sector—both trains and trucks and a whole range of other things. All the major miners have said, "We're going to go to automation but we're going to do it in such a way that we do not lay off people. We're going to retrain the existing workers to work elsewhere in our operations." Even though FMG and Rio Tinto are not big users of this program—because it is capped at 100 employees per firm per quarter—it is happening to them and it is happening across the board. Across our economy, employers are being disrupted by technological change, so rather than lay off people, we would want them to retrain. This takes away that ability for this program. Instead, they will have to go cap in hand to the bureaucracy and say, "This department is going to be affected by technological change, we would like a grant to stop laying off these people." Six months later, they might get a grant, and do members know what? The person is gone! They have to shunt the responsibility for training off to the department and TAFEs in some form or fashion. It is short-sighted. Putting it all together, this is a cash grab by the government to get a hold of effectively a backdoor means to increase payroll tax. It is mainly small and medium enterprises that will be impacted by this change. That is what it is.

[Member's time extended.]

Dr M.D. NAHAN: One of the government's claims is that it will keep the savings of \$100 million over the forward estimates. It will basically be used to backfill the national partnership. The national partnership expired on 1 July 2017. It was about \$55 million to the state and it went largely to TAFEs. Those are all facts. The national partnership is being renegotiated now. The federal government has re-funded it and changed it. It funded it in full on a levy on employers, and employees on temporary work permits from overseas. All the money for those levies goes to this new national partnership. In the forward estimates, it is about \$365 million a year. That is a bit less—about 15 to 20 per cent less—than the allocation under the old national partnership. It is a reduction; I accept that. But it is also dependent upon how much money is raised. Also, any unspent money accumulates in the fund. Last year, no state or territory used it, so the \$365 million allocated for 2017–18 accumulated and will be spent over the forward estimates. It is going up. It is used for the same purpose—funding public sector TAFEs. It is what it

says. However, it does have some additional strings attached, as all these commonwealth grants do. I cannot find out what those additional strings are because they are being negotiated. The Treasurer's argument that it is cut and gone forever is simply not true. The allocation in 2018–19 is just shy of \$40 million for the Western Australian government. In the forward estimates of the commonwealth's 2017–18 budget, the commonwealth told us that additional money, because of the lack of use, will be allocated in the up and coming budget. The money is there, the government just has to agree to the strings attached. But the allocation of the money targeted to public sector TAFEs remains the same.

The bureaucrats were careful, they have to worry about their jobs for this government, but they told us that there was \$55 million under the old system that was not allocated in 2017–18. That is accurate. The government lost \$55 million because it did not renegotiate the national partnership. Going forward, the implication that that will continue has no basis whatsoever. There is a system. I think the state government, after it gets this, will use the lack of renegotiation of the national partnership to try to justify pulling money out of training and businesses through the payroll tax exemption. They are using this lure of a failure by the commonwealth to reallocate money to effectively increase payroll tax and remove the exemption. The government will then turn around and renegotiate the national partnership, take the \$40 million or more, and pocket this and use it somewhere else. This government is not forthright or honest; it is tricky. We cannot believe a word it says about the use of the money, the justification for it, the research, and the cause for it. If it were straightforward with us on this and came to us and said, "Here's the research we're doing, here's some data and here are some ideas of reform", we would have supported it. We would have given it due consideration. We would have argued not to eliminate training for current workers, because that is just stupid. We would have looked at the \$100 000 cut-off. The mining sector is very important. A lot of people who earn over \$100 000 in that sector need training. All those people face—many of them union people—dislocation or dismissal because of automation. They are all train drivers on \$200 000-plus. The government's decision to cap is debatable. We would argue for more. The government might have differentiated by industry—\$100 000 in the hospitality industry is more than reasonable. In the mining sector, particularly for fly in, fly out workers, it is not. But the government has not done that. It has not done the work necessary to address it because I think all it wanted was to get an effective increase in payroll tax and use the money on higher priorities that it is not telling us about. That is what it is doing.

It was justified in a rant by the Treasurer saying that everybody who is using this system—most of whom, as I have pointed out, are small and medium enterprises facing huge levels of dislocation and structural change—are nothing but rorters. That is what the government said—nothing but rorters. The Liberal Party cannot, and will not, accept that. Do the work and we will look at it seriously. The Liberal Party has a track record of this. When it became obvious to us back in 2012–13 that the growth of the payroll tax exemption was very rapid—though at that time so was our employment and payroll tax revenue—we looked at it. At no time did we think that we had all the solutions. It has led to a 20 per cent drop in two years of receipts. There is a lag in the system. When those changes were made, we grandfathered all training programs. Many training programs go on for more than one year. We expect that as time goes by the changes we made in 2015 will lead to further ongoing reductions in the amount of money spent on tax exemptions. We have not been provided with that data at all. A graph provided from last year just shows it has gone down. It did not provide the evidence for this current year, 2017–18. I do not know that that is reasonable. On the trendline, the state will get another \$10 million saving. It would be down to 70. If it is done over the forward estimates—we do not know whether the government just used the trendline—it will go down to about \$50 million or less. The government does not provide that data. Why not? It should be there. It has to have it for budget purposes and for the development of forward estimates. I put that to members, being sceptical, because it does not tell us a story. The government and this program want to effectively increase payroll tax by taking away the exemptions that apply mostly to small and medium enterprises at the margins of payroll tax to use that money for other purposes that it does not want to tell us about. It says it is going to backfill a national agreement. As I pointed out, that is bogus. The national agreement has been renewed and the money is there. It is earmarked and funded over the forward estimates; it is a specifically earmarked tax on foreign workers. It is there. The government will get that if it so wishes to access it. This is just an exercise in trying to increase the effective payroll tax rate on small to medium enterprises, and for the government to take the money and spend it elsewhere; we do not know where. We suspect that in the next stage—this must be considered now, because it was flagged in our advice that this is the first step—the government is going to a grant system. Whether it takes the higher payroll tax into the grant system, we do not know; that is not clear. It might pocket it. It might spend it on Local Jobs, Local Projects with more pork-barrelling. But if the government does grants, we have no doubt that the grant system and studies of it have been done over and over again. TAFE has been one of the most investigated areas in public policy over the last 30 years at the commonwealth and state level. They have looked at grants. Grants have higher administrative costs, are slower, more poorly targeted, less responsive to the demand of industry and are more stuck in bureaucracy than the flexibility of the workplace. That is what the government is going through. It is expecting us to support the government increasing the effective rate of payroll tax—it is not trying to say that, but that is what it is doing—to fund something else, including the grant system. One of the problems with the grant systems in the past, and we are not just paranoid on this, has been that they have been set up systematically to be administered by tripartite arrangements, including the union movement to allocate for the union's deemed

priorities. That is what this says: the government will allocate the money on the grants schedule under its priorities, which take union priorities. The unions have, regularly and through history, systemically rorted those systems, requiring royal commissions into them. Julia Gillard was involved in one in New South Wales. It was rorting the system in Western Australia to build a union leader's house in Victoria. As a result of the tripartite arrangements, because some of the dubious values of the union leaders, these systems have been systemically rorted—and that is where the government is going. But more importantly, grants have been poorly targeted for the purposes of training.

In the last election, we never heard of this reform, did we? The Labor Party knew well about it, but it did not mention it. No, no. It was just like it did not mention privatising Synergy's assets. In fact, it was fighting to save the sale of assets owned by monopoly providers of electricity. But it did not do this because it knows it is dodgy. We simply will not provide it, and we will go out to small and medium enterprises in the metropolitan and regional areas to highlight what this actually is—an attempt to increase the effective payroll tax on them through a backdoor means. It is not needed to fund the national partnership. Current employees need training, just as do future employees, and the government, with its argument, is being dishonest and tricky about this system. We will fight for the small and medium enterprises in the metropolitan area and regional WA against this government's attempt. We will also hold the Premier to his promise made to us all that he will seriously look at increasing the threshold for payroll tax from \$850 000 to \$1 million. He made the promise to all of us last year. We will hold him to account on the next budget.

MR S.K. L'ESTRANGE (Churchlands) [10.24 am]: Where is the Minister for Finance, Leader of the Opposition, to listen to us scrutinise the ridiculous Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018?

Dr M.D. Nahan: He doesn't care.

Mr S.K. L'Estrange: He does not care. At least we have the Premier in here, albeit he is spending most of his time talking to the Minister for Mines and Petroleum, not even listening to the Leader of the Opposition. All we did as an opposition is get up in this place yesterday and make the point that we think this bill should be scrutinised. What did Labor do? What did the minister and the Premier authorise? It is a media release headlined "Liberals side with scare campaign over trainees and small business". That is not a media release; that is spin and the government knows it. The whole point of this Parliament is to hold the government to account on its policies and bills so that the legislation that rolls out of this place and goes to the Governor's residence will work for the people of Western Australia. The minute it gets some scrutiny from this place, what does the government do? It throws out a ridiculous media release. It is outrageous, sensationalist and designed to provoke public interest and excitement, which is not in the interest of what this bill is about. This bill purports to do all sorts of things, but this government seems to be interested only in a headline and a bit of public opinion that falls in line with its blame-game rhetoric of blaming us for everything that it is doing wrong and not having a good look at its own policies. Let me just remind the Premier, before he walks out, that he went to the election in 2017 with a very clear promise to the people of Western Australia. He said —

"There will be no new taxes on West Australians or increases on taxes on West Australians if we are elected, full stop."

He repeated that pledge going into the election—and here we are again. What is he doing? He is increasing a tax and going back on his word. He is breaking that promise again. I think it is the fourth time that we have seen it from this Premier. No doubt we will see many more. We know that he loves taxes. He also said it was going to be a government that would be open and transparent. On 21 February 2017, before the election, it was reported in ABC News —

Mr McGowan said Labor would release all of its revenue-raising measures before polling day, but stressed people in WA were already paying enough tax.

What happened? Apparently they are not paying enough tax. Apparently, because he thinks it is okay to break these pledges and promises, he can come into this place with the minister and dish up another tax grab on the people of Western Australia and sadly on industries and businesses in Western Australia that employ Western Australians. These are pretty simple economics. If the government starts increasing costs on business, it makes it harder for those businesses to employ new people. That is what this government is doing, and it is trying to cover it off as though it will make more jobs. How can it be making jobs if it is introducing a policy to increase taxes that will damage the jobs that it is purporting to support? It is ridiculous. It does not make sense. It is nothing more than a tax grab, and the people of Western Australia should wake up to this. Unfortunately, this government puts out these media releases that have nothing to do with policy direction or new and innovative ideas to grow jobs in Western Australia. It is just sledging the opposition. That is what we have a year and a bit in.

Here comes the minister. I am glad he has finally turned up. He refused to listen to the Leader of the Opposition, but he has walked into the chamber, so maybe he can listen to a bit of what I have to say about what he is trying to dish up in his ridiculous media release yesterday. The increasing of payroll tax by removing the tax exemption

for traineeships is something that we need to look at pretty carefully. Not only did the Premier say before the election that there would be no new taxes, we now have it reported in ABC News by Jacob Kagi on 11 March 2018, under the “No new taxes” banner —

What has happened: It did not take long for this promise to look shaky and, sure enough, the Premier admitted on budget day in September —

This was last year —

he was breaking that pledge.

The gates are open, ladies and gentlemen, for taxes on Western Australians to start rolling out from this minister and Premier. Can I say that it was very interesting in the lead-up to the March 2017 election. The government cosied up nice and tight with the Chamber of Commerce and Industry of Western Australia, the Chamber of Minerals and Energy, the Committee for Economic Development of Australia and many other industry groups in Perth: “We’ll look after you; we’ll look after business.” I wonder what those groups are thinking right now. I wonder how they feel about this Labor government that was going to be all about no new taxes, no increases in taxes, supporting business and growing jobs. I wonder how those industry groups are feeling right now. I think they might think they have been duped by the government and are very concerned about the direction this government is taking. Once it was elected, it turned its back on all those groups. It did what it could to get those groups to support it, and now it has simply turned its back on them.

There is no doubt that, under this Minister for Finance and this Premier, the government is turning into a rabble. We can see that. There is only one minister in the chamber other than the Minister for Finance. Government members are simply not interested in this tax-grab bill at all. They would rather not see it and rather not hear the opposition’s scrutiny of it.

Mrs M.H. Roberts: I’d rather not hear it, and I am here.

Mr S.K. L’ESTRANGE: The minister is here; I said the Minister for Finance and one other. It is good to see that the Minister for Police is here to listen. She has been here for many years, so no doubt she is well aware of the fact that her government has broken a promise and has backflipped on an election pledge.

The Premier and the minister continue to twist and bend the truth with the facts and figures. We consistently hear them talking about the need for these types of measures as a way of repairing the budget, yet it does not stack up. They use figures like \$40 000 million in debt, which they try to land as our responsibility. No, minister, and no, Premier, it is not. We actually went to the last election with a pledge to sell Western Power, which would have put the forward estimates of the debt predictions under \$30 billion, and the minister and the Premier know it. They took over debt at around \$32 billion and they are now extending it to greater than \$42 billion, and they know it. They own that policy and they own the mechanisms of government that could have changed the direction of debt to go under \$30 billion, as we went to the election on, but they did not. They should not come into this place with facts and figures that are wrong and say deceptive, sensationalist, headline-grabbing things about the opposition being responsible for the government’s debt going above \$42 million. No, that is the government’s responsibility. We went to the election saying what we would do, and the policy we took to the election would have seen debt under \$30 billion, and the government knows it. I think the government needs to stop this nonsense of ignoring its responsibility for the books and its own forward estimates.

Moving back to the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018, on one hand the government has the mantra of budget savings measures and quotes misquoted figures. On the other hand, it is making out that this tax grab is to create jobs, albeit penalising industries that will be hurt for actually creating those jobs in the first place. I am not exactly sure how increasing tax and making it more challenging for industry to grow jobs is going to help the government to use those economic levers to increase job creation. I do not know how it is going to do it. Maybe the government could explain that to us in a little more detail or at the very least, when we go into consideration in detail, look at it more closely.

I refer to a joint media statement on this bill put out by the Treasurer and the Minister for Education and Training on 30 November 2017. I think this was a more legitimate media release than the one that was put out yesterday. It informed the public that there would be changes to payroll tax exemptions for trainees. That is normally what media releases do; they announce policy changes and are not just sensationalist rubbish, like the one that came out yesterday. I note that the second bullet point of this media statement states —

Payroll tax exemption for traineeships to be limited to new employees saving about \$100 million over the forward estimates

Clearly, according to that press release, it is a savings measure. If it is a savings measure, is the government also going to be spending it? I am getting mixed messages from the government on this; it is apparently a savings measure, but the government is also going to be spending it. But that is okay; we will try to scrutinise that in a little more detail. We still think it is clearly a tax grab, but the government seems to be confused about what it is going to do with it.

The minister promised before the election to return the budget to surplus by 2019–20, but soon after the election he pushed that back to 2020–21 because he knew his government had absolutely no desire to be really dinkum and genuine about it. The amazing debt reduction account that the government decided to create before the election was a classic bit of spin. What was it? Iron ore royalties and GST were to be at 65c in the dollar, and when iron ore reached \$85 a tonne the government was going to put 50 per cent of the proceeds into this debt reduction account. Then, of course, after it was voted in, even that bit of fantasy was rubbed out in the first budget and the government created a new way of paying off debt called “unanticipated windfall revenue”. That is absolutely ridiculous *Fantasy Island* economics—nothing more, nothing less. I remember that program as a kid—the two fellows in their white three-piece suits and black ties. Does the member for Nedlands remember it? Mr Roarke and his offsider, Tattoo, standing there, waiting—“The plane, the plane!” Here we have a minister shouting, “The plane”, and all the money is going to turn up at some point in time, and that will be the unanticipated windfall revenue. It will land on fantasy island from the plane and the minister and the Premier in their white three-piece suits and little black ties will walk out to the plane and grab the money. They will say, “There’s our windfall revenue. We knew we had a plan.” That is the level of governance we have going on in Western Australia with regard to debt reduction. That is what we are dealing with. It is absolutely ridiculous that the government thinks the people of Western Australia will not see it for what it is—absolute fraudsters when it comes to being genuine about debt reduction.

The government has no real commitment to increasing government savings. It is saying that it is all about increasing savings, but it is not. It is all about increasing taxes and then increasing spending, but worse still, it wants to increase that spending through blatant partisan policies. We have seen that with this \$39 million “local jobs, local votes” program, or whatever it is, with big, flash cheques in all the Labor electorates. Government members are walking out there and saying, “Here’s a cheque for \$10 000; here’s another one for \$20 000; here’s another one for \$50 000”. It is \$39 million in cheques, when there are some genuine communities out there doing it tough, but because they do not sit within a Labor electorate, they have to wait and hope that they are going to be looked after. What do members think the people of Moora are thinking right now about that task verb “hope”? “Hope” is not a very effective task verb. That is what they are doing. They are asking, “What about us?” Of course, this government does not care about them; it cares only about sandbagging up the seats at the last election, so it is rolling out \$39 million in spending on one hand, while on the other hand it is saying in a press release that it is going to raise \$100 million over the forward estimates by slugging businesses with increased taxes. Now we know what it is all about. It is all about increasing taxes to simply spend money on its own electorates to sandbag them for the next election. That is what it is about, and it is not in the best interests of Western Australia.

To get back to the bill, the government says that it is about focusing on job creation. That would require consultation and coordination with industry. How did it go with consulting with industry on this? Did it go out and sit down with the CCI and say, “Hey, look guys, can you model for us the impact you think this tax grab’s going to have on industry and job creation?” I do not think so. I am pretty sure the government probably thought, “No, we won’t tell them about that”, because the government has a track record of no consultation. We saw that with Perth Modern School when the government first came to power. There was no consultation. We saw it when the minister and the Minister for Mines and Petroleum made a commitment to the gold sector in Western Australia that the government would not touch royalties. They committed to that, and a month or so later, what did they do? We saw the first attempt at rolling out an increase in the gold tax. There was no consultation and it was a broken promise. In fact, it was deceptive politics to the stakeholders. The stakeholders went to the government to consult; the government did not go to the stakeholders—it was the other way around. When the stakeholders asked the question, it was, “No, no, you people have nothing to worry about. We recognise that the gold sector is a job-creating sector. There are a lot of medium-sized enterprises that need to be supported to grow jobs.” That sector learnt a valuable lesson in how this government governs. It learnt the very valuable lesson that the government does not consult and when the industry tries to consult with it, it will not tell it what is going to do; it will in fact tell it the opposite.

That is what we are seeing—no consultation and no coordination with industry. The government’s track record holds up and we see it here with the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018. The consulting with industry to increase training places and addressing concerns about possible rogue operators is the only aspect of the bill on which the government could possibly have a sliver of credibility. The only credibility the government has is in identifying a particular business operator who takes advantage of the legislation and works it to their advantage, which was not the intent of the act. That is granted; that is the only sliver of reality that we on this side will accept. Yes, tightening this piece of legislation is required for some operators out there so that they cannot jump through loopholes or get an unfair advantage that is not in the best interests of the intent of the original legislation. We grant the government that. But the government is not really focusing on that at all. It is saying that it will scrap it, raise \$100 million to spend on itself and destroy jobs—and do it under the guise of creating another policy somewhere down the track. The government is calling it some sort of grants scheme—we do not know what it is going to look like—that will apparently create more jobs. None of that is in this bill so we as the opposition must scrutinise the bill. I know that the Treasurer does not like that. He does not like being

scrutinised. He would prefer, when the first opposition speaker jumped to his feet, to quickly get his media machine into operation to rush out a headline, “Oh my God! News headline: The opposition is scrutinising my bill.” It is outrageous, absolutely outrageous.

The government should not arbitrarily impose an increase to payroll tax while the economy is still adjusting to the aftereffects of the downturn in the mining and construction boom and while we are still adjusting to a new economy.

[Member’s time extended.]

Mr S.K. L’ESTRANGE: We are trying to diversify the economy in different areas and this is not the time for the government to lose its capacity to support businesses to hire more people. This is a time when the economy is restructuring itself and diversifying the types of industries that can grow jobs. This is a time to support industry. This is a time to invest in programs and policies that will help industry grow so that as those policies help industry grow, it, too, can create jobs. The Minister for Finance and the Premier pontificate with bluff and bluster and shift the blame for an increase in taxes onto the former government. They consistently do it; they say that it is our fault that the government is increasing taxes. No, it is not our fault that the government is increasing taxes. As I said, we had a policy that would have had debt going south of \$30 billion. The government does not. Rather, it has come to this place with debt projected to increase to \$42 billion-plus, and at the same time it is increasing taxes for the people of Western Australia when it promised that it would not do so. That is not acceptable.

We heard the minister extend the blame to the federal government yesterday during question time, I think it was. He extended the blame for the need for this tax grab on the federal government and commonwealth funding. Remember Reaganomics from the 1980s? Well, this is blame-onomics. That is what this government is about. It comes up with a policy and blames us and if it cannot blame us, it blames the feds. It takes no responsibility and introduces a tax grab. Here is a suggestion for the minister and the Premier. They should pick up the phone and call Canberra, because it has a \$1.5 billion Skilling Australians Fund. I will say that again—a \$1.5 billion Skilling Australians Fund, which it has prioritised towards, guess what, apprenticeships and traineeships. Is that not what the government is saying that it is all about? Why not get on the phone? I looked at the federal government’s website to see what it states about the Skilling Australians Fund. It reads —

... the Fund will support 300 000 more apprenticeships, traineeships, pre-apprenticeships, pre-traineeships, and higher apprenticeships.

That sounds pretty good to me. Can I suggest that the Premier and the minister get on the phone, organise a meeting and come up with a business case because if the government is saying that jobs growth is its number one priority for the people of Western Australia? That is what it went to the election with. Why is the government blaming the commonwealth government for its own mistakes and why is it not working with the commonwealth government to put forward a robust case as to why Western Australia should get the lion’s share of that \$1.5 billion in funding to grow apprenticeships and traineeships in Western Australia? Instead of blaming the commonwealth government and calling it the voodoo-bad guys, why not work with it to grow jobs in Western Australia? While it is doing that, why does it not sit down with industry and say, “Hey! How can we help you make a better case for this commonwealth funding? How can we help you to grow traineeships and apprenticeships in your businesses to grow jobs in Western Australia?” It might want to say to them, “And we will look after this payroll tax exemption for you so that you can continue to take on new trainees and grow jobs in Western Australia.” We know that the government is not prepared to do that because it has fallen into a rut and that rut is playing the blame game. That is what the government does; that is its modus operandi. It is a high-taxing, high-spending blame-game government that is not one bit interested in good policy that will do something constructive for the Western Australian economy. It has demonstrated that it has no capacity to walk outside Dumas House to have conversations with the commonwealth and other key stakeholders in the game that is called managing the economy of Western Australia. The government has shown no capacity to do so effectively.

The government’s track record on broken promises is dire and it continues to be dire. We have heard commentators throughout Australia’s recent history brand Labor governments as governments that are consistently high taxing and high spending. The government loves the fact that we had to manage the macro economy of Western Australia during one of the biggest booms, which saw half a million come to Western Australia. We had to roll out water, power, roads and schools. We had to restructure hospitals and reinvigorate the City of Perth.

Mr F.M. Logan interjected.

Mr S.K. L’ESTRANGE: The member for Cockburn has gone to Optus Stadium. We know that he is a chardonnay and champagne MP who swans around Swanbourne when his hardworking constituents are doing it tough and looking for a job in Cockburn.

Mr F.M. Logan: It is pinot gris!

Mr S.K. L’ESTRANGE: Whatever it is, we know that the member for Cockburn has well and truly stocked his wine cellar. We also know that the member for Bassendean and his union mates are more interested in taxing Western Australian industries than they are in growing jobs. The member for Bassendean has never had a real job

in his life. In fact, he has never created a real job in his life. The only jobs that the member for Bassendean is interested in are those good and cosy jobs for his union official mates. The member for Cockburn needs to make sure that the new backbenchers represent a new Labor. He needs to start mentoring them so that they do not become a high-taxing, high-spending blame-game group when they come to government in the next 20 years. They need to adjust their political behaviour and focus on the people of Western Australia appropriately.

We have a budget coming up; the minister knows this. He provided a 10 per cent flat-rate increase on power prices last year for the hardworking mums and dads of Cockburn, member for Cockburn. That was a disgrace because he said that he was not going to do it. We know that the government is high taxing and high spending and we also know that it is all about increasing fees and charges for hardworking Western Australians so that it can afford the \$39 million pork-barrelling fund or slush fund to sandbag Labor seats into the 2021 election. It well and truly got out of the gates to make sure that happens.

I conclude with this: if the Premier and the minister are absolutely dinkum about prioritising jobs in training, they need to focus on doing just that. They need to do three key things. As I have outlined, the first thing, which I strongly recommend the minister and his staff get onto as soon as possible, is to get on the phone to Canberra and present a robust case that will put WA first in accessing \$1.5 billion Skilling Australians Fund. That is the first thing the government should do if it is dinkum about trying to get some funds for traineeships, apprenticeships and businesses in Western Australia. That is where all of the effort should be. It should not be on ridiculous media releases such as was put out yesterday, telling the public nothing but just creating a sensationalist headline for itself.

The second thing it needs to do is support industries and businesses in Western Australia, not by slugging them with increased taxes at a time when they need to be supported to grow jobs, but rather by getting in there and helping them. Work out how their payroll tax can be exempted appropriately so that they can increase the number of traineeships and apprenticeships they have in their businesses. The government should not just whack them all and say that it is going to take it off them, they now have increased taxes, and walk away as though that is good government. That is not good government; that is lazy government, and members opposite know it.

The third thing it needs to do is consult with industry to ensure that the existing payroll tax exemptions grow training jobs and opportunities. I say it again: work with the commonwealth—it is very important that the government does that—to access that \$1.5 billion. Make sure it supports industries and businesses to promote jobs and make sure that where there is a need in the existing legislation, to tighten it up so that if anybody is taking advantage who should not be, it can tighten the legislation so that all the others are not tarred with the same brush and are supported and those that are not playing fair are dealt with and then we move forward. That is what the government needs to do in this bill. That is why the opposition is scrutinising this government bill, not so that it can go out and be sensationalist, but because we care about jobs growth and jobs creation for the people of Western Australia.

MS E. HAMILTON (Joondalup) [10.51 am]: I rise to make a contribution to debate on the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill. I am delighted that the current Pay-roll Tax Assessment Act is being modified to ensure better employment outcomes for Western Australians and a healthier, stronger economy for the state. The current system is far from ideal. Wages of any new or existing apprentice or trainee paid under an approved training contract with the Department of Training and Workforce Development are exempt from payroll tax. The act was created with the best of intentions, encouraging employers to hire new staff and provide them with training, but unfortunately it is often adopted with other motivations that provide relatively little benefit to either employees or the wider community.

The lack of restrictions on when the payroll tax exemption applies and to what training options it applies means that training does not need to be targeted in any way to what the labour market actually requires. The tax can be used by employers seeking to avoid their taxation obligations. Treating the payroll tax exemption as a profit-making scheme is unhelpful. It has led to significant and unnecessary costs for the state government when employers use the scheme to reduce their liabilities with potentially irrelevant training, rather than addressing actual training needs.

In just 11 years, from 2005–06 to 2016–17, the cost of the current scheme to the taxpayer has grown almost eightfold, far outpacing both wages growth and employment growth. Additionally, Western Australia's exemption is far more generous than what is available in other states, leaving us burdened with a costly system with limited returns to our community. The value of this exemption relative to our payroll tax is an absurd 2.4 per cent, twice that of any other state or territory. It is a huge investment and we need to close the loopholes to ensure that Western Australia gets the best value for money in terms of what we spend to encourage employers to hire and train new staff, rather than inadvertently encouraging a padded bottom line.

Although the misuse of the system to avoid tax has not been identified in the case of apprenticeships, it appears widespread with traineeships. The findings include 120 companies claiming exemptions for more than 30 per cent of their total wages; one company claimed an incredible 93 per cent of its total wages while another enrolled over 1 000 employees in the same business systems course. This misuse of the system simply cannot continue.

Of course, it is vital that we encourage businesses to hire and train new staff. That was the original purpose of this scheme. It has been estimated, however, that 40 per cent of the cost of the exemption has merely subsidised training of existing employees, and that because the scheme casts such a wide net, it is fundamentally unable to fill specific skills gaps in the labour market. The changes encourage targeting so that priority areas can be addressed and so that the Western Australian labour force, especially young people starting out in their careers, can be better prepared for what the market requires.

The changes will be implemented in two stages, the first of which will be a redefinition of what circumstances allow for payroll tax exemption to be claimed. Firstly, the exemption will be limited to apprentices and new employee trainees, which aligns with the original intention of the act. Transitioning arrangements will be put in place to continue for existing worker trainees who have already lodged a training contract. A wage cap of \$100 000 will apply for all trainees. The payroll tax exemption will apply for only the nominal period of a training qualification for which the employee is employed under a training contract. For example, if the nominal period to complete a qualification is 18 months, the exemption will apply for only that 18 months. Changes to the act are expected to save around \$100 million over the forward estimates, and savings from stage 1 will be reinvested into the training sector. This is quite exciting as we will be able to fund almost 10 000 training places in 2018 and over 43 000 places over the forward estimates. We will be able to contribute to maintaining funded training places in the absence of commonwealth funding under the National Partnership Agreement on Skills Reform, which expired mid-last year. Stage 2 of these changes will explore options to replace the remaining exemptions with a grants scheme. The goal is a fairer and more transparent approach that ensures training support is more accessible to small businesses, rather than benefiting those that are large enough to be liable for payroll tax in the first place.

As the member for Joondalup, an electorate that includes several training organisations and the North Metropolitan TAFE as well, I understand the importance of further education and training in developing rewarding and meaningful careers. In an increasingly competitive labour market, however, it is crucially important that newcomers to the workforce have the opportunity to put their skills into practice and find their place in the workforce. Opportunities to integrate study and work are exciting, empowering and potentially life-changing. By addressing the gaps in the current scheme, we will be able to create an improved model with better return on investment to the community. The WA private sector will benefit from employees trained in skills that are needed, and employees who are trained in what the economy needs will be better compensated, leading to an economic multiplier effect which will benefit the economy in turn as these workers increase their spending power. We will be able to better bridge the gap between training and employment, upskill our workforce and improve the economic future of a significant number of Western Australians as they are better compensated, stable and satisfied in their careers.

The McGowan government prioritises local jobs. These changes will produce a better model that will benefit WA, particularly the residents in the electorate of Joondalup. The grants system will also allow us to better target the state's labour market needs. This is especially important in light of upcoming infrastructure projects in Joondalup and in the northern suburbs more widely. Locally, progress continues with the Ocean Reef marina project, a thriving world-class waterfront project in the northern corridor that will create a tourism and recreation destination. That project is on track to commence in 2020. It will create hundreds of jobs and people will be needed to fill them in the construction industry while the marina is built, but also on an ongoing basis in tourism, hospitality and retail. Putting stage 1 savings directly into training options and creating an optimised training system moving forward means that we will be able to better match local workers and the skills needed. The range of benefits is wide, from happier workers with shorter commute times to less congested roads and better employment outcomes in both the short and long term. I am happy to contribute to this bill and to highlight the benefits for Joondalup.

Debate adjourned until a later stage of the sitting, on motion by **Mrs M.H. Roberts (Minister for Police)**.

[Continued on page 2022.]

PREMIER'S STATEMENT

Consideration

Resumed from 15 February on the following question —

That the Premier's Statement be noted.

DR D.J. HONEY (Cottesloe) [11.00 am]: I rise today to talk to the Premier's Statement. Mr Speaker, I am honoured to stand before you today as the member for Cottesloe. I have the greatest respect for this institution and for the people, past and present, who have served in this chamber. I hope that I can also make a significant contribution to this place. I will be only the fourth member for Cottesloe, following Sir Ross Hutchinson, Hon Bill Hassell and Hon Colin Barnett. I would particularly like to take this opportunity to thank the many people who helped me get to this place, some of whom are here today. In particular, I recognise: Ms Danielle Blain; Mr Ben Luscombe; Mr Willie Packer; Mr Simon Ehrenfeld; Mr Sam Calabrese, the state director of the Liberal Party; the members of state executive; and the many members of my family who are here today as well.

At the outset, I wish to especially recognise the contribution made to this Parliament and our state by the previous member for Cottesloe, Hon Colin Barnett. Colin served the people in Cottesloe for 27 years, equalling Sir Ross Hutchinson's period of service. A chronology of Colin's achievements would occupy the larger part of the time that I have allocated to me, so I will highlight only some of his key achievements. First and foremost, he was an effective representative for his electorate. During the campaign for the seat, I met many people who had benefited from Colin's hard work as the local member. He held a number of ministries in the Court Liberal government, most notably: Resource Development; State Development; and Education. He then carried most of the responsibility for the difficult role of Leader of the Opposition until he was sworn in as Premier in 2008. Colin had a vision for the state that manifested itself in many ways, including the most sustained period of growth in our state's history. He transformed the public health system. I especially recognise the initiative of the Barnett Liberal government in the recently opened Perth Children's Hospital, which was a marvellous initiative of his government—something that will serve the children of this state for many decades to come. His tenure also saw the transformation of Perth city into a vibrant and modern precinct, including Elizabeth Quay, Perth Stadium, Yagan Square and the sinking of the railway line, which have been enhanced by direct flights from London. He cared for the environment, overseeing the vesting of Bold Park as an A-class reserve with the Botanic Gardens and Parks Authority, preserving 437 hectares of pristine coastal bushland for future generations. A substantially more impressive achievement and a more important legacy was the establishment of the Great Kimberley Marine Park. It is 1.8 million hectares of marine reserves in the north west of the state that permanently preserve Aboriginal and natural heritage in the region.

For my part, I believe that Colin's passion for improving public education will be his most lasting legacy. As education minister and Premier, he was responsible for the construction of 118 new schools—something I doubt that we will see bested in any time. He was also responsible for a major shift in the culture of our public schools, culminating in the implementation of the independent public school initiative, which has seen the transformation of dependent public schools into strong and successful institutions under the joint ownership of teachers and parents. The availability of affordable, high-quality public education is critical to an egalitarian society. It is the principal enabler for social mobility and a key to maintaining a globally competitive workforce. We have a state education system that is the envy of much of the world and Colin can take significant credit for this achievement. I also recognise Hon Bill Hassell. Bill was the member for Cottesloe for 13 years from 1977 until 1990. I have known Bill for almost 30 years and I was the vice president and senior vice president of the Liberal Party when Bill was president. Bill has an outstanding and ongoing record of commitment to public service and I greatly value his wise counsel and guidance.

The electorate of Cottesloe is unusually interesting and diverse. It covers 35 square kilometres, comprising the southern-most peninsula of land between our beautiful Swan River and the Indian Ocean. To the south and south east, it is bounded by the Swan River, including all of the north side of our state's major gateway, the port of Fremantle. The western boundary is defined by the waters of the Indian Ocean, including the swimming beaches of North Fremantle, Mosman Park, Cottesloe, Swanbourne and the southern tip of City Beach. These beautiful beaches enhance the lives of the Perth of people. Cottesloe, in particular, attracts many local, interstate and overseas visitors. The main eastern boundary is Loch Street, which divides the suburbs of Claremont and Nedlands. There are seven local governments areas, which are wholly or partly contained within the electorate of Cottesloe. Working from north to south, these are: the Town of Cambridge; the City of Nedlands; the Town of Claremont; the Town of Cottesloe; the Shire of Peppermint Grove; the Town of Mosman Park; and the City of Fremantle. There are 18 schools in the electorate—eight government schools and ten private schools with an approximately equal balance of primary and senior schools. There are 24 primary and senior schools in addition to several dedicated kindergartens and many childcare centres that cater to students from the electorate. The electorate is well served by our highly regarded local newspapers: the *Cambridge Post*; the *Claremont–Nedlands Post*; the *Mosman–Cottesloe Post*; and the *Western Suburbs Weekly*.

I thought that it may interest this chamber to compare the electorates of Cottesloe and Rockingham, which is the home of our Premier. In many ways, Rockingham is very similar to Cottesloe and the similarities are as interesting and revealing as the differences. Both are highly desired ocean–beachside districts. Both were established prior to Federation and are now residential suburban areas with a mix of some industrial and commercial areas, each of which is going through some renewal. Electorally, both are so-called safe seats with Rockingham having always been held by a Labor member and Cottesloe having always been held by a Liberal member. Like the electoral district of Cottesloe, Rockingham is a compact, laid-back, beachside suburb that offers a mix of older brick homes that are going through renewal, some older flats in need of updating or replacement, newer multi-storey townhouses, and upmarket beachside apartments. However, the recent Australian Bureau of Statistics 2016 census publications reveals trends that may surprise many in this chamber. There are 40 000 people living in the Cottesloe district, which is 1 000 more than are accommodated in Rockingham. This difference has persisted over the last five years, despite Rockingham being one of the fastest-growing suburbs in the metropolitan area.

The population density in the Cottesloe district is 11.64 people per hectare; it is only 8.15 people per hectare in Rockingham. In the R-code terms used by residential planners, this means the Cottesloe district with an average

of R12 already has a 50 per cent higher residential density than the average for Rockingham of R8. Incidentally, the inner metropolitan district of Fremantle, also held by Labor, has an average of only R9. Medium and high-rise density housing is 43 per cent of total dwelling units in the Cottesloe district, already more than double the 21 per cent in Rockingham. Cottesloe also has more social housing, at 3.2 per cent of total dwellings, which is greater by about 50 dwelling units than the 2.8 per cent of social housing in Rockingham. In short, it seems clear that the Western Australian Planning Commission and some enthusiastic developers should look further south to Fremantle and Rockingham to increase residential density. Cottesloe is already doing more than its fair share. It is very difficult to see on what basis the planning commission can justify the pursuit of high-density development and in-fill housing in my electorate.

Several key issues in the electorate require further elaboration and immediate attention. First and foremost is the issue of traffic congestion. Traffic flow in the electorate is significantly constrained by the narrow peninsula of land between the river and the sea. The main road connections in the Cottesloe electoral district are via a congested and inadequate connection of West Coast Highway, Stephenson Avenue and Alfred Road in the north and Curtin Avenue, Marine Parade, Stirling Highway and McCabe Street in the south. This problem is exacerbated by the many schools located in the electorate. Parents, most of whom also have paid employment, suffer considerable stress on a daily basis as they try to get the kids to school and then to their place of employment on time.

Cycling in the area can be extremely hazardous. There is an incomplete dual-use cycle path system that runs from Perth and ends at the Grant Street railway station. The danger for cyclists is greatest around the areas where traffic flows east–west over the railway line and Stirling Highway. We recently saw another terrible accident, in which a cyclist was hit by a motor vehicle on Eric Street. The cyclist was commuting from Fremantle and her husband has stated that they would have been using a dual-use cycle path, had one been available. The realignment of Curtin Avenue and the completion of the dual-use cycle path from Grant Street to Fremantle should be a priority of the government. I hope to gain the support of the member for Fremantle for the rapid completion of this important infrastructure. Other safe cycling routes are also urgently needed over the railway line and Stirling Highway and also connections to the beaches.

Public safety is a major issue in the southern part of Mosman Park. Residents in the area are very fearful for their personal safety. Parents shy away from the excellent public parks for fear of their children being exposed to antisocial behaviour or the danger of used syringes. It is apparent that inadequate police response times and a lack of support from the Department of Communities' Housing Authority is exacerbating this issue. A practice of concentrating early release prisoners, many of whom have drug dependency issues, in a single block of flats is a recipe for antisocial behaviour. I fear that it is all too easy to dismiss this critical issue as the complaints of a wealthy few. In fact, as has already been pointed out, the electorate of Cottesloe has a high proportion of public housing, and many of these residents live in the southern part of Mosman Park. These are the people most affected by the public safety issue. In many cases, these residents already suffer significant disadvantage and this is made all the worse by their fear for their personal safety and anxiety about the security of their property.

Finally, beachfront development, in particular on Marine Parade between Forrest and Grant Streets, is also a topic of considerable concern for the people of Cottesloe and also in the wider Perth community. Cottesloe, and its beach, is a uniquely beautiful location. It attracts a large number of visitors from all over Perth and, indeed, an increasing number of visitors from overseas. They are attracted to the area by the excellent beaches, readily accessible by road and public transport, and by the relaxed environment. There are obvious pressures for development in the area. As the Premier recently mentioned in the comment he made to *The West Australian* newspaper, the Cottesloe beachfront does need some redevelopment; however, it is critical that any such development does not negatively impact the amenity that so attracts people to the area. Naturally, property owners will look to maximise the value of their beachfront land by maximising the plot density, but it is the proper role of government, both local and state, to ensure that this desire for higher density does not compromise the distinctive and highly valued qualities of the area. Allowing Gold Coast–style high rise on the beachfront would substantially diminish the attractiveness of this area for residents and visitors alike, including tourists. Whatever short-term gains some developments might offer for a few, they would degrade the amenity of the area and reduce its potential for the majority of users. As I have already pointed out, the electorate of Cottesloe is already carrying more than its fair share of the high-density housing in our city. Carefully considered low-rise development on the beachfront, focused on lifestyle uses—for example, cafes and small bars—with some increased density for accommodation back from the beach and improved access for pedestrians and cyclists will ultimately provide greater overall benefit for the state. Development in the area needs to be managed with an agreed master plan that incorporates the three affected shires—Mosman Park, Cottesloe and Nedlands. Allowing development to occur ad hoc, with special exemptions on plot density and building height, would lead to a loss of opportunity to develop a world-class tourist destination that can generate significant local jobs and to create wealth into the future.

Like many, my beliefs have been most heavily influenced by my family upbringing and subsequent life experiences. I have had the great advantage of having a strong and loving family to support me throughout my life. My parents, Peter and Jean Honey, had a priority in their lives—to give their children the opportunities that

they did not have in their own lives. My father was a young man and my mother a child during the Great Depression. They did not have the educational opportunities that we enjoy here today. I am very privileged to have my mother, Jean, here today, a sprightly 92-year-old. My sisters, brothers and I were raised on a small farm at Cranbrook in the south west of the state. We lived in quite humble circumstances, not unlike many farming families at the time. My parents worked extremely hard to provide a good upbringing for their five children. We had the most wonderful childhoods. Living on a farm provides experiences that are difficult to replicate in the city. We had two parents who loved us. We had excellent food and a warm bed at night. I knew that my parents were doing everything in their control to make my life the best it could be. The wellspring for happiness in most adults I know is understanding that they are loved by their parents. I have tried to emulate my parents' values in the way that my wife, Robyn, and I have raised our own family. We have been blessed with six children—Elizabeth, Catherine, Peter, David, Michael and Rebecca—three of whom are here today. Robyn is an accomplished academic. Like most families, we struggle to balance the demands of a family when both parents have full-time jobs. I could not do what I do without Robyn's love and support, and I am very grateful for that.

I attended Hampton Senior High School in Morley. I was required to board away at Swanleigh Boarding Hostel, an Anglican hostel for children from the country. Hampton was an excellent state school with excellent staff. The experience of boarding gives me some insight into the issues faced by children from the country and, in particular, the challenges children face boarding away from home. I have particular empathy with the plight being faced by the children who are currently boarding at Moora hostel and what it means to close this facility. Closing the hostel and forcing these children to relocate to a larger town or city is causing considerable and understandable distress to the children and their families.

I was fortunate to gain entrance to the science faculty at the University of Western Australia and completed a science degree with a double major in physical and inorganic and organic chemistry with honours, and then went on to complete a PhD. During my postgraduate years, I became involved in student politics, representing students on the guild council, professorial board and the university senate. My first job was as a forensic scientist at the Government Chemical Laboratories in Perth, now the ChemCentre. I later moved from forensics to head up a section within the environmental chemistry laboratory. I entered the world of mining when I set up a hydrometallurgy research group at Western Mining's Belmont mineral processing laboratory. At that time, I became involved in party politics at the state level and was elected as the state president of the Liberal Party, a position I held for three years. Finally, I moved to Alcoa, first to the global refining technology delivery group and later to a series of refinery management roles, culminating in the role of production manager at Kwinana refinery.

[Member's time extended.]

Dr D.J. HONEY: When I left Alcoa to take up my seat in Parliament, I was manager of Alcoa's global refining residue operations, with responsibilities in the United States, Brazil, Spain and Western Australia. Since 2012, I have also been the president of the Kwinana Industries Council, a group that represents the major industries on the Kwinana industrial strip. The Kwinana and Rockingham industrial areas and the associated Australian Marine Complex are outstanding assets for this state. The industrial areas alone generate over \$16 billion in revenue and employ several thousand people. This is an area that should be the focus for continued development. The opportunity for new businesses will be considerably enhanced by the development of the outer harbour and I look forward to the outcomes of the current study that the government has commissioned into this opportunity.

I see my principal role in Parliament as being an effective representative of the people of Cottesloe. As I have already said, it is a diverse electorate with a range of common issues. As in all electorates, there are also a range of more personal issues that have significant effects on people's lives and require the attention of a local member. I place high importance on attending to the needs of the people in my electorate, including a couple of members opposite! My next priority is to be an effective member of Parliament. I appreciate that I will need to learn a lot to fulfil this role effectively and I am very grateful for the training and guidance that I have already received from the parliamentary staff. They have been both kind and informative in their training and I look forward to our continuing interaction in the future. I am also very grateful to the parliamentarians, past and present, who have made their time available to educate me about how to conduct myself in this chamber. I am looking forward to working with my parliamentary colleagues to hold the government accountable and to participating effectively in the work of this place.

My involvement in the mining and manufacturing sector has given me a clear insight into the opportunities that we have in Western Australia and also some of the challenges that we face in achieving these opportunities. The heavy dependence of our economy on primary production is a key concern for the future of our state. In particular, with the focus on mining, there is a great risk that we will miss the opportunity to develop the key industries that will enable our children and our grandchildren to enjoy the same quality of life that we have. The bulk commodities that currently dominate our exports are all too finite; hence, the wealth associated with these commodities is transient. It is not that we should constrain these great industries. However, we should have a clear view that this is a transition phase in our economy and that we need to make adequate preparation for an evolution towards a more broadly based economy.

An area of current opportunity is the rapidly expanding lithium industry. In the 2017 report on mining activity, the Department of Mines, Industry Regulation and Safety reported a 166 per cent increase in spodumene concentrate—a lithium aluminium silicate—exports to the value of \$780 million. Until quite recently, lithium has been primarily used in ceramics with minor medical uses. However, the growth in demand for large-scale rechargeable batteries has seen a massive increase in the demand for high purity lithium carbonate and lithium hydroxide. Tianqi Lithium Australia is currently completing a lithium hydroxide plant at Kwinana and has already sought approval for a second stage. Other players, including Talison Lithium and Albemarle Corporation, are also actively considering value-added production from concentrate to lithium carbonate or hydroxide.

Perhaps less well known is the requirement for high purity nickel hydroxide in the manufacture of so-called lithium batteries. In fact, the batteries use more nickel than lithium. We have the great fortune that one of the world's highest purity nickel manufacturers is already based at Kwinana—the BHP nickel refinery. BHP is currently constructing the world's largest high purity nickel sulphate plant at its refinery at Kwinana.

We have the potential to become the epicentre of global lithium battery manufacture—creating “Lithium Valley” in Western Australia and leveraging the many synergies that come from concentrating an industry in a single location. In fact, this should be a goal for the state. We have all the ingredients we require to achieve this outcome—global dominance in the supply of critical reagents, a highly educated and skilled workforce and established support infrastructure in place for energy, water, transport. Critical support industries, including educational institutions, would be drawn to the area, taking advantage of the considerable land that is currently available in the area—over 4 000 hectares of public and private property. This would ultimately create thousands of sustainable jobs for many decades in an area that currently suffers high unemployment. It would also create billions of dollars of additional revenue for our state.

A danger to this future is the misguided fracturing of industry across regional industrial estates. Although I understand the desire to take advantage of opportunities to base industries in the regions, compelling new lithium manufacturers to be based away from Kwinana is short-sighted and threatens the opportunity to establish a new industry that is vertically integrated through to battery manufacture. This would be a missed opportunity that ultimately minimises the opportunities for new jobs and wealth creation for future generations.

We must also pay more heed to the critical issue of affordable energy supply in this state. In 2004 at a presentation to the Port Hedland Chamber of Commerce Business Awards ceremony, the late Sir Charles Court gave an excellent summary of the reasons why we originally needed to develop the natural gas industry in Western Australia. Above anyone else, Sir Charles was the parliamentarian principally responsible for fostering the gas industry in our state. He made it clear that the main reason for developing the gas industry was to facilitate downstream processing of our abundant mineral resources. He also warned of the great risk that we could see the end of affordable gas in this state in as little as 50 years. He lamented that despite the considerable work done to identify suitable gas reserves, relatively little of it was being used in value-added downstream manufacturing. Estimates vary, but there seems to be a reasonable consensus that for every dollar we earn exporting natural gas, we can earn at least \$10 for our local economy if that gas is used in manufacturing. Looked at another way, a 50-year life for affordable gas supplies could last 500 years for the same economic benefit to the state every single year. Instead of a critical resource lasting for many generations, affordable natural gas is likely to be largely depleted in the lifetime of our children. Energy is not just another bulk commodity like iron ore. Affordable and clean energy, such as natural gas, is absolutely critical if we are to maintain the lifestyles we currently enjoy. Affordable energy supplies for Western Australian households and a competitive local manufacturing sector are key outcomes from having affordable natural gas. Exporting our gas at such a massive rate is akin to exporting most of our clean drinking water when we know a drought is about to occur. Our children and grandchildren will lament this lack of foresight.

The state has very limited control over the offshore gas industry; this is a commonwealth responsibility. The recent moves to processing gas offshore effectively deprive the state of any influence. This increases the imperative for the state government to enable greater onshore gas exploration. We must also develop our substantial non-traditional gas reserves. Onshore gas is far more likely to enter the local gas market and support domestic and industrial use into the future. There are understandable public concerns about the development of non-traditional gas reserves. However, we should not wait for a gas shortage crisis before we learn how to safely harness this resource. We need to work with responsible companies and understand how we can exploit these reserves and also protect environmental values, such as groundwater quality. I am confident that this is achievable. Simply locking up these reserves and banning future projects will fail the needs of future generations. We must develop a much stronger focus on the state and national interests for any gas export projects. A short-term focus on relatively limited economic benefits is risking the economic future of our state and nation.

In conclusion, Mr Speaker, I thank you and the members of this house for listening to my inaugural address. I will do everything that I can to be an effective representative for the people of Cottesloe. I will also devote myself to working constructively in this house and contributing to the critical task of holding the members opposite accountable for good government.

I thank the Leader of the Opposition and the Liberal Party leadership team for allocating me the responsibilities of shadow minister assisting the Leader of the Opposition and the shadow Minister for Water. Water is a finite and critical resource for this state. Provision of clean drinking water is the single most important factor protecting public health. It is one of the three critical inputs into allowing the manufacturing sector to succeed and grow. It is the key to the development of new, high-value adding agricultural industries. I am very much looking forward to learning more about this shadow portfolio and contributing to debate in this chamber. I am enthusiastic about my new job and I look forward to working with all of you over the coming years. Thank you.

Debate adjourned, on motion by **Mrs M.H. Roberts (Minister for Police)**.

PAY-ROLL TAX ASSESSMENT AMENDMENT (EXEMPTION FOR TRAINEES) BILL 2018

Second Reading

Resumed from an earlier stage of the sitting.

MR A. KRSTICEVIC (Carine) [11.28 am]: It gives me a lot of heartache to have to get up to speak on the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018. As we heard yesterday in question time, the Treasurer implied that most employers out there are rorting the system, not doing the right thing and somehow taking money away from the government and illegally giving it to employees through training and skills programs. It is very disappointing that that rhetoric and message is coming from the government; that is, many businesses out there are rorting this system.

Talking about rorting, I would be interested to know what the Treasurer's perspective is on this old chestnut: the double dipping on the car allowance. Ministers were receiving a ministerial car and an allowance. The Treasurer did not come out then to say that was rorting, nor that the extra money going into their pockets was taking money away from the state. The fact that the Premier did not even ask them to refund the money is a big double standard. The difference is that that money goes into a minister's pocket as opposed to employees' skills and training.

Noting the urgency here, I quote the Minister for Finance's second reading speech —

Immediate changes were necessary to address the tax avoidance behaviour of many employers who have been using the exemption primarily for the purpose of minimising their payroll tax liability, rather than using the exemption to address real skill gaps in their business.

I would be interested to know how much research and consultation the minister has done with the business community and all the interest groups to determine exactly where all this training is happening, where all these rorts are supposedly taking place, and what the problems are with the current system. Of course I would be surprised if the minister has done any of that work. We know from the first 12 months of this government that there is no gold-standard transparency, there is no proper consultation, and there is no interest in what benefits, programs and initiatives are being delivered to the community. It only wants to further its own priorities and benefits to support its own stakeholders and supporters. I think that is very, very disappointing. People are starting to get the impression that they cannot trust this government. They cannot trust it to be open, honest and transparent. If the government has an issue with the fact that it is not collecting as much payroll tax as it would like, it should be up-front and honest and say, "We just want the money. We don't believe that the business community and all those organisations out there can spend it wisely. We don't believe that you know where that money needs to go. We don't think business is the future of this state. We don't think growing your workforce and skilling your employees is important. We have a better system. We can tell you where that money can be better spent and you'll thank us for it. You'll thank us for taking that money off you and redirecting it in ways that we can grow your business much better than you can." That is the most stupid way of thinking in the world.

The Premier said yesterday that the Treasurer is a lot smarter than him. The Treasurer is a lot smarter than the Premier, but unfortunately he is listening to him too much. The Treasurer needs to stop listening to the Premier. He needs to stop listening to those around him who do not have his best interests at heart and who do not want him to succeed. They want him to be held back. They want him to carry the mistakes of the people around him. They want to weigh him down rather than doing what he knows in his heart needs to be done and the way it needs to be done. I know the Treasurer knows better. I know he has better standards, but unfortunately he is being dragged down to the lowest common denominator of those around him. That is the disappointing part about that.

Several members interjected.

The ACTING SPEAKER: Members on the right, there is a little hive of activity over there that is becoming very distracting. If you could keep the conversations to a minimum.

Mr A. KRSTICEVIC: We know nobody likes payroll tax. Nobody in government should like payroll tax; definitely nobody in opposition likes payroll tax. The community does not like payroll tax. We have antiquated taxes. We all know what they are—payroll tax, stamp duty and land tax. They are the levers that we use, apart from fees and charges, obviously, to get revenue for this state. We need to review our system of collecting revenue. We need to look at bigger and better ways of doing this. Obviously the GST was initially touted as that system

when it was first introduced, but unfortunately it has failed in so many ways. With the introduction of the GST, John Howard made concessions to the Democrats. That had some flow-on effects about not being able to get rid of some of these state taxes that we were originally meant to get rid of. I am sure payroll tax was high on the minds of people at that time.

Mr F.M. Logan: It was not.

Mr A. KRSTICEVIC: If it was not, it should have been. I cannot remember a hundred per cent, but I would be surprised if it were not on the top of the list, at least from the business community anyway. We know these are all bad taxes. We know they hold back the economy and the community. All we are doing now is increasing the amount of payroll tax for businesses through a back door. Not only are we increasing payroll tax, but we are also telling them that we are doing it because they are rotting the system! “You’re rotting the system so we’re increasing payroll tax, but, because we know better, we know how to reinvest it back into your business for you because you don’t know what you’re doing!” I think that is very patronising. We need to be thankful to the business community for the people they employ, for the jobs that they create, and for the taxes, both direct and indirect, that are generated as a result of those jobs and that employment.

Business confidence has been on the wane in Western Australia for a number of years now. It is starting to slowly improve, but I know that when I talk to people in business in my electorate, as I am sure all members do, it is still very tough out there. Very few people are feeling confident about the way things are at the moment. They are all very cautious and they are treading slowly. The last thing we need to do is put more burdens on them.

As we heard earlier, the economy is transitioning. There is automation and new industries. There is a bigger push towards tourism. There is lots of training and new ways of doing things that we need to think about. Businesses need to be supported in that process so that they can transition and upskill their workforce. At the federal level, they keep talking about raising the age of retirement, which, at the moment, is 67 years of age—they are talking about pushing it up to 70 in the future. A lot of people in those age brackets need training and support with the new technology and new systems that are in place. Young people are born into it. They learn it, they know it, but those of us who have a few years in us do not mind going to the odd training course to learn how these things work. It is important for businesses to be able to support that. That is a critical factor also to take into account.

We know that payroll tax kills jobs. I know employers who do not grow their businesses because they do not want to be caught by the payroll red tape. They do not want to be caught by the headaches of having to deal with the paperwork and paying that extra money. It is not worth it for them. They are happy to keep their business at a certain level because they really do not want to go into that system. They hear all the bad stories and the complaints. They hear all the issues. Instead of making the system easier and fairer, we seem to want to keep adding layers of complication. It is not like the government goes out there and asks, “What is the best way to move forward? Let’s talk. Let’s come up with a system that works. Let’s try to work together.” That does not seem to be happening. More and more I see that this government is not talking to people or listening to what their needs are. It is telling them what it thinks they want to hear or need rather than being genuine in that consultation.

Some people might say that this is just a tax grab, another little bit of money so that the minister can fill the pockets of the \$5 billion worth of election commitments. Some people might say that it is another tax grab to fill up Local Jobs, Local Projects—\$39 million of handouts for winning extra votes—which, by the way, was touted as a grants program as well. Again, it definitely did not have the characteristics of a grants program but it has been portrayed as a grants program. Later I will talk about the grants side of this bill, but the interpretation of a grants program under the Labor government is that it is basically a slush fund to share around with whoever it thinks deserves that money. Interestingly enough, I had a meeting with a gentleman earlier today who is not one of my constituents, but I am encouraging him to see his Labor member of Parliament. I said, “There is plenty of money out there. If you’re one of the lucky ones who is sitting in that right seat where the Labor Party wants to give you money, there is plenty of money. If they don’t like you, they will tell you the budget is looking bad, funds are tight and that they have to be careful about where they spend them.” I have given him a clear run-down of how the system works. They assured me that they are sitting on the right side of the fence, and I said, “Then you shouldn’t have a problem. This is your chance to find out whether you do or don’t sit on the right side of the fence or whether you are just being used.” I hope that the individual is successful.

Mr P.J. Rundle: Local Projects, Local Jobs!

Mr A. KRSTICEVIC: That is right. They are not looking for that much money, either. Local Projects, Local Jobs is more money that they are looking for. I said to them that it should not be a problem. This tax grab has \$100 million-odd coming to the table. I said to him that I am sure some of that will come to him because he sits on the right side of the ledger, as far as the Labor Party is concerned—supposedly, he does. This is his way of confirming whether that is the case or not. I told him to not be deterred if the member tells him there is no money. He will then know that he does not sit on the right side of the ledger, he has the clear message straightaway and can adjust his thinking accordingly. We are keen to work with the Minister for Finance. We are keen to help him do his job, unlike those on the other side who are looking to drag him down and make him look worse than they

do. We want to work with the minister. We want to come up with ways to make sure that people do not rot the system. I spent 20 years working for the Australian Taxation Office, as the minister pointed out yesterday. I saw lots of different rorts while I was there for 20 years. I even spent 12 months working as a prosecutor for the Australian Taxation Office. I know a bit about some of the things that go on. A big business can always restructure itself. The big boys can look after themselves. It does not really matter what sort of system the government comes up with, they will find a legal, intelligent way of working around that system. They always do. It is not rotting, they are just working within the rules.

Mr W.R. Marmion: It is creative accounting.

Mr A. KRSTICEVIC: Yes, creative accounting. It is never tax avoidance, it is tax minimisation. If the rules allow it, people will do it. The Premier is saying that widespread rotting is going on, even though he indicated that in 2015 we introduced legislation that has reduced that trajectory in the amount of money that was being exempted under that payroll tax system. The consequences of that are still happening as we speak. There is a time lag issue here as well. If there is rotting going on, it is very easy to identify it, see how and why people are the exceptions to the rule, adjust and re-tweak the system. Of course, the government's way of adjusting and re-tweaking the system is to get rid of it. There might be one or two people who may be doing something a little different—maybe they are being a little creative; they probably should not be doing it. The government should re-tweak the system and fix it so that it does not drag the whole sector down. Or better still, it can get rid of the whole lot, put \$100 million in its pocket and create this other grant system. It can hand out the money to whomever it likes. The government can hand it out to whoever happens to be knocking at its door at the time or it is sitting in the room with. It can give money to whoever always has a chair at the table, because they will know better. They may not be in business, they may not be running the economy, but they will know better how this money needs to be spent.

When we asked for examples and for the credibility that goes behind all of this, what were we given? Nothing. The minister quoted one particular company. He talked about thousands of employees, but the system only says that we changed 100 every quarter. That can only be 400 in a year. I do not know where these thousands came from, but if that is prior to the changes that we made in 2015, then that is obviously why we looked at it and made the changes to make sure that the system is refined and is targeting the people it needs to target. Without genuine proof it is easy to make these things up and make it sound worse than it is. It is easy to pick one bad example to use, as we all do, but the government cannot say this is a systemic issue. It cannot say that it is an issue that is occurring across businesses as a general rule. That is not true. Yes, there might be examples of people who use it inappropriately and that should be changed. As the member for Bateman said yesterday, the amount of payroll tax paid by people in businesses in Western Australia is an average of \$2 408 per employee, compared with an average of \$1 839 across the rest of Australia. We want our businesses to be competitive. The minister came up with the Western Australian Jobs Act. We want our businesses to be competitive with the rest of Australia. According to the Western Australian Jobs Act, the minister wants them to be competitive with New Zealand as well, because they are local jobs, according to the act. How are they going to be competitive if they are already paying, just on payroll tax, more payroll tax on average than any other state across Australia? They are paying \$2 408 per employee as opposed to \$1 839, not to mention all the other imposts put on businesses to operate and the difficulties of operating across Australia. They already pay enough payroll tax. Why does the government want to put more money in its own pockets and take it away from businesses so that they cannot use it to reinvest in their businesses? They are struggling and it is hard to find money out there at the moment. Businesses are bracing, coming from bad times, and are hoping to rebuild and restructure not just their business but also their workforce to build their capacity.

[Member's time extended.]

Mr A. KRSTICEVIC: They are hoping to rebuild their capacity so that they can create more jobs, and those employees and businesses can pay more taxes. Is that not a win-win? Is that not what we want? We want them to grow their businesses and give them access to more funds. It is not as easy these days to get a loan from banks because businesses are struggling. It is a bit more difficult to finance some of these ideas that they have, especially when they are taking risks—big risks in a lot of cases. At the moment it is very difficult for these businesses to grow and succeed. They are finding it difficult and of course this is more money the government wants to take away from them, their workers and from them restructuring their workforce. What are they going to do? They are either going to have to dig further into their savings or further into their loans or, more than likely, they will have to let people go. An employer might say to an existing employee, "I have to let you go; I am going to get a new employee. I get this deduction from the new employee, but I don't get it from you anymore, so I cannot afford to keep you, or your skills aren't quite there. I have to spend money on you and I'm not getting that support anymore, whereas I'll find someone else who maybe has that skill set and I'll have to let you go and employ them."

There are lots of ways businesses will look at this and lots of ways they will adjust their work practices to try to make sure things are being done properly. It makes us wonder: what is the Department of Training and Workforce Development actually doing? It is involved in administering this program and is part of the process. It is the department that signs off on it, gives it the tick and says, "Yes, your program's great and the training's appropriate."

If it is not, the department should audit it and look into it. If it does not have that capacity, it should be able to say, “Present that program to us. We’ll have a good look at it. We’ll make sure it meets the objectives and we’ll sign off on it.” That would be a very simple change to the legislation or the regulations: give the department the authority to say yes or no. Let the business approach the department and say, “This is what we’re doing, We’re not getting a thousand people to do engineering; we’re not an engineering firm,” or whatever the example was that the Minister said yesterday; it was something along those lines, and then, five minutes before midnight, the business cancels them and gets them off to do something else. Those sorts of examples should not be happening. I am sure it is very easy to close the door on that. We talk about changes made that affect the many as a result of the actions of the few, although we know, in this case, that that is not the reason this is happening. This is happening because the government wants the money in its pocket. It wants businesses not to have the money, even though they need it to re-skill their staff and even though, through that, the government would grow the economy, tax take and employment. It does not matter. The government is looking at the short-term sugar hit instead of the long-term benefits with regard to where the money is coming from.

As I said before, we know that big businesses will always find a way. They will restructure, they will adjust and they will make changes; they always do. They can carry the administrative costs and burdens of doing that, unlike small or medium businesses that struggle to have the same ability to adapt to the environment in which we are working. Again, we need to be conscious of any changes we make and the ability of people to work around those changes. Are they the people we are targeting or are we just trying to target everybody? Is it just a scattergun approach without any work being done? Is this a lazy way of doing it? That is the question. Otherwise, if the government did not do it the lazy way, it might have to do some work. It might have to think about it and talk to people and discuss it with industry. It might have to, heaven forbid, come up with a good idea. It is easier just to take the money and not worry about thinking up a good idea or doing any of the work. It is just one of those things we see every day in this Parliament. Ministers are not very keen to come up with good ideas; they are just looking for the easy way around this.

All too often we hear about consultation taking place, but when we talk to the people who were actually consulted, we find that it was not really consultation; it was a five-minute conversation with one of the advisers or someone lower down the food chain. All of a sudden the minister says, “Yep, we’ve consulted; that’s done and dusted. What did they say? That doesn’t really matter; I’m not interested in what they have to say, because I’ve already made up my mind what I’m doing anyway. The main thing is that I’ve ticked that consultation box now and we can move forward. I can issue a media release saying that I’ve consulted and that the industry has had its say. We’re working with the industry in trying to come up with a solution.” In fact, we know that that is not happening at all.

Why does government think it knows best in business? We know that that is not the case. We know that government does not know best. We know there are 100 degrees of separation between ministers and the reality of the world in a lot of cases. The Premier generally has no concept. The ministers are surrounded by yes-people and advisers who tell them what they want to hear and tell them how they are going to achieve what they are going to achieve. They do not really talk to people. Over the last 12 months I have heard all too often cases in which people have tried to approach ministers and just cannot get a meeting. They cannot get in there to talk and raise their industry concerns and their issues. I tell people, “Go see your local member, especially if you’re in a Labor electorate. It is easy to organise a meeting with a minister. When we were in government, we had no problems doing that at all. If you came to see me and you wanted to have a meeting with a minister, you could always get to a minister, because you know what? When they’re in Parliament, they’re available here as well. They can find 10 minutes to have a chat with you easily, if they want to. If they don’t want to chat with you, they won’t, but if they want to, they’ll always find the time.” We know that is true. We know that a minister should be able to find time to talk to their constituents and key stakeholders. A good local member will be able to make that happen because they will raise the issue with the minister and tell them the importance, and the minister will say, “Well, obviously if you’ve gone to the effort to talk to me and raise this concern, it’s genuine. You’ve done the ground work and that door will open.” Again, I tell people that all the time. I say, “You should be able to access the Labor ministers without too much problem, especially if you’re a supporter of your local Labor member or you’re involved in some way, shape or form. I’m sure if they’re genuinely there to help you as a member of the community with your concerns, they’ll do that.”

The CCI has made a number of comments on this. Surprisingly, none of the unions has said anything about this payroll tax reduction. They are not saying, “Yes, the grants are a great idea. We think it’s good for our business and good for workers.” Normally, they would be out there saying something as well, if there was money potentially coming their way through a grants program. They always get excited about those sorts of things, but as far as I am aware they have not come out and said, “It’s necessary to change this program.” Maybe they have quietly, behind closed doors, because I know the Minister for Finance has a lot of conversations with union leadership. Generally, I think they are yelling at him as opposed to him talking to them. However, he still has those conversations and is able to get a bit of a perspective on how he needs to be thinking and what he needs to be doing. I think if the minister were truly his own man and running his own race, he would be running a different race from the one he is running. I have no doubt about that. I can only imagine how difficult it is, but he should not be scared to talk to the CCI.

There are a lot of people out there barracking for the minister to take over the leadership. I know he tried once, but he should not give up, because he has his supporters, both on that side of the chamber and out there in the broader community. I know the current guy is not as smart as he is; he said that himself yesterday. We need the brightest and best leading this state, not those who are put there by others. We know how it works on that side of the fence; it is very, very interesting.

If the minister is genuine about wanting to improve this system and making sure that the money is being spent in the right areas, we are happy to help. If the minister has concrete evidence and examples across the sector that many people are rorting this system, and if he has a better system that will achieve better outcomes, we are happy to listen. Work with us; we are the minister's friends and supporters. We are the ones who will help the minister convince those around him to make sure that good decisions are made. Even though they are not smart enough to know it themselves, it is actually in their interest for good decisions to be made. It is in their interest for the right outcomes to take place. We, along with the CCI and many others, are keen to make sure that the minister is given access to the right information, that he is able to make the right decisions and that he is supported in that. I am very genuine in that statement, as I always am with my statements. We really need to work together to help the community.

MS L. METTAM (Vasse) [11.58 am]: I would also like to contribute to the debate on the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018. As has already been heard in this debate, the opposition, in particular the Liberal opposition, does not support the bill. We recognise the value of training and the importance of investing in skills for small to medium businesses in Western Australia. It is very clear that the government is simply spinning this as closing a loophole to avoid alleged rorting of the tax system. This is simply a tax grab by the Minister for Finance and the Premier to fund their election commitments. The government already has policy levers to minimise any rorting of the exemption—an exemption that has been well supported by industry and is an incentive for small to medium businesses to upskill their staff. The exemption will become only more and more important as we face a skills shortage, and, in particular, it is very important for older employees who are the most vulnerable to changes in technology.

There is already a cap on the number of existing worker traineeships per business quarter. In 2015, the Apprenticeship Office capped the number of existing worker traineeship businesses that can undertake an exemption to 100 per quarter. This change has already had an impact with a decline, year on year, in the cost of exemption. We learnt that during a briefing with Treasury. The Apprenticeship Office now requires all employers who lodge a training contract to nominate the trainee's role in the business to ensure that the traineeship being entered into is aligned with the employee's role in the business. This measure has been very effective. As we have already heard, there has been a lesser take-up of the exemptions and the loophole that existed has been closed. For example, the Apprenticeship Office will not approve a training contract for a factory hand to undertake a human resources traineeship because that does not align with their current or prospective role in the business. The Apprenticeship Office will also assess whether the person undertaking the traineeship will be given adequate supervision that is aligned with the goals and traineeship that is being undertaken. The office places greater scrutiny on enterprise-wide traineeship programs and the certain high-risk training packages. The Apprenticeship Office automatically requires extra or additional information, such as organisation charts, from businesses seeking to place employees on leadership and management, warehousing or competitive systems and practices traineeships.

A lot has already been done to address what was anecdotally recognised as rorting of the system. But it is important that we do not throw the baby out with the bath water. The feedback that I have had from the small business sector, which is first and foremost concerned about the lack of consultation on what has been proposed in this bill, is what the second tranche of reforms represents. We have heard from the shadow Treasurer that businesses in WA are already paying more payroll tax on average compared with that paid in other Australian states with an average of \$2 408 per employee in Western Australia compared with \$1 839 paid across Australia. It is one of the worst taxes on small business and it is obviously a great disincentive to employing more people. This is another nail in the coffin of encouraging businesses to take on new staff or retain staff, particularly older staff as I mentioned earlier.

We know that two-thirds of trainees are in small to medium businesses. These businesses have to be agile and adjust to a dramatically changing environment, which has to respond to changes in technology. One of the big losers out of this will be older employees, who, understandably, require additional training to keep pace with the ever new and changing working environment.

The ACTING SPEAKER (Ms J.M. Freeman): Members! Member for Carine, one of your own members is on her feet. I can hear you very loudly. Would you like to take your discussion outside?

Ms L. METTAM: I talked about the policy levers that were introduced in 2015. Since 2015, there has been a significant decline in the number of traineeship enrolments. We are in a vulnerable environment—an environment that is vulnerable to an upcoming skills shortage. We are already seeing key signs of a skills shortage. With the number of people in training falling, businesses are already bringing in skilled workers from over east, and this has been exacerbated by the changes that were introduced straight after the last state election with cuts to the state skills list and the removal of Perth from the regional sponsored migration scheme. As I said, conditions

are ripe for a skills shortage. This has been felt in particular in regional WA. There is already a massive skills shortage in Kalgoorlie. I understand there is already a local push to put drillers back on the skills list because they are facing critical workplace issues. From a regional training perspective, there is certainly great concern about what these measures mean. As I alluded to earlier, of great concern to industry is not only what this bill represents, but also what the second tranche of reforms represent. It is concerning for many in the small business industry that this represents the thin edge of the wedge. The Motor Trade Association of Western Australia employs 200 apprentices. Any change to the incentive environment, or removing the incentive for those businesses to take on apprentices —

Mr B.S. Wyatt: Member, it doesn't affect apprentices. There is no change—just to satisfy you on that.

Ms L. METTAM: The concern I have heard about, and the fear of the small business sector, is that when the exemptions are removed in the second tranche, that will have an impact on traineeships and apprenticeships.

Mr B.S. Wyatt: That would have to be in legislation, too, so you get that opportunity, but we are not touching apprentices.

Ms L. METTAM: That is comforting to hear.

Although there will be an impact on the businesses that upskill employees who earn more than \$100 000, there is great concern about what the second tranche represents. I was chatting to a number of people only this morning, and there is great confusion about what will happen and what the transition to this undescribed grants scheme will actually mean. There has been little consultation with industry about not only the immediate impact on the skills sector, but moreover the impact of the uncertainty that this government has created with the second tranche of reforms. From a regional perspective—I alluded to this earlier—there are concerns that this is just another disincentive to taking on trainees. It will be another reason why businesses say that it is just all too hard to retain a workforce that, without standing, needs to be upskilled.

Businesses take on all of the responsibility and burden for their staff and in being able to deliver and respond to a changing environment in terms of technology and various disrupters. The ability for a small business, whether it is in metropolitan Perth or regional Western Australia, to upskill its staff is critical. The retrospective nature of these reforms and the impact they will have on small business is also a significant issue going forward. This will be a major blow to group training organisations. It will be felt in Perth, but in particular in regional Western Australia where that critical number of uptake in businesses is required to be able to respond. As I mentioned earlier, if we are going to be able to respond to a skills shortage and to the demands of a changing economy, and if we are going to be able to diversify our economy further, it is essential that we have the tools in place to do that.

Returning to the comments I made earlier about the policy levers that had already been introduced in 2015 and about the government's assertion that this bill will remove rorting, it is fair to say that as soon as artificial limits or tax exemptions are put on individuals and businesses, the small business environment or the individual business operator will make efforts to work around it. We have not seen a great deal of evidence apart from some anecdotal examples that have been given about how widespread this supposed rorting is, particularly since those levers were put in place in 2015. Cutting training incentives for an undescribed scheme has understandably rung alarm bells in the business community, among small businesses and, in particular, in regional Western Australia. It is of great concern going forward. Again, this is another revenue-raising measure. I have great concern about the impact that these measures will have on the small to medium business sector going forward as we face a changing employment environment and more disruption in our economy, on the back of changes to the ability of small businesses to employ staff, changes that we have already seen and that have already had an impact on small businesses with cuts to the state skills list and the removal of Perth from the regional skilled migration scheme, which has been of significant concern for the small business sector.

For all those reasons, the Liberal opposition rejects the proposed bill. It is important that we have a small business environment that is able to upskill its staff, adjust to a changing environment and compete on a global scale, given the global working environment that our small to medium businesses are now operating in.

MR D.T. REDMAN (Warren–Blackwood) [12.15 pm]: I have quite a few bits and pieces to work through here. There have been a lot of speakers on the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill. I acknowledge the contribution of the Liberal Party and its particular position. There are not too many occasions on which the National Party does not support the Liberal Party position, but this is one of those. We will support the government's bill, and I will outline a range of reasons why. I will say from the outset that just because we are supporting this, as described in the briefings, it does not necessarily mean that stage 2 will get our support. As private conversations with the Minister for Finance have suggested, there is a fair bit of work to happen in order to understand what that looks like, what it means, the implications and so on. The National Party will certainly be a party to that. I do not want anyone to assume that because we support this part of the changes that the government proposes, it will automatically move to the other.

When the issue of rorting first came to light, I was the Minister for Training and Workforce Development. I remember going to a number of briefings to fully understand and ascertain the issue. Dr Ruth Shean was the director general of the department. I might add that she was a very effective director general. She is a great loss to the system. I am aware of a range of business behaviours that were occurring when businesses that had a payroll tax liability recognised the benefits they could gain from reducing their liability. If the benefits were greater than the cost of training, it was worthwhile having a trainee on board to reduce their payroll tax liability. As businesses do, they move themselves out to accommodate all of the parameters that are imposed upon them and they will find a pathway that gives them the best outcome. Of course, that is what happened. Dr Shean was able to put in place a number of changes at the time using her regulatory powers, albeit very limited—I will talk to that point shortly—that picked up some changes in order to reduce the impact that the rorting was having effectively on government revenue, which is challenging, as much for us when in government as it is for the current government. It is important to recognise that what we are talking about here is an exemption from a tax liability, not what has been paid out of consolidated funds. As the Minister for Finance pointed out to the member for Vasse in her address, it applies only for traineeships; it does not apply to apprenticeships, so there is certainly a targeted response to an issue.

I want to use an interesting example. Although I am standing here on behalf of our party supporting a change, which some would argue will put pressure on training and is therefore not a good thing, training is really important. Training is critical to industry, to business, big and small, and to government to ensure that there is a pathway for people to build up their skills in their workforce to better do their job and to do it more effectively and efficiently. When my wife and I had a small business in Denmark, a liquor store, we were part of the Liquor Stores Association. I remember going to a forum in the eastern states and the guest speaker was a fellow by the name of Tom O'Toole. Members may have heard of him. He is on a speaking circuit about training and a range of business issues. He used to own, and probably still does, the Beechworth Bakery. The Beechworth Bakery is iconic. It is inland and in a relatively isolated area. It is not as though it is on a big commercial path and can pick up the trade going past every day. It is out of the way, but it is so iconic that people travel for hundreds of kilometres to buy a pie or whatever else they have at the Beechworth Bakery. They are so darned good at doing their job that they have been able to build up a huge reputation. Mr O'Toole talked about his history and getting to the point at which he was very close to committing suicide because of breakdowns in a whole range of his personal and business issues. He went from being in that mentally critical state to having this iconic facility. He now goes on a speaking circuit to talk openly about his experience, as well as the value of training. I remember going to a forum where he was up on stage for about half an hour. If there is a guy who is full of energy, he is it; he is absolutely pumped up and motivated, charging around the stage talking about the value and importance of training. At the end of the session, he took questions. Someone stood up and asked, "What happens if you train them up and they leave?" His response was, "What if you don't train them and they stay?" I thought that was a really relevant comment that highlights the value of training. Unless people invest in their staff and their workforce, they will not get the best outcomes and will not be the most efficient or effective in what they do. For me, that one comment highlighted the value of training. I have used that example in a few speeches elsewhere, so some members would have heard it before, but it is a really salient point.

Effectively at state level, training is pretty heavily subsidised. I remember when I was minister that on average, I think, government-funded training was subsidised to the tune of about 92 per cent. We had a regime of fee increases over time. When government members sat over on this side, they railed hard against it, saying it knocked training, would hit businesses hard and whatever else. It shifted the dial only from 92 per cent down to 80 per cent or something like that, so training was still very heavily subsidised by the state government and the taxpayer. There are effectively three sources of subsidy for training: the consolidated fund that pays into training subsidies and training procurement; secondly, this exemption we are debating today—the payroll tax bill is another source of funds if we want to talk about not only subsidy payments, but also offsetting potential government revenue; and also federal funding in partnership arrangements, so training is heavily subsidised.

Although the point has not yet been made, some of the public rhetoric around this issue is that businesses will no longer be able to get subsidised training. That is not the case. Training will still be heavily subsidised. For anyone interested in this, it is worth making themselves aware of the list of certified courses and so on that are eligible for subsidised training. There are eligibility arrangements for anyone who wants to access it. Whether it is big business, small business, private or public business, they can access training, provided it meets certain needs. Subsidised training still remains and there are about four or five different categories. I remember there is a general industry foundation skills scope, which I think is almost 100 per cent subsidised. There are also equity courses for people with an Aboriginal background and other disadvantaged groups to access training programs, which are subsidised very, very heavily to the tune of 99 per cent. There is a priority skills list of occupations, which is identified by industry feedback. There is also a list of training courses that meet priority needs that are identified in the economy to support the economy in Western Australia. I met with people from the Chamber of Commerce and Industry of Western Australia; obviously, they were lobbying for us not to support this bill. One of the questions I asked was whether they acknowledge the priority skills list as an appropriate recognition of what skills are needed out there. Their answer was yes. They had faith in that priority occupation list as being very relevant.

I did not get any sense that they thought government processes were wrong in identifying what skills were needed. Therefore, by extension, the direction of public funds, through government, to identify priority skills areas that are endorsed by industry is an appropriate way to determine where to invest in subsidised training. I think it is worth recognising that there are processes to identify that. It is quite appropriate that the government, as we did in government, is trying to target and direct limited public funds into areas that will make a difference to our economy. That is no more important than when times are tough. I remember hearing a number of speeches at forums in which everyone talked about the value of training at the bottom of the economic cycle. That is the hardest time possible to fund training, and the government needs to explore, as we did, all possible avenues. It might not be the Liberal Party's position but I would certainly argue that what the government is putting in now may well have been put on the table for us when we were in government. In my case, it probably would have got my support.

The amount of training demand out there is sometimes a bit of a moveable feast. Some of the demand for subsidised training has recently dropped off and fees are on a rising plane, which has had some impact on that. It is really hard to pull out the necessary information to know exactly what is going on there, so we are relying on fairly rubbery figures. I guess the government has identified, as we heard through briefings, what it sees as the training demand going forward. The government needs to respond to that in order to fill the gaps to ensure we understand, as taxpayers, that we are putting effort into things that will make a difference in industry and in Western Australia's economy. Training demand is very hard to measure. It is affected by fees, business margins, business confidence and industry structure. I agree with the points quite rightly made by Liberal Party members that a lot of restructuring is happening, which people need to re-skill themselves for, not only in the private sector, but also in government. That requires training support and appropriate investment by government.

I want to go through what I see as the issues in this debate. The first issue is whether the rorts are valid, and I believe they are. I think everyone has acknowledged that, although I might admit it has been to different degrees. The driver is the notion that a greater saving can be made on exemption from payroll tax than the cost of training. I think some of that idea still exists. In the past, some efforts have been made to stop that. Secondly, there are very significant subsidies for training, so I think it needs to be recognised that just because this change will occur does not mean that those same organisations cannot access subsidised training; they will be able to access heavily subsidised training in many cases. Those opportunities already exist. The third point is that the provisions do not apply to apprenticeships. I think those skill sets have some uniqueness about them and I assume that is the reason the government kept apprenticeships out of the mix, rather than union reasons, which I suspect might be one of the drivers. Nevertheless, the provisions are just for traineeships and not apprenticeships. They will not impact on new employees and will use the threshold \$100 000 base pay. That is an appropriate target for new employees coming into an organisation and having traineeships to build up their skills and it is an appropriate time to inject that. We have sought from the government, and got, a commitment that that will not include any regional loadings. I will prompt the minister that it is a little bit unclear in the bill whether that is a legislated position or something that the government will apply as a policy setting. Getting clarity on that in the bill will be an important part of our debate in the consideration in detail stage. I think the issue of regional loading is a very valid point. As an opposition, we are not in a position to resource the modelling and assessment to understand whether \$100 000 is the right figure or whether it should be another figure. It is hard to do that, but it looks to be pitched about right if we take it on face value.

Another issue is one I have mentioned already—that the government cannot assume support for stage 2. I think a lot of work is to be done to get to that point. The minister has given the assurance that he would have to come back to the house in order to achieve the proposed changes to stage 2. That will give us the chance to have a vote on the floor, as distinct from a government regulatory position. I have also sought advice and briefings to determine that this bill does not enable those stage 2 changes in any way. Nothing in this bill relates to the stage 2 agenda that the government has, which will be taken forward. I think that is an important point. We sought clarification of a number of issues and there were three important issues for me. Obviously, as I have already outlined, one was the validity of the use that is out there. As the minister at the time and having seen it first-hand, I am certainly aware of the validity of the issue. Regional funding loading was another issue, which I have talked about. We have sought an assurance about the special conditions for people in more isolated parts of the state. Another issue is the relationship between the state budget, the federal budget and demand, and whether demand softens or increases as a product of fee changes and/or changes in the economy. The relationship between those three is a pretty important issue that, in our view, needs to have some sort of response.

I want to read this, because I think it is really important to put on the table exactly how this change impacts. I think the government has been a bit cute in terms of media releases. One thing the government has invested in is a pretty strong media team, so it can get the most out of a line and comment. The opening line of the announcement of 30 November states —

9600 training places to be delivered in 2018 through tightening payroll tax ...

That is, delivering those positions. In fact, stopping the loss of those positions is probably a better argument for where things are actually at. My question in the briefing was about the fact that it is not clear how the withdrawal of commonwealth national partnership funding, declining demand for training places, in some cases, and the

additional training places funded from stage 1 payroll tax are linked—the relationship between all those things. I want to read the response, which contains a number of points. The first part of the answer states —

... The State Government funded around 130,000 training places in the 2017 academic year.

I understand there was a cash-based loading to support some of these in the second half of that calendar year in the department. The answer continues —

This included State Government funding as well as Commonwealth Government funding under the National Partnership Agreement of Skills Reform ...

The second point stated —

... The loss of \$53.8 million in funding from the Commonwealth will require a reduction of approximately 23,000 training places. Applying a baseline of 130,000 training places, this reduces overall funded training places to around 107,000 places per year.

So, the national partnership is a swinging point on this. We got some information back from the federal minister's office. It was pretty hard to read; it was like reading another language. What I saw reinforces the Treasurer's point that although it may be there, we do not know what hoops and stuff we have to jump through and whether it can be directed as the state government would like to. The third part of the answer states —

... Latest data available shows demand for training in 2017 was just over 124,000 places.

I can only take that on face value —

It is anticipated that with signs of the economy improving and demand for training starting to recover, that demand should remain at or around the current level over the forward estimates.

There is an idea of demand of what training what might be needed out there in the forward estimates. The fourth point states —

... In the absence of an alternative funding source, funding is only available for 107,000 places after the withdrawal of Commonwealth funding. As such, there will be a shortfall of around 17,000 places to meet the current level of demand, which will require additional funding of approximately \$37.4 million per year in funding.

The fifth point states —

... Changes to the payroll tax exemption for existing worker traineeships ... would provide funding to reduce the gap between current demand levels and revised levels of funded training places a result of the expiration of the NPASR.

The sixth point states —

... Changes to payroll tax exemption for existing worker traineeships includes transition arrangements which will result in a gradual increase in revenue over the forward estimates, as grandfathered training contracts are completed ...

A table attached to the answer shows the revenue from those changes. In 2018, there is \$21 million; in 2019, there is \$25.5 million; in 2020, there is \$32.5 million; and in 2021, there is \$35.5 million. One of the tables refers to the additional training places funded as a product of this bill and it brings us up to a total for the state of 116 600 in 2018, 118 700 in 2019, 120 900 in 2020 and 123 300 in 2021. Again, I take the seventh point of the answer given by the government at face value. It states —

... Where possible, cash reserves (including savings from lower training demand in 2017) —

Which has been a trend over the last couple of years —

will be used to supplement the shortfalls in 2018 and 2019 academic years to fund training levels at around the 2017 level of demand (i.e. 124,000).

That highlights that relationship between demand, the federal funding arrangements and the impact of these changes the government is putting in place. I do not reflect any private conversations, but I think Treasury may want to include a comment here about any book savings that occur at the end of the financial year as a product of demand changing. If fee drivers or a softening of the economy mean that the demand has not been soaked up at the end of the financial year, what happens? I am sitting here trying to support a government bill in order to make a change, and I would not like to see that shovelled off somewhere.

Mr B.S. Wyatt: That is exactly what has happened at point 7, which I think you just read out. There has been a build-up because of that that has effectively enabled us to re-cashflow that out to help funds in the forward estimates. Anything around this space will stay in training. That is why I dispute the categorisation of tax grab or a cash grab, whatever it is called.

Mr D.T. REDMAN: A point to make now is that when the budget comes, the first thing I will read is the last year's budget forward estimates for training procurement and the next set of forward estimates for training procurement. Presumably, the only gap will be the stuff that comes from this bill.

[Member's time extended.]

Mr B.S. Wyatt: Ultimately, the forward estimates will have that. The comment from the member for Vasse is that all the consultation is happening for a reason and we do not exactly know what that second part will be. I am open to any consideration of this. I have said the grant program being put out there is a suggestion. Whatever it is, I am keen to hear about it.

Mr D.T. REDMAN: That is another debate, but the point the Liberal Party raises is quite right. If this turns out to be a cash grab by a change in the payroll tax, it is absolutely not appropriate. We are taking on what the government is saying about this on face value.

Mr B.S. Wyatt: Which is why we are aiming to use some of that money to extend it to those small businesses that do not pay payroll tax.

Mr D.T. REDMAN: One of the other questions I asked was about the changes that will be made to the current regulations to take away the rorting issue to the satisfaction of the agency and the government. The point that the Chamber of Commerce and Industry of Western Australia made to us was whether Training will now sign off on the contracts. An employer and employee have a training relationship and the contract is signed off on and gets funded and down the train, whether tier 4 or 5, the organisation would do that. My point to the CCI was that it would need to be discriminated, because we do not want someone there picking winners. I think that would be a challenge for anyone in the bureaucracy, so we are trying to lay out a different discriminator to work out how they would effectively be funded. By extension, the question I asked was —

Can the Minister outline exactly why current mechanisms and safeguards cannot stop the outlined rorting of the payroll tax exemption? Why does this require a change to the legislation?

The response is valid in my view. It states —

The current payroll tax exemption is unconditional insofar as it applies purely on the basis that a registered training contract is in place between the employer and employee. It is not conditioned in any other way.

The Department of Training and Workforce Development does not approve the registration of training contracts based on the objective of facilitating payroll tax exemptions. The decision to approve a training contract is based on achieving the objectives of the Vocational Education and Training (General) Regulations 2009.

The Department of Training and Workforce Development does not approve the registration of training contracts based on the objective of facilitating payroll tax exemptions. The decision to approve a training contract is based on achieving the objectives of the Vocational Education and Training (General) Regulations 2009.

The Vocational Education and Training (General) Regulations 2009 (regulation 42(2)(cb)) may provide the basis to refuse to register or cancel a contract where it is determined that the training is inconsistent with the objects of the VET Act 1996. However, it would be onerous administratively to prove that a training contract was entered into strictly to avoid payroll tax and difficult to apply consistently.

And I appreciate that —

This approach would also increase the complexity of the VET system for stakeholders, is likely to also contradict other objectives of the VET.

I think there is a range of reasons that it is challenging to use these things, albeit on the surface it could be argued that there is a mechanism that exists. Putting it in practice is a very different beast.

Mr B.S. Wyatt interjected.

Mr D.T. REDMAN: Without bringing it in here; I understand that.

As a bit of background to this, there is this interesting comment. I quote —

Under the *Vocational Education and Training (General) Regulations 2009*, the chief executive may refuse to register a training contract where the qualification is not appropriate for the intended occupation during the contract or registering the contract would result in an outcome contrary to the objects of the Act.

...

To restrict the application of the VET to counter the exploitation of the payroll tax exemption would be inconsistent with the objectives of that Act. For example, leadership courses are relevant to most management positions. It would be inconsistent with the VET Act for DTWD to refuse those training contracts purely on the basis that a manager, director etc. may already have other relevant qualifications or experience.

A range of reasons have been argued, certainly to my satisfaction, that these changes are necessary in order to be able to make clear discriminators of how what is and what is not a funded contract is managed.

In summary, who are the winners and losers? Businesses with payroll tax liabilities would arguably be losers if the benefits they would get from a payroll tax exemption outweigh the costs of providing funding towards a funded

traineeship. I understand that—but bear in mind that this is after the transition. Transitional arrangements for existing employees will be in place. Who are the winners in this? If we put aside the federal funding issue, 9 600 training places are now funded. Right across business, whether big business, small business, public or private, there is access to just over nine and a half thousand funded training places as a pool. It could be argued—the government argues this; I am less attached—that small business, in part, will be a beneficiary, because if those training places had not been available, small businesses would not have been able to access them.

The Nationals are taking three things on face value. One is that the government will invest back into training; assurances of that will be paramount. Demand estimates will be an interesting factor when we get to the end of the term; therefore, assurance that those funds are returned to training will be important as it relates to training demand estimates. Another one is that the budget forward estimates reflect the initiatives the minister has talked about and the language behind this change.

The National Party supports this bill. We have sought feedback on a range of areas. I believe it is something I would have considered putting forward in government if I were training minister. The unknown is where the federal government is. We have seen a bit of feedback to suggest that it is not saying it is not there; it is just the nature of what it is and how much it impacts upon training in Western Australia. Indeed, training is fundamentally important. If businesses or government are not putting effort into training, they are selling themselves short in being efficient contributors to the economy and efficient businesses.

MS J.J. SHAW (Swan Hills) [12.41 pm]: I know how important the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018 is to the minister and how keen he is to see it progress through the chamber, so I appreciate the opportunity to speak on this.

I did not intend to speak on this bill at all, but yesterday I sat through the lead speaker for the opposition's contribution and the Leader of the Opposition's contribution and I went home. Over the last 12 months I have been through quite an emotional journey. As I have sat in this chamber, I have experienced emotions ranging from abject boredom to depression—and I have rather enjoyed myself at times. For the first time, I went home last night and I was angry. I was so angered that I could not sleep. I turned over in my head over and over again what I had sat and listened to from members on the opposition benches. I am sickened at the positions they have taken because, yet again, they have demonstrated that they have an abject lack of understanding of the sort of considerations that matter to people in seats like mine. Families are doing it really tough, and the pathway out of hardship is through education and training. The opposition is actively adopting a position that runs directly against and blocks training opportunities for kids in my electorate. The original intent of this trainee exemption was to encourage businesses to hire and train new staff. Instead, we have seen rorts, the subsidisation of training of existing workers, spurious enrolments, and withdrawals and re-enrolments. We have seen entire workforces re-enrolled and executives on significant six-figure salaries deemed to be trainees so their employers can minimise their payroll tax liabilities. Rather than this program being used to address skill gaps, it has been a rort. It does not matter what way the Liberals try to dress this up; it is absolutely a rort and it needs to stop. At a time when we all need to pull together and pay our fair share and turn our minds to the future to up-skill our workforce, the Liberals are blocking this. We are trying to stop those types of behaviours. This is coupled with an intent to develop a targeted grant scheme, to identify the training needs within our economy and what sort of workforce we need, and to start funding those requirements. We will also make assistance available to small businesses, of which there are over 3 000 in my electorate that cannot currently access these schemes. Most importantly, the money that is raised will be directly reinvested into training—43 500 positions to cover for the \$54 million that the federal Liberals have ripped out of WA's TAFE system. Those 43 500 positions will not exist if this legislation is not passed.

It is not enough that the Liberals left us with record debt and record deficit. At a state level that point has been made repeatedly. In Swan Hills, it is not enough that they broke the Ellenbrook rail promise, that at a time of burgeoning state coffers Lord Street became one of the most congested roads in the whole of the Perth metropolitan area or that Toodyay Road was identified as one of the top 10 most dangerous roads in the state of Western Australia and they did nothing. It is not enough that we had the most overcrowded schools in the Perth metropolitan area and that the fastest growing region of the metropolitan area, the north-east metropolitan area, was the only part of Perth not to have a child and parent centre. We were denied an education support centre for primary school-age students. It was the only region of the metropolitan area not to have one! It is not enough that the federal Liberals denied people in the north metropolitan area Medicare access to MRI services.

[Quorum formed.]

Ms J.J. SHAW: It is not enough that the federal Liberals failed my community by not allowing access under Medicare to MRI scans. It is not enough that the federal Liberal member for Pearce supported cuts to paid parental leave, Newstart, Youth Allowance, and was responsible for the robo-debt fiasco, which disproportionately affected people in my electorate. How much is enough? The Liberal Party has a record of sustained neglect of my community—and I say enough is enough. Not only did members opposite wreck things in government, in opposition they are attacking training for young people. Again, it is disproportionately affecting my electorate.

I could not sleep last night when I was thinking about it. This is affecting our future. Members opposite may sit there and laugh at this, but our future is amongst us now. How we treat, nurture and educate our young people will deliver us our future. That the Liberal Party so consistently attacks it is absolutely shameful. I say enough is enough!

In my electorate, 32 per cent of people are under the age of 18 years. We have very high youth unemployment. We have well documented mental health and youth suicide issues. We have very poor access to public transport. There are very limited pathways out of those sorts of conditions. The opposition is actively blocking additional measures. This is the reason it incenses me so much: at Ellenbrook Secondary College, 82 per cent of year 12 students choose a vocational education and training secondary pathway. That is 82 per cent. Another four per cent take VET–Australian tertiary admission rank subjects. A disproportionately large number of kids in my electorate need training positions. The position the opposition has taken denies that. In addition, it was bad enough that the former government increased TAFE fees by over 500 per cent in its eight and a half years in government. That was an absolute disgrace. It is now pulling out \$54 million.

Debate interrupted, pursuant to standing orders.

[Continued on page 2046.]

HALLS HEAD COLLEGE — BREAKAWAY CAFE

Statement by Member for Dawesville

MR Z.R.F. KIRKUP (Dawesville) [12.50 pm]: I would like to take this opportunity to congratulate the staff and students at Halls Head College. Staff and students have recently opened a new cafe and hospitality centre at the college that will help students prepare for the workforce in that important and vital sector. The Breakaway Cafe will be run by year 11 and 12 students. They will be making a range of things such as coffee and preparing food for students and staff, and it will also open to the public later this year. The students have done a great job. Running the cafe independently means they understand not only the importance of the provision and preparation of food service, but they will also be able to understand how to order stock and meet the fast-paced demands of running a small business. This type of on-the-job practical training being offered in a secondary college environment in Mandurah, driven by the staff and students there, is a great example of the leadership that has been shown in our community to help stem the issue of chronic underemployment and unemployment when it comes to young people. The cafe facilitator, Luke Green, said in an article printed in last week's *Mandurah Mail* that the year 12 students will be able to finish with a foot already in the door and a pathway that they can continue. I look forward to enjoying the delights of the Breakaway Cafe and congratulate the staff and students at Halls Head College for their fantastic initiative.

MYSPO RTS NIGHT FIELDS PROGRAM

Statement by Member for Thornlie

MR C.J. TALLENTIRE (Thornlie — Parliamentary Secretary) [12.51 pm]: I was delighted to welcome Hon Peter Tinley, Minister for Youth, to Gosnells recently and show him around the sensational MYSports Night Fields program that has been on at Gosnells Oval on Wednesday evenings for the last eight weeks. The program is a huge success. The other night, 88 local youngsters participated. A quick count revealed an amazing mix of Indigenous heritage and 22 other cultural heritages all relishing the chance to try different sports. Participants are assisted by local coaches who volunteer their time to encourage kids, particularly those from multicultural backgrounds, to participate in sports that they might not otherwise know. The kids rotate around and have a go at sessions of AFL, soccer, netball and gymnastics. Female participation is very strong, auguring well for the continued development of women's sport. For the Gosnells footy club, there is the chance of some early talent spotting and recruitment, but the club is also seizing and revelling in the role of being a community builder. It is tremendous to see youngsters who may have been struggling with the English language gain spontaneous fluency as they call for a pass or encourage a teammate. The local police and their cars are particularly popular, fostering confidence with young people who may have come from countries where police are often seen in a less favourable light. So successful was the initial program last year, a children's zero to six-year-old program with parenting support was added so parents with older children could stay and interact while the very young were also fully occupied. At the end of the participation, a snack from a local cafe is served, providing a win-win for all in the Gosnells community. I pay special acknowledgement to Lauren Reid-Dornbusch and Chris Woods.

KITCHENER PARK — ALEPPO PINES

Statement by Member for Nedlands

MR W.R. MARMION (Nedlands) [12.53 pm]: There has been much discussion within the Nedlands electorate in recent weeks over the footprint of the new inner-city Subiaco college. The site for the school is the well-known Kitchener Park that, as it turns out, has quite a significant history. In the period 1921 to 1925, Mr Alexander Bruce, MBE, was curator of parks and gardens for the Subiaco council. Soon after his appointment, the council granted him a portion of land on Kitchener Park for a street tree nursery site. At this time Subiaco's streetscape was nothing like today's and Mr Bruce set about transforming Subiaco, laying the foundation for what we see today. In 1924, Mr Bruce organised for a number of Australian native seedlings from his nursery to be sent to the Imperial War Graves Commission at Gallipoli. These became the first Australian plantings amongst the graves of fallen

Australians in Gallipoli. The plantings are still there today. In exchange, Mr Bruce received a number of seeds from Ansea, Gallipoli, including Aleppo pines, which were then both sown and raised in Kitchener Park. Many current pines in WA and Australia originated from Kitchener Park. There is a concern by many in the community that the historical value of trees amongst the Kitchener Park area are now under threat. This includes a row of Aleppo pines along Coghlan Street that were amongst the seeds brought back from Gallipoli, and hold great historical significance to the people of Subiaco and WA. Kitchener Park has quite a history and I, among many residents and the City of Subiaco, are keen to see that those trees are preserved.

ACTIVATE PERTH

Statement by Member for Perth

MR J.N. CAREY (Perth — Parliamentary Secretary) [12.54 pm]: I rise today to highlight the rip-roaring start of the new non-for-profit organisation, Activate Perth, which started in December last year. Activate Perth is about bringing residents and businesses together to champion new ideas and new momentum and drive more vibrancy and economic activity in our city. It was established out of the Perth City Summit last year and has drawn together a board of significant expertise. In particular, I congratulate the inaugural chair, Anne-Maree Ferguson, a local East Perth resident and former managing director of the Perth Convention Bureau. To date, it is working on three specific programs. The first is Fill this Space, an innovative program to fill the high number of vacant buildings in the city with pop-up businesses. The second is the Activation Army, harnessing the incredible interest from residents and businesses into community building projects in the city. The third is developing Perth as a city of neighbourhoods, growing each precinct as a distinct and unique area to visit, work and play. These programs are gaining significant traction. For example, 180 Northbridge locals turned out for a community event to help establish a new precinct organisation, Northbridge Common. I look forward to working with them to drive more economic activity, jobs and community in the city.

INTERNATIONAL HOCKEY EVENT — NARROGIN

Statement by Member for Roe

MR P.J. RUNDLE (Roe) [12.56 pm]: In January this year I attended the international hockey event held in Narrogin. The Kookaburras and the Netherlands played two high-powered games over the weekend, attracting crowds from all over the state to this event and to Narrogin. The event was organised by the Upper Great Southern Hockey Association in conjunction with Hockey Australia. Shane Tonkin from Hockey Australia is to be commended for his support of this project. The event coordinators, Mark Regan and Leigh Ballard, are to be congratulated for their vision in organising this fantastic event. The sheer logistics of creating such an event requires a team of people who generously gave their time and expertise to assist. The committee who helped are Claire Coffey, Andrew Corner, Peter Thompson, Lyndsay Edwards, Mareesa Atkins, Arthur Thompson, Amanda Watts and Rodney Johnston. Mareesa Atkins was in charge of catering and has also been acknowledged in the local Australia Day citizenship awards. Mareesa is always working tirelessly for the hockey club and spent months coordinating the catering for this event.

During the weekend, the Kookaburras held coaching, playing and umpiring clinics for local players, generously giving their knowledge and time. I acknowledge Colin Batch, the coach of the Kookaburras, and the Kookaburras management team for their efforts. The Shire of Narrogin supported the event through sponsorship and in kind. I thank shire president Leigh Ballard, CEO Aaron Cook, and finally a thanks for the Upper Great Southern Hockey Association for its fantastic efforts in hosting this event.

BALDIVIS VOLUNTEER FIRE AND EMERGENCY SERVICES

Statement by Member for Baldvis

MR R.R. WHITBY (Baldvis — Parliamentary Secretary) [12.57 pm] I rise to congratulate the members of the Baldvis Volunteer Fire and Emergency Services for their great work in protecting lives and property in Baldvis and beyond. In the next few weeks the Baldvis vollies will be the proud new owners of a \$40 000 crew cab utility vehicle, a valuable addition to their vehicle fleet, helping them transport crews and equipment. This is another key local election commitment I am proud to deliver to my community, under the Local Jobs, Local Projects program. It came about because the Baldvis vollies asked for it. It was their number one wish—an identified and crucial need.

It is no secret that this commitment took a little longer, in order to work through the necessary guidelines around emergency vehicles. I would like to thank former brigade captain Trevor Wise and current captain Neil Chaplin for their strong advocacy and for working with me to deliver this commitment. Thanks too to all the Baldvis volunteers for their patience. I know they cannot wait to get behind the wheel. I would also like to thank former and current Department of Fire and Emergency Services Commissioners Wayne Gregson and Darren Klemm for their work and support of our local brigade. Their ability to deliver our vollies what they needed is very much appreciated. Finally, a special thank you to the can-do Minister for Emergency Services and his ministerial office for the key role they played in helping to deliver this vehicle. I can stop harassing him and his staff now. It is great to see a commonsense, result-driven approach to delivering government priorities.

Sitting suspended from 1.00 to 2.00 pm

QUESTIONS WITHOUT NOTICE**DEPARTMENT FOR CHILD PROTECTION AND FAMILY SUPPORT —
MACHINERY-OF-GOVERNMENT CHANGES****237. Dr M.D. NAHAN to the Premier:**

With members' indulgence, I would like to firstly acknowledge the presence in the Speaker's gallery of the staff and student council of Halls Head Primary School in the electorate of the member for Dawesville, and the presence in the public gallery of students from St Francis Xavier Primary School in the electorate of the member for Geraldton.

I refer to the government's rushed and ill-thought out machinery-of-government changes in which the director general of the Department of Communities must report to five different ministers, has no direct childcare experience and cannot provide proper oversight of child protection, as well as the minister's inability to answer direct important questions about this important area of government policy.

Will the Premier now remove the Department for Child Protection and Family Support from the Department of Communities megadepartment and create a dedicated department with a dedicated director general, or are we going to have to wait until the inevitable failure in that area of government and the government's sacking of the director general?

Mr M. McGOWAN replied:

The answer is no. Members might recall that when we announced the machinery-of-government changes and said that we were going to have a more rational allocation of government agencies in Western Australia, the Leader of the Opposition supported it; he came out and said that. Now he is saying a different thing. He has to have a bit of consistency.

**DEPARTMENT FOR CHILD PROTECTION AND FAMILY SUPPORT —
MACHINERY-OF-GOVERNMENT CHANGES****238. Dr M.D. NAHAN to the Premier:**

I have a supplementary question. Why did the government sack the top four executives of the Department of Communities—who, by the way, were all women—and can he confirm that morale in the department has collapsed, impacting the quality of care for our most vulnerable children?

Mr M. McGOWAN replied:

Just to go back to the earlier part of the question, I want to also emphasise that the relevant minister, sitting behind me—who the Leader of the Opposition asked me about and made some imputations about—is a terrific minister. I thought her answer yesterday to the questions posed were terrific, comprehensive and well thought out. The fundamental premise of the Leader of the Opposition's question is incorrect.

In relation to the other imputations in his supplementary question—that people were sacked—I am unaware of what he is referring to. One senior executive, Emma White, who we would have liked to have stayed —

Dr M.D. Nahan: You sacked her.

Mr M. McGOWAN: The Leader of the Opposition can say things, but he is wrong. He says bizarre things and he interjects with bizarre statements.

Dr M.D. Nahan interjected.

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

Mr M. McGOWAN: He comes out with bizarre statements. We would have liked Emma White to have stayed on in the agency, but she has decided to resign, as I understand it, to pursue some academic pursuits to improve her skills and capabilities. As I recall it, I spoke with her and asked her to stay on, so once again, what the Leader of the Opposition is saying is factually incorrect.

PAYROLL TAX EXEMPTION — TRAINEE WAGES**239. Ms J.M. FREEMAN to the Minister for Finance:**

I refer to the McGowan Labor government's commitment to supporting small business and providing more training opportunities through its crackdown on the rorting of the payroll tax exemption. Can the minister outline to the house whether the 17 000 training places he outlined yesterday —

Several members interjected.

The SPEAKER: I will hear the question in silence. Start again please, member.

Ms J.M. FREEMAN: I refer to the McGowan Labor government's commitment to supporting small business and providing more training opportunities through its crackdown on the rorting of the payroll tax exemption.

Ms L. Mettam interjected.

The SPEAKER: Member for Vasse, do you not understand what I said?

Ms J.M. FREEMAN: Can the minister outline to the house whether the 17 000 training places he outlined yesterday will be provided if these changes are not implemented; and is the minister aware of anyone who does not support these 17 000 training places?

Mr B.S. WYATT replied:

Before I answer that very good question, I acknowledge on behalf of the member for Fremantle Ms Mattie Turnbull, who is here in the public gallery with planning students from Curtin University.

I want to clarify a couple of things for the house. I am not sure whether Liberal Party members are deliberately confused or if I have confused them with my explanations. If it is my fault, it is my fault, and I will try to clarify a couple of particular points on this. One of the arguments raised by the Leader of the Opposition and shadow Treasurer is that there is actually no hole in the funding from the commonwealth government because there is a big pot of money there and we just need to sign up and all will be saved. I just want to deal with that issue. The Leader of the Opposition is referring to the national partnership agreement on the Skilling Australians Fund, which is of course a fund of money that is the effective replacement for the national partnership on skills that expired last year. It is to be funded by a levy on employers of skilled migrants, and the funding mechanism for it is still stuck in the Senate.

I want to make this point very, very clear to everybody, because perhaps I have not made it clear in the past. I think the member for Churchlands is a little bit confused on this. Regardless of whether we sign up —

Point of Order

Mr S.K. L'ESTRANGE: The minister seems to be doing his reply to the second reading speech during question time.

The SPEAKER: That is not a point of order.

Questions without Notice Resumed

Mr B.S. WYATT: I can see why the member for Churchlands is easily confused. The offer was made to us by the Prime Minister back in February. Regardless of whether we sign up to that agreement, we will still be left with an approximately \$450 million shortfall each year. This is just so that we understand this. This is not a lie; this is me telling members the truth. That is the reason that not one state has signed up—not one. Not one Liberal or Labor state has signed that national partnership agreement with the commonwealth government. Do members know why there is that shortfall? The member for Warren–Blackwood made this point: it is because there are always ifs and buts in national partnerships with the commonwealth government. The commonwealth government, as is its right, no longer wants to fund general training; it is walking away from it. It is only looking to fund apprenticeships and traineeships. Why is that important? It is because general training—the area of training that the WA economy is going to particularly need over the next few years—includes, for example, certificates I to IV and diplomas for things around aged care, health and National Disability Insurance Scheme support staff. Our estimation for the next four or five years is that we are going to need in this state about 25 000 extra trained staff for the transition to the NDIS. That, I suspect, is why no other state has signed up to the national partnership either, because we all want to put more into general training, which is what our state economy needs. I am just telling members; this is the reality of it.

The Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018 deals with the first component of the loophole. We have had this conversation; I think the member for Carine said to me, “You can’t say that it’s systemic abuse”, and he is right; I have not said that it is systemic abuse. But abuse of the clear intent of that exemption is not insignificant. I would have thought that everybody in this place, whether the Treasurer or just a member of Parliament, would want to protect the integrity of the revenue base. I get that no-one here likes payroll tax, but unless there is some form of great federal–state reform for dealing with that, we are stuck with it as a revenue base. Regardless of whether or not members like it, we have to act on it as an integrity measure. We cannot consult on that, like the Leader of the Opposition, who never gave notice on integrity measures. Of course, we do not. The member for Vasse talked about confusion, and there is confusion, and that is why we are going through the consultation for phase two—exactly what do we replace this with? This is an important integrity measure. I want to highlight before I sit down that the reality is that this is treated by many organisations as a tax minimisation measure, not a traineeship. I will highlight a well-publicised, well-promoted advertisement from the Chamber of Commerce and Industry of Western Australia about the exemption. The headline is, “Traineeships can save companies millions”. It is not “Traineeships can steel your workforce and make them more resilient and ready to react to changing economic circumstances”. The CCI promotes this to minimise tax. Another organisation, not the CCI, asks companies, “Want to significantly reduce your payroll tax?”

The SPEAKER: Minister for Finance!

Mr B.S. WYATT: This is the reality of what we are seeking to achieve by fixing this and moving to something that I think all members can see is a better way to target finite taxpayer resources.

METHAMPHETAMINE

240. Mr S.K. L'ESTRANGE to the Premier:

Mr Speaker, I was enthralled. I do apologise.

The SPEAKER: I am enthralled, too, member for Churchlands. But next time if you are that slow, you will not get called.

Mr S.K. L'ESTRANGE: Thank you. I appreciate it.

I refer to the Premier's "WA Labor, Methamphetamine Action Plan, Supporting Communities and Families", which he campaigned on during the 2017 state election, and to page 2 of the plan, on which he said —

This is the most comprehensive plan to tackle methamphetamine use ever released in WA.

What exactly is going on with the plan, given that the National Wastewater Drug Monitoring Program report, which was released last week, highlights that WA's average use of methamphetamine has been increasing steadily since the election?

Mr M. McGOWAN replied:

It is a fact that the use of methamphetamine has been a serious issue across Western Australia for a long time. Members might recall that about three or four years ago, *The West Australian* newspaper brought it to the public's attention with the headline, as I recall, "Meth City", which I thought was very confronting but it did identify the issue that confronted Western Australia in both the city and the country. The last government put in place wastewater monitoring and that drew to our attention the large amount of methamphetamine, larger than we even thought, being used across Western Australia. As I understand it, South Australia also has a very significant problem. It is a difficult problem to turn around overnight because people are addicted to methamphetamine. As we know, dealing with addiction is a difficult thing to do. When we came to office, we started implementing various things that we committed to prior to the state election. I will run members through some of them. They will take some time to work. First of all, we put in place the meth border force, which comprises 120 police officers who are dedicated to the intervention and interdiction of methamphetamine when it comes into Western Australia. We announced in the state budget two new rehabilitation centres, from memory; one in the south west and one in Perth. I think we are also taking some action in that regard in the Kimberley. Recently, the Minister for Corrective Services and I announced a drug rehabilitation prison as a separate component of Casuarina Prison for men, and we are converting Wandoo prison into a methamphetamine rehabilitation prison for women. That is four or five separate things that we have put in place, as well as life sentences for meth traffickers. That is six things that we have put in place since we have been in office. Anyone who is sensible and reasonable understands that we cannot change years of neglect overnight, particularly when we are dealing with addiction—when people have addictions. As members know, turning that around will take some time, but Western Australians can be assured that they have a government that is doing real things to deal with the issue.

METHAMPHETAMINE

241. Mr S.K. L'ESTRANGE to the Premier:

I thank the Premier for his answer. I have a supplementary question. In the plan, the Premier said that reducing the level of methamphetamine use in the community will be one of the key performance indicators by which his government will be measured. Given that we have double the national average, particularly in regional WA, when will meth use start to fall, and will the Premier table an outline of how he expects the KPI to be measured?

Mr M. McGOWAN replied:

When we arrived in office, there was significantly more usage of methamphetamine in WA than there was in the other states. As I said earlier, I think South Australia also has a significant problem. As I understand it, in New South Wales other drugs, such as cocaine, are more prominent than they are in Western Australia. Methamphetamine, as we know, makes people do crazy things. Families who deal with sons or daughters who are addicted to methamphetamine tear their hair out because of what they are coping with. We are taking a range of actions. Essentially, the member asked why we have not fixed the problem after a year in office. That is the premise of what the member said.

Mr S.K. L'Estrange interjected.

Mr M. McGOWAN: I have outlined to the member off the cuff six separate things that this government is doing that are different from what the previous government did. If the member is so naive as to think that we can somehow turn around overnight a problem that has been very significant in the state for the last 10 years, I think that shows what a bubble he lives in.

BROWNLIE TOWERS — REDEVELOPMENT

242. Ms C.M. ROWE to the Minister for Housing:

I refer to the McGowan Labor government's redevelopment of the almost 50-year-old Brownlie Towers complex, which will be part of an unprecedented revitalisation of the area. Can the minister advise the house how this project

will create jobs, deliver affordable housing and support our local community; and, what challenges needed to be overcome to move this significant project forward?

Mr P.C. TINLEY replied:

I thank the member for the question and for her interest in this project over some time, and the interest of many other members across the chamber. For those who are unfamiliar with it, Brownlie Towers sits on a precinct of 25 hectares on the doorstep of Perth city, in the member for Victoria Park's electorate. He has been a long advocate for the regeneration renewal of that particular precinct, as has Hon Kate Doust, the presiding upper house member. They have been advocates and supporters of a thoughtful density approach and a thoughtful master plan design of it.

During the week, we announced that the McGowan government will get on with the failures of the former Liberal-National government and do what it could not do in eight and a half years. We will activate a 25-hectare site and create between 1 500 and 2 500 dwellings and a lively precinct that will have a very broad choice of housing types and housing opportunities, including social housing. I can confirm for the chamber that there will be no net loss of social housing in the district because we believe in diversifying the communities that are available to all. We have rebadged it and called it Bentley 360. We are going out to expressions of interest in the very near future to find a joint venture partner for a multimillion-dollar project that will last for many, many years. At the accepted multiplier for every new dwelling, two new jobs will be created. Members can do some of those sums for themselves. This is an outstanding project with an outstanding opportunity. Some people in the chamber feel that this is a bit of *deja vu*. They have heard this sort of thing before. I am sure the member for Victoria Park has heard this many times. Despite his pleadings with the previous government to get on with the project, we find ourselves many, many years after the fact still sitting here with 25 hectares sitting on the doorstep of the city, right next to Curtin University and right next to a major retail precinct laying fallow.

When I looked back at some of the history of this, I saw a press release titled, "Demolition begins at Brownlie precinct", which is a great little headline. It got all the locals very much interested, but it was dated 17 October 2012. There is slight concern about the time line and how it was going to be coordinated. According to the press release, one of the eight former housing ministers in the previous government —

Housing Minister Terry Redman was on site today to witness the first stage of the Brownlie Precinct Regeneration Project.

...

Town planning and urban design consultants will be appointed later this month, with the demolition stage of the project expected to be completed by 2013.

The last time I looked at the calendar, there had been no demolition and no precinct had been started—there was nothing. As part of a dysfunctional government, the former minister can lay claim to the destruction, as he said at the time, of 130 properties that were demolished. As a result of his oversight, there was a net loss in public housing at the precinct. The press release indicates that the construction of new dwellings was expected to start in 2015. I can tell members that we are about to get on with it. This government is about to get on with creating a vibrant city with housing choices for everyone. As this media statement makes clear, we know members opposite are good at wrecking things. They wrecked 130 homes. The member for Riverton wrecked the Muja power station by \$300 million.

Several members interjected.

Mr P.C. TINLEY: Pick a number! The member for Scarborough wrecked TAFE with fee increases of 500 per cent, wrecking the training system in Western Australia. The member for Riverton—here is the granddaddy of all—created \$40 billion worth of debt. Members opposite were complete budget wreckers. This government is committed to getting on with the outcomes that we need to create the vibrancy that this city deserves.

TOURISM — STEPHEN WOOD — DISMISSAL

243. Mr D.T. REDMAN to the Premier:

I refer to the Premier's decision to sack Stephen Wood as the director general of the Department of Jobs, Tourism, Science and Innovation on the grounds that tourism needed specialist industry leadership, as described by the Premier's Minister for Tourism. Do sectors like agriculture, disability services, small business, mining, and culture and the arts need specialist industry leadership?

Mr M. McGOWAN replied:

Mr Speaker, you will find that the decision we made on the head of the Department of Jobs, Tourism, Science and Innovation was after some considerable period of frustration, particularly in relation to tourism. We received questions in this house from the shadow Minister for Tourism that expressed some dissatisfaction with the senior leadership of Tourism within that portfolio. We also had feedback from the tourism industry across the board on

those issues. So we decided to take some action. Members will see some elevation of Tourism inside that agency as a consequence of the steps we took. The member referred to other agencies. If he wants to outline any concerns he might have about other agencies and where there might be leadership issues, I welcome his feedback. Members might want to ask questions about individuals who they have concerns about, just like the shadow Minister for Tourism expressed her concerns about tourism leadership in the department.

TOURISM — STEPHEN WOOD — DISMISSAL

244. Mr D.T. REDMAN to the Premier:

I have a supplementary question. Will the Premier acknowledge that his failed machinery-of-government changes have significantly disadvantaged industry sectors by giving directors general up to five ministers to take directions from?

Mr M. McGOWAN replied:

No. This is standard practice across Australia. I will give the member a few examples. When Jeff Kennett came to office in Victoria in 1992 —

Mr S.K. L'Estrange interjected.

Mr M. McGOWAN: I am trying to give members opposite an answer. When Jeff Kennett came to office in Victoria in 1992, he reduced 20 or 30 government departments to seven departments within a couple of weeks of coming to office. In New South Wales, there are about 10 government departments. In South Australia, members will find there are around 20 departments and in Queensland, there are 18 to 20 departments. They are the broad figures of what is in place across Australia. When we took office in Western Australia, there were 41 departments and we have around a third of the population of New South Wales or Victoria. If the member cannot see that there is scope to rationalise the number of agencies and create a few more synergies between various aspects of government within one department, then he and I disagree. We thought there was some serious scope. When the member for Warren–Blackwood raises issues of sacking people, let us remember that he sacked Paul Rosair as the head of the Department of Regional Development. He sacked Paul Rosair, who received a significant payout as a consequence, so I am not accepting any criticism from the member who sacked Paul Rosair because he did not like him.

BAYSWATER TRAIN STATION

245. Ms L.L. BAKER to the Minister for Transport:

I refer to the McGowan Labor government's redevelopment of Bayswater train station, which will form one of the first stages of the job-creating Morley–Ellenbrook rail line. I would like to know, please, can the minister outline to the house what this project involves and how this project shows the McGowan Labor government's commitment to Metronet?

Ms R. SAFFIOTI replied:

I thank the member for Maylands for that wonderful question. As members would all be aware, last week we released the concept plan for the new Bayswater train station. Unlike the previous government that chose to ignore Bayswater train station as part of the \$1.8 billion rail project, we think it is important to upgrade Bayswater train station as part of this project. We have released the concept plans. Community consultation is underway and I know the member for Maylands will be consulting with the community on exactly how we can make sure that the new station is in a new, vibrant precinct. Remember that Metronet is not about just the infrastructure; it is also about liveability and creating suburbs and precincts.

As part of the plan for the new Bayswater train station, of course, we will be lifting the bridge so the issue with trucks may not continue to be the case. I think that is a big benefit, which may not have been recognised. There will be more connectivity and new platforms, so overall it will be a massive new improvement. We are not thinking only about the Forrestfield rail line when we think about the station, but also about the Ellenbrook rail line. Since we have come into government, we have had to really go into how we design Bayswater station to facilitate Ellenbrook because the previous government did no work on Bayswater. We have had to redesign Bayswater to make sure —

Mr D.C. Nalder: We saw it as a priority to give other people a train station.

Ms R. SAFFIOTI: I am glad that the member for Bateman interjected on this one. Remember the last time that the member for Bateman came in with that dodgy document that the Leader of the Opposition's gave him? Go in there, member for Bateman!

Ms J.J. Shaw: Scissorgate!

The SPEAKER: Members!

Ms R. SAFFIOTI: Actually, I wish I had the scissors. I did not know I was going to receive an interjection.

Mr D.C. Nalder interjected.

The SPEAKER: Member! You interacted with her; she didn't interact with you.

Ms R. SAFFIOTI: The member for Bateman said that they already have a station at Bayswater. Has anyone seen Bayswater station recently? We are talking about revitalising our suburbs, increasing liveability —

Mr V.A. Catania: And forgetting about the regions.

Ms R. SAFFIOTI: Do not worry, member for North West Central; that North Perth project is on its way too!

Several members interjected.

The SPEAKER: Members, I want to hear this in silence.

Ms R. SAFFIOTI: This opposition hates the Ellenbrook rail line. They do not support it.

Several members interjected.

The SPEAKER: Members!

Ms R. SAFFIOTI: A business case! Can I go through it again? Remember the opposition's new love for business cases? We still do not have one for the Forrestfield rail line and was one done for the \$1.8 million Perth Stadium? No, it was not. There was also the multibillion contract to Serco Australia; did the opposition do a business case for that? No. We have a plan and it is great to see federal Labor out there accepting our plan and working with Western Australia.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition!

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, I call you to order for the second time.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, I call you to order for the third time. No-one else on your side of the chamber has been called to order and you have been called three times. There is a message there.

Ms R. SAFFIOTI: It was a great investment of \$1.8 billion in metropolitan Western Australia that the National Party oversaw. It was great work by the National Party on that project. Ellenbrook and Bayswater are key components. We are working with the community with a plan. I know the opposition hates Ellenbrook and I know they bring in dodgy documents week in, week out with their scissors, doing goodness knows what to try to discredit it.

Mr S.K. L'Estrange: Show us a document!

The SPEAKER: Members!

Several members interjected.

Ms R. SAFFIOTI: We cannot go near the member for Churchlands with those scissors in hand! We do not know what he is going to do to us if we go near him!

Several members interjected.

The SPEAKER: Members, the more you interject, the longer the minister is going to take to answer.

Ms R. SAFFIOTI: Yes; members know that I love to talk about the Ellenbrook rail line. We have a plan for Western Australia, a plan for the community and it is a plan that I know the opposition will do everything to try to destroy.

TOURISM — STEPHEN WOOD — DISMISSAL

246. Ms L. METTAM to the Premier:

I refer to the merger of Tourism WA into a megadepartment and the Premier's comments, featured in Gary Adshead's article in *The West Australian* of 10 April regarding the sacking of director general Stephen Wood, and I quote —

“Principally, the Government was not satisfied with the way the tourism portfolio was being managed and it was decided the department needed to move in a new direction,” ...

Why did the tourism minister say in this house last night that Stephen Wood was not sacked because of failures in the tourism portfolio?

Mr M. McGOWAN replied:

I was not in the house last night; I do not know what the tourism minister said. What the member for Vasse needs to do is learn the lesson that I think the member for Bateman has learnt, that if someone has said something, she might want to ask that person directly why they said whatever they said. I can hear the Minister for Tourism behind me saying that the member for Vasse has misrepresented him.

Several members interjected.

The SPEAKER: Members!

Mr M. McGOWAN: My advice to the member for Vasse is not to take her lead from the people on her front bench and to make her own way in this place. They are not a good example.

The truth of it is that we have reformed government in Western Australia in many ways and one of the things we wanted to do was elevate tourism, and the changes we have made recently will further enhance that.

TOURISM — STEPHEN WOOD — DISMISSAL

247. Ms L. METTAM to the Premier:

I have a supplementary question. Did the Premier discuss with the Minister for Tourism the sacking of the director general, Stephen Wood, and what were the minister's views on his sacking?

Mr M. McGOWAN replied:

Yes, I did, prior to the event. Yes, I talk to my ministers. Is that unusual? That shows how the last government worked.

Several members interjected.

The SPEAKER: Members!

Mr M. McGOWAN: We had the National Party not talking to the Liberal Party. We had the member for Bateman trying to roll the leader.

Mr D.C. Nalder: No.

Mr M. McGOWAN: What does the member for Bateman mean by "no"? Now he is saying that it did not happen.

Mr D.C. Nalder: You've got it all wrong!

Mr M. McGOWAN: Have we got it all wrong? We have got it all wrong!

Several members interjected.

The SPEAKER: Members!

Mr M. McGOWAN: The member for Bateman did not actually challenge the member for Cottesloe; is that what he is saying? He did not go around to the member for Riverton's house one day with the former minister and the member for Forrestfield. That did not happen? Okay; I have learnt something new. We obviously all concocted in our own heads that the member for Bateman tried to roll the member for Cottesloe; is that right?

I did have a conversation with the Minister for Tourism. He was dissatisfied with the performance inside the agency and the elevation of tourism inside the agency by the former director general. That is no secret. Opposition members are guffawing and groaning; I can hear them guffawing and groaning like they have just uncovered Watergate or something! We were dissatisfied. We were dissatisfied with the performance inside the agency. We decided to take action. We have taken that action and we are going to see an elevation of tourism inside the Department of Jobs, Tourism, Science and Innovation.

Mr A. Krsticevic interjected.

The SPEAKER: Member for Carine!

METHAMPHETAMINE ACTION PLAN TASKFORCE

248. Mr S.A. MILLMAN to the Minister for Police:

I refer to the report by the Australian Criminal Intelligence Commission on the levels of methylamphetamine in wastewater.

- (1) What is the McGowan Labor government's response to the abuse of crystal meth in our community?
- (2) What success has the government had in its new approach?
- (3) How does this compare with the approach taken by the previous Liberal-National government and its former police minister?

Mrs M.H. ROBERTS replied:

I thank the member for Mount Lawley for his question.

- (1)-(3) I might answer the last part of his question first. How does this compare with the former government's efforts? There is no comparison at all. The former government sat on its hands for the best part of eight and a half years. The problem of methamphetamine in the community was apparent back in 2007. That is why the last Labor government held a summit in that year to get a community response and an educated response on how to go forward and deal with the issue of methamphetamine in our community. When

the Liberal–National government came to power in 2008, it sat on its hands and did nothing. It was a total period of denial and we saw the problem escalate out of control. The former government got as far as about July 2016 when the former minister Andrea Mitchell stood up in the Parliament and at last the former government had an idea about it. She said that legislation to forcibly refer addicts to rehab would not be rushed. She was true to her word; the former government did not rush that legislation and of course nothing happened. In February 2017, former Premier Barnett said that meth use was high because incomes were high. That is the kind of trite line that the former government had.

Look at the comparison with our Methamphetamine Action Plan. Some of those elements were outlined by the Premier today, but I will outline the policing part of it. The police budget received an extra \$83.5 million to deal with the meth problem in this state. That is a massive injection. It is something that the former government never did. It means we have 100 additional police officers —

Mr Z.R.F. Kirkup interjected.

The SPEAKER: Thank you, member for Dawesville. You are always entertaining, but I call you to order for the first time.

Mrs M.H. ROBERTS: It means we have 100 additional police officers targeted to our Methamphetamine Action Plan Taskforce. Also, 20 public servants have been deployed to work on that. We also put in place a meth truck, and we are the first and I think still the only jurisdiction to do it. That was an investment of some \$500 000. We have scanning equipment similar to what people are used to seeing in the airport and we can deploy that on major drug transit routes in the community. We can also deploy it at parcel centres and the like and it can be used for going through parcels on trucks or at depots or the like. They are some of the things that we are doing. We have also had some of the highest seizures of methamphetamine ever on record in Australia as a result. In Geraldton over one tonne of methamphetamine was seized. The total seizures for the last six months or so have been in excess of 1.3 tonnes of ice. That is just since last July—1.345 tonnes. Over \$1 billion worth of drugs have been confiscated. In opposition, the Liberal and National Parties still cannot get a handle on this. They may have looked at a headline or something, but they have not read the ACIC report. I will quote from that report for the opposition today. If they turn to page 15 of the report of 4 March 2018 and look towards the bottom of the page and the last paragraph, they will get their answers to the question of when we will see a decline of methamphetamine use in Western Australia. The last paragraph states —

The recent declines in methylamphetamine use in Queensland and Western Australia —

Point of Order

Mr Z.R.F. KIRKUP: The minister appears to be reading from an official document. I ask her to table her iPad and the document.

Several members interjected.

The SPEAKER: Excuse me; your member raised a point of order and you are giving the answer. I am glad you are all qualified, but I will make the decision. Minister, what have you got there?

Mrs M.H. ROBERTS: Further to the point of order, I am quoting from a publicly available document entitled “Australian Criminal Intelligence Commission: National Wastewater Drug Monitoring Program—Report 4, March 2018”. That is a publicly available document that the opposition should have read. It is on the website and it is easily googled if the member wants to refer to the document.

Mr Z.R.F. Kirkup: If it is official, you have to table it.

The SPEAKER: Excuse me!

Several members interjected.

The SPEAKER: Members! If it is a publicly available document, it is not a point of order.

Questions without Notice Resumed

Mrs M.H. ROBERTS: Thank you, Mr Speaker. Of course it is a federal agency document that is publicly available and, indeed, was released a week or so ago. The opposition clearly does not want to hear that it has not done its homework or the member for Churchlands would not have asked such an ignorant question.

Mr S.K. L’Estrange interjected.

The SPEAKER: Members!

Mrs M.H. ROBERTS: It says at the bottom of page 15 that the recent declines in methylamphetamine use in Queensland and Western Australia and, to a lesser extent, South Australia, were clear reversals in longer term trends.

Mr S.K. L’Estrange interjected.

The SPEAKER: Member for Churchlands, this is not a chat show.

TOURISM — LUCKY BAY CAMPSITE FUNDING

249. Mr P.J. RUNDLE to the Minister for Tourism:

I will give the Minister for Tourism a chance to represent himself!

I refer to statistics released recently that identified that tourist numbers in most places in Western Australia are declining. Given that visitor numbers in the Esperance region actually increased during the surveyed time, will he commit to reinstating the funding his government cut from the Lucky Bay campsite upgrades?

Mr P. PAPALIA replied:

Member, that is a great question for the Minister for Environment I suspect. I like the member for Roe and I like Lucky Bay. I love Esperance and I have been promoting Esperance publicly. As he will be fully aware, I have been advocating for Esperance to be elevated as a tourist attraction around the world and I have been actively engaged in promoting it. I have also indicated that I will meet—with the Minister for Transport when we can—with Rex airlines to discuss potential opportunities for growing visitation through greater tourism access by air travel. With respect to the upgrade to the camping sites, when the member was referring to a cut, was he talking about a program that was underway? Was it funded through tourism?

Mr P.J. Rundle: It was \$2.8 million from royalties for regions.

Mr P. PAPALIA: I might sit down and let the member ask a supplementary question and give me more specific details.

Several members interjected.

The SPEAKER: Order!

TOURISM — LUCKY BAY CAMPSITE FUNDING

250. Mr P.J. RUNDLE to the Minister for Tourism:

I have a supplementary question. I might like to say that the actual project was cut by two-thirds.

The SPEAKER: You are not talking to me, member; you are talking to the minister.

Mr P.J. RUNDLE: As the minister has visited Lucky Bay recently—it was great to host the minister in the electorate of Roe and the Esperance races —

The SPEAKER: Preamble, member!

Mr P.J. RUNDLE: — does the minister agree that the funding his government cut from the site is needed and would provide better facilities for visitors and therefore tourism in the region?

Mr P. PAPALIA replied:

Thanks, member. I suspect the funding came from another portfolio, not necessarily one I can address. Nevertheless, I give him an undertaking that I will always advocate for enhancement of tourism destinations of the calibre and quality of Lucky Bay. I will look into it but I cannot guarantee I have any control over the money he is talking about.

MINES AND PETROLEUM INDUSTRY — PERFORMANCE

251. Mrs R.M.J. CLARKE to the Minister for Mines and Petroleum:

I refer to the McGowan Labor government's commitment to strengthen the state's resource industry and supporting jobs in mining and petroleum. Can the minister outline to the house how the mining industry is performing under this government?

Mr W.J. JOHNSTON replied:

I am very pleased to answer this question from a member who represents one of the prime mining and resource jurisdictions in Western Australia. The south west of Western Australia is an important part of the resource industry in Western Australia and the member is doing a fabulous job representing the interests of her community.

I want to let members know that the good news continues for the resources sector of Western Australia and the Department of Mines, Industry Regulation and Safety has recently released statistics for 2017. It is great to see that iron ore sales reached 795 million tonnes, which is a record, worth \$63 billion. For the first time ever, the gold sector sold \$11 billion worth of gold from Western Australia, which is the first time ever it has sold over 200 tonnes of gold out of Western Australia—the best year ever in the history of the gold industry in Western Australia.

Several members interjected.

The SPEAKER: Members!

Mr W.J. JOHNSTON: I am also pleased to report that 2017 was the best year ever for exploration spending in the gold sector in Western Australia. It reached \$550 million, \$100 million more than in 2016—over a 20 per cent

increase in gold exploration in Western Australia in 2017. Liquefied natural gas exports reached 32.7 million tonnes, an increase of 38 per cent on 2016, and another record. Alumina increased by six per cent. I am sure the member for Murray–Wellington would be very pleased to hear that. Even nickel stopped its decline. It had been declining for four years. Last year, the decline stopped and sales went up by five per cent following the four previous bad years. Of course, the lithium boom continues—a 166 per cent increase in sales to \$780 million —

Several members interjected.

The SPEAKER: Members! I want to hear this. This is good news for Western Australia I think.

Mr W.J. JOHNSTON: Indeed, Mr Speaker. Do you know why the opposition is so upset? It is good news for Western Australia. As I say, the lithium industry is going gangbusters. Members will be pleased to know there were 111 236 people employed in the industry, a six per cent increase from 2016, members. Also, in 2017, employment in the onshore oil and gas industry was 1 267, a 15 per cent increase on onshore gas jobs under this government—15 per cent. Indeed, only recently there was a massive vote of confidence in the onshore gas industry in Western Australia when Mitsui paid \$600 million for a 50 per cent share of the Waitsia gas project, the single largest investment in the onshore oil and gas industry in the history of Western Australia. When did it happen? It happened under this government—the single largest investment in onshore oil and gas. Members opposite cannot handle the facts. I want to finish. There is even more good news.

Mr B.S. Wyatt: More?

Mr W.J. JOHNSTON: There is more good news, Treasurer. I want to let members know that in the first quarter of 2018, 762 program of works applications were approved by the Department of Mines, Industry Regulation and Safety, which is only three fewer than the previous record, the second highest number in the history of the state—only three fewer than in 2011 at the height of the boom. There were 762 new applications approved. Nobody has ever been able to achieve that in that seven-year period. Mining and resources in Western Australia are the strongest they have ever been.

Mr S.K. L'Estrange: That is despite you.

The SPEAKER: Well! Yes. I call the member for Churchlands to order for the first time.

Mr W.J. JOHNSTON: It is amazing that whenever ministers are prepared to make decisions instead of leaving files on the desk for months and months, the industry can get on and do its work too.

WATER CORPORATION — FEES AND CHARGES

252. **Dr D.J. HONEY to the Minister for Water:**

I refer to the latest Economic Regulation Authority report into the efficient costs and tariffs of the Water Corporation, which determined that the Water Corporation is recovering \$338 million, or 26 per cent more than it costs to supply.

- (1) Can the minister confirm he is over-recovering around \$400 per year per household for water and wastewater charges to the tune of \$684 million in 2018–19?
- (2) Can he also please outline to the house where the Water Corporation's governing legislation has taxing powers?
- (3) If no to (2), can he undertake to provide to the house advice on what legal basis the McGowan government is taxing the good people of Western Australia?

Mr D.J. KELLY replied:

- (1)–(3) I thank the member for his question. I welcome him to the house and to the portfolio. I am sure he will do a splendid job at adding to the diverse range of views represented on the other side of the chamber. He is a new sibling for the member for Scarborough. I welcome the member and his first question.

This issue of the Economic Regulation Authority's view of charges made by the Water Corporation is not new. I think it was in 2012 that the ERA handed down a similar report commissioned by the then Treasurer. It made similar findings and recommendations about the pricing structure of the Water Corporation. It made a range of recommendations around wastewater. One of the recommendations it made was that we move away from charging on the basis of gross rental value and, instead, charge a flat rate for all customers. The effect of that would be—I am sorry to say it; I do not want to pick on the member—that people who live in the Cottesloe electorate would have received a significant reduction in their wastewater charges. People in less affluent suburbs, some represented by people on this side of the house, would have seen a significant increase. It also recommended that we significantly reduce the subsidy for country customers. The previous government did not go anywhere near that suite of recommendations. I think the member for Warren–Blackwood was the minister at the time.

Roll it forward: under eight years of the previous government, it did not touch that range of recommendations from the ERA. The last Treasurer in the last government asked the ERA to do a similar inquiry. Unsurprisingly, it came out with a similar, if not quite identical, suite of recommendations. Some of those have the same unfair impact on customers in Western Australia. The member cannot cherry-pick; he cannot pick and choose. Like the previous government, we will consider the views of the ERA in making our pricing decisions. Ultimately, the member will hear about them in the budget, which he will hear about very shortly. I thank the member very much for the question. Unfortunately the member will learn that when he comes to this place, the party he is a member of has a history and every issue has a history.

WATER CORPORATION — FEES AND CHARGES

253. Dr D.J. HONEY to the Minister for Water:

I have a supplementary question. I was interested in the minister's explanation, but could he please explain to the house how over-recovering on water charges is not a water tax; and, once again, what legislative authority does the Water Corporation have?

Mr D.J. KELLY replied:

If the member looks at the overall payments of the Water Corporation, there is still a significant subsidy. The Water Corporation does not over-recover, if the member looks across the full range of services that it provides. The community service obligation is somewhere between \$200 million and \$300 million just for country customers. I think there were seven Treasurers under the previous government. There were not quite as many Ministers for Water—most of them, if not all, did not sit in the Liberal Party. Maybe that is why there was not a lot of discussion between the Liberal Party and the then ministers. It is a similar situation that has been in place certainly since the 2013 ERA inquiry. We will consider those recommendations and, like every other government, will make our decisions accordingly at budget time.

The SPEAKER: That is the end of question time.

MEMBER FOR VASSE

Tourism — Stephen Wood — Dismissal — Personal Explanation

MS L. METTAM (Vasse) [2.53 pm]: I seek leave to make a personal explanation under standing order 148.

The SPEAKER: Yes.

Ms L. METTAM: During question time today, the Premier claimed I raised concerns about leadership inside Tourism WA. This is false. I have raised concerns about —

Several members interjected.

The SPEAKER: Members, I want to hear what is being said.

Ms L. METTAM: This is false. I have raised concerns about the policies of the McGowan government and its failed tourism minister and his failure to have a dedicated and full-time CEO for Tourism WA. I have never reflected on the performance of Stephen Wood.

Point of Order

Mr D.A. TEMPLEMAN: I think the member is straying from the standing order with regard to her personal explanation.

The SPEAKER: Yes, I think she has.

Mr D.T. REDMAN: Further to that point of order, Mr Speaker, I wonder if you could give us clarification as to why she is straying from the standing orders.

The SPEAKER: I will read it out. It states —

A personal explanation is an opportunity granted to a member by the Chair to explain a matter of a personal nature.

A personal explanation should be short, concise and confined to an explanation of matters affecting the member personally. It is not an opportunity to debate a matter or respond to earlier debate.

Personal explanations have been used to explain personal circumstances, to correct errors and sometimes to apologise to the House.

The Chair needs to hear some of the explanation to determine whether it fits within the guidelines and should therefore be heard in silence.

I do not think that is —

Ms L. Mettam: I was not heard in silence.

Several members interjected.

The SPEAKER: I do not think it was a personal explanation.

QUESTIONS ON NOTICE 2367, 2385, 2402, 2425, 2481, 2498, 2515 AND 2532*Answer Advice*

MR Z.R.F. KIRKUP (Dawesville) [2.55 pm]: I rise under standing order 80 to mention the following questions stand overdue from the Minister for Mines and Petroleum: questions on notice 2425, 2402, 2385 —

Point of Order

Mrs M.H. ROBERTS: I understand that questions under this standing order need to be asked immediately following question time, not after dealing with another piece of business such as a personal explanation.

The SPEAKER: I gave the call to the first member who stood up. He has the right to do it now. The personal explanation got in the way.

Debate Resumed

Mr Z.R.F. KIRKUP: Thank you, Mr Speaker. I will start again. The questions on notice that remain outstanding from the Minister for Mines and Petroleum, which were asked in November last year, are: 2425, 2402, 2385, 2367, 2532, 2515, 2498 and 2481.

MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum) [2.57 pm]: Question on notice 2498 has been answered. I will have a look at the others.

PAY-ROLL TAX ASSESSMENT AMENDMENT (EXEMPTION FOR TRAINEES) BILL 2018*Second Reading*

Resumed from an earlier stage of the sitting.

MS J.J. SHAW (Swan Hills) [2.57 pm]: Before lunch today, I was discussing the anger that I felt when I went home last night after sitting in this place. I have had a great 12 months. I have thoroughly enjoyed listening to the debates, but yesterday I went home feeling genuinely outraged at the points of view that were made by the opposition about the payroll tax proposals put forward by the minister. The reason I am angry is that when the Liberal Party was in government, it increased TAFE fees by somewhere around 500 per cent. The Liberals at the commonwealth level have pulled \$54 million worth of federal funding from TAFEs in Western Australia. We have put forward a very sensible and measured set of reforms to the payroll tax system; the funding from which will be applied directly to deliver 43 350 training positions in Western Australia. It is an outrage. The reason I am so angry about this is that at Ellenbrook Secondary College, in the electorate of Swan Hills, 82 per cent of kids in year 12 this year are going through the vocational education and training stream.

While the opposition sits there and rails to protect executives on high six-figure incomes, their access to these training programs and active tax avoidance —

Mr D.C. Nalder: No, we don't.

The SPEAKER: Member for Bateman, I heard I heard you the first two times.

Ms J.J. SHAW: While it does that, it denies —

Mr A. Krsticevic interjected.

The SPEAKER: Member for Carine!

Ms J.J. SHAW: Those opposite may well be very used to talking over the top of women, but you will not talk over the top of me. You will not.

Withdrawal of Remark

Mr Z.R.F. KIRKUP: I ask the member to apologise and withdraw that remark.

The SPEAKER: It did not hear anything that was unparliamentary.

Debate Resumed

Ms J.J. SHAW: Thank you, Mr Speaker. I have every right in this place when I get on my feet to put forward my points very strongly because for the first time in this place I have been genuinely outraged.

The SPEAKER: Member, through the Chair please.

Ms J.J. SHAW: Sorry, Mr Speaker, I will just make the observation that I am on my feet and I have every right to make the point that this opposition is an absolute disgrace and that the Liberal Party has, over consecutive years, failed my electorate. As it wallows around in this tepid shallow pool of mediocrity, it fails to consider the consequences of the positions that it takes on socioeconomic disadvantaged regions such as mine, where education and training is the pathway to a better future and time after time it has actively taken measures that work against my community. Shame on the Liberal Party. It has done enough damage. It did enough damage when it was in government. As a Liberal commonwealth government it does enough damage with its opposition and the changes it

wants to institute to Newstart and the Youth Allowance. The Liberal Party has done enough damage. The opposition sits here and takes positions that actively block pathways to training for my constituents, and I say to you, member, that your speech yesterday was an absolute exercise in mediocrity. You should be ashamed of yourself.

Mr D.C. Nalder: Which member?

Ms J.J. SHAW: The member for Bateman. I will name you for the mediocre member that you are. You have come from this ivory tower where you are protecting —

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr D.C. Nalder: I am fascinated.

The DEPUTY SPEAKER: That might be so, but you do not have to all yell back. Be fascinated quietly, member for Bateman.

Ms J.J. SHAW: Thank you, Deputy Speaker. I give up on trying to have a sensible debate, because clearly it goes way above the heads of those opposite. The point is that the politics that the opposition plays with these issues and the way it has approached this entire debate when we are actively trying to stop a rort, when we are trying to invest in training and real opportunities for young people in electorates like mine and to fix the former government's mess, it is an absolute disgrace. It has done enough damage. It did enough damage when it was in government, it has done enough damage federally and I say shame on the Liberal Party for the damage that it is doing now by blocking these payroll tax reforms.

MR B.S. WYATT (Victoria Park — Minister for Finance) [3.03 pm] — in reply: I rise to make some comments in reply about the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018. I will not endeavour to spend a huge amount of time in reply; no doubt we will deal with these questions again during the consideration in detail stage. There are some points I want to make. I want to deal quickly with an interjection from the member for Bateman. He said that we are breaking an election promise by doing this. I hope the member at least accepts this proposition I am about to give to him. When in government, things come along that were not part of the election campaign that we did not expect; it is knowledge we did not have.

Mr D.C. Nalder interjected.

Mr B.S. WYATT: No, I had no idea that this level of abuse was going on. The member did, because he made the decision in government to try to limit it. We came along when there was, to be frank, a loophole that we have to deal with, and when in government we have to react. The positions of parties, like when the opposition was in government, do not freeze on the day of the election. We have to respond to circumstances and issues that we find, one of those being that the commonwealth government is not renewing the national partnership on the terms around training that previously existed. We have to react to these things.

The first point I want to highlight—I tried to make the point in question time, but I will deal with it again—is that the shadow Treasurer is of a view that this is a tax grab or some form of tax increase or, I think he said, a slush fund.

Mr A. Krsticevic: That is where it will end up.

Mr B.S. WYATT: It will not end up like that because it is impossible, and let me explain why. It is because this measure will not fund the shortfall in training positions across the forward estimates.

Several members interjected.

Mr B.S. WYATT: Listen! We are fortunate at the moment because over a number of years, training has been declining. We are aware of that; that is not new information. As a result, the spend on training has not been budgeted, so there is a build-up of cash. We have been able to use some of that, as well as the savings from this, to fund across the forward estimates, as the member for Warren–Blackwood outlined, this decision around the payroll tax exemption that we are making now. This is the direct amount of training places that the Liberal Party has threatened by its position: in 2018, 9 600 training places; in 2019, 11 700 training places; in 2020, 14 900 and in 2021, 16 300 training places. This decision to close this loophole—in my view, that it is what it is—is all being directed into funding those training places. Because it rolls out and gets bigger towards the end of the forward estimates, the extra funds allow us to direct that money into providing training support for small businesses that do not pay payroll tax and therefore do not get access to the current exemption regime. Every cent is going into training. I am not sure how clearer I can make that for members. I am surprised—indeed, I am hoping—that the confusion is really perhaps because of my explanation or the understanding of the Liberal opposition.

The Nationals WA have taken an eminently sensible position on this, which is that it is not what the shadow Treasurer called it—a tax grab. The bill will remove an exemption to fund training places. This is important, member for Carine. I want him to understand that this is what we are moving to, as the national partnership with the commonwealth government on skills expired last year. Not one state has signed up to the new one because the

terms, to be frank, are unacceptable for all states. It is called the national partnership agreement on the Skilling Australians Fund. How is that funded? It is funded through a specific new levy on employers of skilled migrants, and that cannot become operational until the Migration Amendments (Skilling Australians Fund) Bill 2017 is passed. That cannot be implemented. It has gone through the House of Representatives and it is stuck in the Senate. I think the Senate comes back next month sometime in May for its budget week—the same week as ours—and the levy for the fund is not even in place at this point. I want to emphasise this. Let us assume, even if it comes into operation and we sign up to the terms that the Prime Minister wrote to the Premier about in February 2018, we will still be left with a \$54 million hole in the training budget next year, even if we accept the terms. Why is that? As the member for Warren–Blackwood pointed out, national partnerships come with all sorts of sticks and carrots. This time the commonwealth government, as is its right, has decided that its national partnerships are going to focus only on apprenticeships and traineeships, not on general training, and the state needs the support in general training for the skills we need. Presumably, the other states are of the same view because no other state in the nation has signed up to this national partnership.

That means general training—certificate I to certificate IV—and diplomas, and covering off things like aged care, health and particularly those training programs to support the National Disability Insurance Scheme. I made the point in question time that over the next four to five years, 25 000 people need to be trained to support the transition to the NDIS. I do not understand why the Liberal Party would find this objectionable. I took note of the critique around consultation, and I also took note of the critique around the lack of certainty. This is the first point that I want to make. The first decision that we are trying to implement now, which was announced in November for a 1 December start date, is a tax integrity measure. The member for Carine said to me that I cannot describe it as systemic. I have never described it as systemic. It is not systemic, but it is not insignificant. That is why the former government tried to act on this and that is why the member for Warren–Blackwood, a former Minister for Training and Workforce Development, made the point. He saw this going on. He tried to tinker with it and it had an impact, but the member for Warren–Blackwood outlined very eloquently the reasons we now need legislation to properly deal with this. We do not consult the sector on a tax exploitation measure. No government has done that. The former government did not do that. The former Barnett Liberal government made a number of decisions over eight and a half years, as it should, and as the Treasurer of the day should in particular. It announced tax integrity measures that would apply the next day. I would expect nothing less. When we find exploitation, we act quickly to shut it down. Later on, legislation comes through to deal with it. That is effectively what this Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018 is doing. The second part of this, and what the member for Vasse critiqued me on, is the lack of certainty, which is true, but that is why we are going through this consultation phase. It is the exact thing all members opposite demanded from me—consultation. I do not have all the answers about what may be a better replacement regime. I have said that a grants scheme may be a better regime, and I said this in consultation with a range of different organisations, but I accept that a grants scheme can be unwieldy and overly bureaucratic—okay. But what is a better scheme for us to ensure that we can shut exploitation down in the first instance, which is what today's legislation does, and then move to whatever the regime may be? We have a long consultation process to work that out.

I was interested in the comments made by the member for Warren–Blackwood when he said that the critique the Chamber of Commerce and Industry of Western Australia made to him was that the government should be in this place saying where training should go, but it is perfectly relaxed with the priority skills list put out by the government. Generally, I get that. There needs to be both ends but, ultimately, it is being driven entirely on the basis that it is, as I highlighted in question time today, a tax minimisation measure as opposed to a training measure, which is why we hear these comments. It is not systemic, member for Carine, but it is not insignificant. As a Treasurer, I have to react to these things, and I highlighted that. The CCI traineeships can save companies millions of dollars.

Mr A. Krsticevic: Well, they can.

Mr B.S. WYATT: Yes, but it just highlights the specific focus of not just the CCI, but also a range of organisations that say it is all about payroll tax reductions. In weeks gone by, I have given a range of examples in question time—for example, the company that signed up its workforce to do civil construction training despite the fact that it does not work in civil construction. It has been able to exploit that exemption. Over the last 12 months, around 120 companies have had over 30 per cent of their wages exempted from payroll tax. A person does not need to be a genius to see what is happening.

The point that I want to emphasise to members, which seems to be the main area of concern for the Liberal opposition, is that this is somehow being used as a budget repair measure. The first thing I will say is that I find it interesting that the Liberal Party can critique budget repair measures. The second thing is that it is not a repair measure. It will fund that training hole this year. This exemption will fund 9 600 positions this year if this legislation is successful. If it is not successful, those 9 600 places will not be funded, and that decline will fall at the head of the Liberal Party—that is the reality. The remainder of that shortage of 17 000 training places—I suspect that the shortage may now be higher—is funded by the build-up of cash, member for Warren–Blackwood, from last year. We are rolling that over to fund those other places. Again, I make the point to the member that

because the demand and take-up of training inherently bounce around a bit, as he pointed out, if there is a build-up of cash, it will be kept there for training purposes. As I said, we are also hoping to extend the program—this is new—to those small businesses who currently do not have access to an exemption because their payroll is not large enough to get the exemption. This is a good outcome. Despite the fact that I am always willing to do it if I can, this is not an effort to create a budget repair savings measure. All this money is going into training.

Mr D.T. Redman: Effectively, the government is creating a pool of resource that big and small business can access, as I understand it. It is not just small business, although they could have access to —

Mr B.S. WYATT: That is correct—all businesses, but now the smaller ones can have access as well. As the member pointed out, this is not the only support for training. The commonwealth government provides a range of courses and the state provides a range as well, as the member pointed out in his contribution. I just wanted to make that point.

A couple of other questions were raised specifically by the opposition. I think I have dealt with the issue that it is not systemic. I never said it is systemic, but it is not insignificant. I said a minute ago that it is estimated that over 120 taxpayers claim 30 per cent or more of their wages as exempt wages, and they make around 28 per cent of the total value of the exemption, which is not insignificant. The member for Bateman raised another issue about how the government is making a saving from this measure if the additional revenue generated from limiting the exemption is being used to fund additional training places. We are not making a saving. If we were not redirecting this money into training, we would be making a saving, but it is all going into training. I made this point before. This exemption will not generate savings. Stage 1 will generate around \$96 million of additional payroll tax revenue, because the exemption will no longer apply between 2017–18 and 2020–21, and that money will be reinvested into funding over 43 000 training places to help fill the gap created by the expiry of the commonwealth government funding for training places. Yes, a new scheme is coming, but it will be a different national partnership, which is not unsurprising. This was pointed out in some detail on pages 4, 5, 9, 11 and 94 of the 2017–18 *Government Mid-year Financial Projections Statement*. The Leader of the Opposition made the point that commonwealth funding is available and that businesses just need to sign up. I think I have dealt with that. It is a different agreement so it does not apply to general training, which is the area in which we need more effort because of the nature of our population.

Another argument made by the member for Bateman is that payroll tax for an employer is higher than the average; yes, it has been for a while. Indeed, one of the things that exacerbated this over the last decade was the former government's decision to remove the payroll tax threshold on a diminishing scale. At that time, we were about seven per cent higher than the national average, but the former government made the decision to increase payroll tax on those companies by removing their threshold. That is a big part of the reason it is higher. However, the biggest part of the reason is because we have higher wages on average than any other state in the nation. On average, looking at the data given to me by Treasury, we are about three per cent higher than the national average in respect of payroll. But as I said, we were seven per cent higher when the former government removed the payroll tax threshold. The member for Bateman claimed that the focus on new employees removed support from employers such as mining companies seeking to reskill employees. If I could table *Hansard*, I would, because the member for Warren–Blackwood dealt with this very well. Businesses still have an incentive to ensure that their employees are well trained. I do not accept that employers are just going to stop training their workforce because they are no longer entitled to the current payroll tax exemption. It is a disrespectful position to take on those employers in my view—of course they will. What was the quote, member for Warren–Blackwood?

Mr D.T. Redman: If you don't train, they stay.

Mr B.S. WYATT: If you do not train them, they stay—that is right. Someone complained that if an employer trains their workforce, they move on to other jobs, with the alternative being that if they are not trained, they stay. That was a useful comment. I am just going through all the issues that were raised by the member for Bateman. The member for Bateman and the member for Warren–Blackwood raised some substantive issues in their contributions. I am hoping that I have dealt with those now. I will sit down in a minute, but the point I make is that it is not an effort to save money; it is an effort to fund a genuine issue we have, which is a hole in our training effort going forward because of the changing parameters of commonwealth investment in this space. All of this will go into funding 43 000 places and extending it to small business. The member for Vasse has gone now, but I am utterly open to the regime that replaces this, whether it be a grants scheme or something else, as long as we can do this by removing the not-insignificant exploitation that I think all members accept is happening, from what I have gathered after listening to their speeches. I have never alleged that it is a majority or systemic et cetera —

Mr A. Krsticevic: Many.

Mr B.S. WYATT: Yes, it is more than 120, I think, over the last 12 months. There are thousands of payroll taxpayers, but we cannot ignore that or suggest that it is all okay on the basis that we do not like the tax. We have to deal with this. We have actually made decisions on tax integrity measures in this Parliament over the last decade that have saved a lot less than this, but, as the member for Carine knows, perhaps better than most, tax integrity is important for confidence in the system. As I said, this is not coming into the consolidated account; it is going into

funding those training positions, by chance, if we think about it. The integrity issues have been there for a while, as we all know, but the timing of the national partnership expiry and the new terms given to us by the commonwealth government mean that we now have an issue with funding that. If we cannot do this, those positions will not be funded.

Dr M.D. Nahan: I accept that there is some uncertainty about the new national partnership. It has not only changed the terms and made different KPIs, but also less money per year is estimated for WA. Those are facts. But you will, undoubtedly, try to negotiate an outcome down the track. There's a gap there now; there might not be a gap as much in the future because you might sign an agreement. I can't answer that. If you do get additional money from participating in the national agreement —

Mr B.S. WYATT: From the national partnership?

Dr M.D. Nahan: Yes. Will you put it into savings or are you going to save it somewhere else?

Mr B.S. WYATT: The commonwealth government will not let us in any event.

Mr D.C. Nalder: No, this payroll.

Dr M.D. Nahan: You're making savings here to redirect to fill the gap with the national partnership. What happens if the national partnership comes back into place in a year's time?

Mr B.S. WYATT: I suspect it means we will have more in respect of the scheme around —

Dr M.D. Nahan: No, I'm asking: what are you going to do —

Mr D.C. Nalder: Will it all still stay in training?

Mr B.S. WYATT: Of course. That is what I was saying to the member for Warren–Blackwood during his contribution.

Mr W.J. Johnston interjected.

Mr B.S. WYATT: Yes. There are two points I want to make on that. One, the Prime Minister has written to the Premier and said that these are the terms. There was a conversation around this, unsurprisingly, at the recent Treasurers' meeting last week, and I have to tell members that I am not getting any sense that the commonwealth Treasury is going to move from the offer that has been put. No state has signed it, because no state finds —

Dr M.D. Nahan: South Australia's about ready to sign it.

Mr B.S. WYATT: It may, whatever, but no state has signed it because I think we all have the same worries around general training. If something unexpected happens and we sign an agreement—regardless of the fact that it still has to get through the Senate to fund the commonwealth contribution —

Dr M.D. Nahan: It's actually funded, irrespective of the Senate decision, in the forward estimates.

Mr B.S. WYATT: Yes, but it is on the assumption that it will get through the Senate. That was made crystal clear to me by Mr Morrison last week. He was trying to get me and other Labor Treasurers who were there to put pressure on our colleagues in Canberra to get this thing through Parliament. If I understand the question: if the commonwealth government came back and said, "Okay, we'll give you X dollars more than we expect", will it all go into training because it will not make up the difference? It does not matter what we do.

Dr M.D. Nahan: What I'm saying is that you're making savings through reform to payroll tax. It will fill the gap of about \$55 million right now—that or thereabouts.

Mr B.S. WYATT: I will tell the Leader of the Opposition exactly what it is.

Dr M.D. Nahan: Okay. Then let's say you sign an agreement in a year's time that brings in, say, \$40 million for training. What we're asking is: will the money that you saved for the reforms proposed in this bill remain in training even if you sign a national agreement; or, if you sign a national agreement, will some of it go elsewhere?

Mr B.S. WYATT: A national agreement with the commonwealth government, as the Leader of the Opposition knows, regardless of the final amount, has to be spent in training.

Dr M.D. Nahan: I know that, I'm worried about the savings made here.

Mr B.S. WYATT: At the state end? No. I dare say that between now and December this thing will be signed, one way or another. It just means we will probably have more money to play with in respect of the small business regime that we develop.

Dr M.D. Nahan: That's what I wanted to say.

Mr W.J. Johnston: They're missing the point that if we sign, we've got to fill the gap. Even if we sign, we've got less money.

Mr B.S. WYATT: Correct. That is what I have been trying to say.

Dr M.D. Nahan: The difference is about \$10 million to \$12 million, according to —

Mr B.S. WYATT: No, it is significant. It is \$55 million a year.

Dr M.D. Nahan: No, it isn't. Not according to the budget.

Mr B.S. WYATT: I am telling the Leader of the Opposition now. I am not trying to be tricky. The impact going forward, if we sign the agreement as is, is \$54 million a year over the forward estimates.

Mr A. Krsticevic: You're not going to sign it, are you?

Mr B.S. WYATT: If we do not sign it, we have to fund these positions. That is what we are trying to do. Does the member for Carine know what this does? If, despite the surprising efforts by the Liberal Party, we get this through and we are able to fund those positions, it would flatline training across the forward estimates. That would not allow for potential growth. For example, what if there is huge growth in aged care training that the federal government no longer wants to fund? At the moment we have no money to do that. There is nothing, even if we do this. This is simply to flatline the training effort from 2017 levels, and that is what we are trying to do. We have seen a decline in a range of things, whether it is the economy or the increase in TAFE fees. I am not going to have that argument now, but it has been declining. I want to be able to fund the 2017 training levels across the flatlined forward estimates. That does not even allow for growth, and it is a \$54 million hit. I am not trying to be tricky with members; I really am not. That is why I am surprised that the Liberal Party has taken this position, because it is not backdoor-ing money somewhere else; it is all going into training.

No doubt there will be other questions, but hopefully I have explained that for the benefit of the house and I thank all members for their contributions.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clause 1: Short title —

Mr D.C. NALDER: I hope the minister does not mind, but I would like to make some general queries to get a better understanding because he has potentially raised some new things in his response to the second reading debate. Can the minister advise us, so we can have a better understanding—I know this is not on the short title, so I am asking for a little leeway from the minister—how many businesses currently pay payroll tax? I believe it is in the order of around 2 500.

Mr B.S. WYATT: It is 19 400.

Mr D.C. NALDER: So, 19 400 businesses pay payroll tax. Can the minister advise how many businesses will be impacted by this change in payroll tax?

Mr B.S. Wyatt: Currently, 1 750 employers have training contracts, both existing and new.

Mr D.C. NALDER: Does the minister mean employees?

Mr B.S. Wyatt: No, employers. Of those 19 400, 1 750 currently have training contracts for new and existing employees.

Dr M.D. Nahan interjected.

Mr D.C. Nalder interjected.

The DEPUTY SPEAKER: For Hansard's sake, can we have someone on their feet asking a question, please?

Mr D.C. NALDER: Just to clarify that point so that it is on the record, roughly nine per cent of the total employer base that is paying payroll tax is currently claiming the exemptions under the traineeship program.

Mr B.S. Wyatt: It is 1 750 of 19 400.

Mr D.C. NALDER: Further to that point, a minute ago the minister said that up to 120 potential employers have been "gaming the system". I will not use the term "rorting" and the reason that I will not use that term, which was used earlier, is that the definition of "rorting" suggests fraudulent activity. I would rather use the term "gaming the system", because I think they are using the law to do something that is legal but not necessarily within the intent of what we are trying to achieve. The minister said that of the 1 750, about 120 are —

Mr B.S. Wyatt: No; it is more than 120. I gave an example that it is estimated that around 120 taxpayers claim 30 per cent or more of their wages as exempt wages—a lot of their wage is exempt—and that alone accounts for about 28 per cent of the total value of the exemption. Above and beyond that there may be, for example, the ongoing rolling over of training or the issues that were raised in question time a few weeks ago of people putting

their employees into training programs not relevant to the role of the company. Ultimately, how many do we know of? We probably do not know exactly how many are doing these things, but it is more than 120. That was just one example of some of the suspicious activity, if you like.

Mr D.C. NALDER: I would have thought that the minister or someone in Finance would know the figure or have a closer idea because at the end of the day, it is my understanding that every employee who gets an exemption under training is actually approved by the department, so it should have a fair understanding of where they are breaching this.

Mr B.S. WYATT: It is the nature of the beast. There is an element of uncertainty around the total number, which is why I am unable to give it to the member. The member for Warren–Blackwood looked at the issue of registration. We looked at it. I did not want to bring in legislation to deal with this. I would have preferred to do it with any other power outside Parliament. But the member for Warren-Blackwood raised the issue of why it is difficult for registration to be the way that we deal with this. The Department of Training and Workforce Development registers a training contract and it is automatically eligible for the payroll tax exemption if it is registered. DTWD can refuse to register a training contract only if it is not satisfied that the qualification set out in the contract is appropriate for the intended occupation during the contract or it is satisfied that registering the contract would result in an outcome that is contrary to the Vocational Education and Training Act. The VET act is so broad that it is very difficult to find a reason to not register. DTWD's registrations are done for reasons outside payroll tax. We cannot use it as a reason for non-registration because it is all about training; hence, we are trying to deal with this now. Basically, the Minister for Education and Training could not limit it through DTWD.

Mr D.C. NALDER: A couple of things come from that. I am trying to get my mind around this. There are a lot of other costs associated with a business putting someone through training, one of which is a downturn in productivity. Unless there is such a financial advantage or, in other words, unless the rebate or exemption they are getting is far greater than the cost of training, I cannot understand why a business would naturally go down the path of doing it. I accept that some are gaming the system to get more through. We actually support the government tightening those measures. But our point comes to this: it is 10 per cent that are going through the training, but we are putting through a policy position that will impact on the 90 per cent that are trying to do the right thing. We will impose the impact on the 90 per cent, promising to do something in the future but not defining what that something is. We cannot tell people how we are going to replace this with something else. We will have to do that down the track. I understand why the government wants to go after the 120, but if 1 900 or whatever the number is —

Mr B.S. Wyatt: There are 1 750.

Mr D.C. NALDER: If 1 750 are actually doing it and there is 120—maybe it is 150 or 180 or whatever, because we are not clear about the number and I am a bit concerned that we are not clear—all the others will be adversely impacted without a clear guideline as to how the government is replacing it. In terms of the level of scrutiny that we are applying and the reason we are not supporting it, we are trying to explain that a lot of payroll tax has been generated in this state and lines have been pushed to us and some of those, according to the minister's briefing, "are expected to save around \$100 million over the forward estimates". It actually states a saving of \$100 million.

Mr B.S. Wyatt: There is also a spend attached to it.

Mr D.C. NALDER: Yes, I know. Does the minister understand that when we read these things —

Mr B.S. Wyatt: You get the spend as well, which is what I was trying to deal with in my second reading reply about the training spaces.

Mr D.C. NALDER: Coming back to the point, we are creating a policy change that does not deal with the exemption. It sounds as though the majority is possibly doing the right thing. I would like to believe that no person is better able to determine the required training within a business than the business owner. I do not believe that we are in a better position than a business owner to know what sort of training they need to improve productivity in their business. I am not saying that I support people gaming the system. From what I hear anecdotally, we are concerned about it but we do not have the specifics of it. This is about the government impacting 90 per cent of businesses that appear to be doing the right thing to go after the 10 per cent that are potentially doing the wrong thing.

Mr B.S. WYATT: I will make two points. As a tax integrity measure, of course the majority are doing the right thing. But because of the generosity of this, which is unlike that of any other state and is very, very generous, it is driving decisions by employers that are—whatever we might call it—rorting, suspicious or not acceptable to the original intent of the program despite its legalities. I have always pointed out that that is what we are trying to deal with. The nature of tax integrity measures means that it is always the smaller group that potentially has a much larger impact. That is why we made the decision. We made the decision and it applies the next day. That is not unusual. The reality is that the spend, if you like—effectively, it is a spend in respect of payroll tax exemptions—is about 2.4 per cent of the payroll tax base. The next highest is New South Wales at one per cent. I am trying to make the point that it is generous. We basically have the same amount in raw dollars as New South Wales;

New South Wales has \$85 million and we have \$80 million. It has grown rapidly. In 2005–06 it was \$11 million and now it is \$80 million. It has grown faster than employment, faster than wages and faster than anything else. I had quite an interesting chart that I have no doubt misplaced that highlights that in 2006, about one-third of those who got the exemption were existing employees; the vast majority were new. Over time, that flipped. Fewer new employees than existing employees were getting that benefit and that is why I suspect—I referred to this before—the CCI said that traineeships can save companies millions. This document states that CCI Apprenticeship Solutions can save the mining business \$1.2 million based on an average wage of \$110 000.

Dr M.D. Nahan: But that's apprenticeships.

Mr B.S. WYATT: It is Apprenticeship Solutions.

Dr M.D. Nahan: Is that the title of the program?

Mr B.S. WYATT: That is right; it is the title of a program, which I think does them all, not just apprenticeships. The point I am making is that we have a very generous scheme; everybody accepts that. We have two opportunities to fix the tax integrity measure and then fund those places across the forward estimates that we are losing, and we are losing them. The member also said that we do not know where we are going, and I accept that. That is a problem and I think the member for Vasse raised it. We had to act on and deal with this immediately and now we have this period in which we do not know what the replacement will be, and I get that. I have said that a grants scheme might be the easy one, but the member is right. I think all, if not some, members opposite raised the issue that that might be unwieldy or slow. They are all legitimate questions. How do we come up with a scheme that deals with the issue of exploitation—I will call it exploitation as opposed to roting to not inflame things—supports training and allows us to fund the training positions in the forward estimates, which we have not yet funded? That is the reality of the problem we have to resolve. I am not a training expert. I am open to advice on this. Ultimately, the Minister for Education and Training will probably bring forward that replacement regime, but of course I will be involved in it.

Mr D.C. NALDER: The minister has just described that there are two elements to this. One deals with the potential gaming and those who are really manipulating the system to gain advantage, and the other one is that the minister is now talking about the scheme being overly generous. I am not saying that it is or is not, but the minister must acknowledge that since we pay a lot more payroll tax—this was my point; I was not trying to substantiate people doing it wrongly—in the order of \$2 400 per employee, using labour force statistics as the workforce, versus \$2 100 in New South Wales. If we look at the exemption, it adds up to around \$52 or \$59 per employee. If that is taken back, employers are still recovering more than in any other state in Australia on a per-employee basis. I accept that the minister wants to target the people who are gaming the system, but we are taking it away from people, saying it is overly generous, without being clear about where the government is going at this point. That is not fair to businesses that are trying to plan and map out what they will do with their employee base. If it is the generosity of a scheme, I would have thought that it would be far more appropriate to come up with an alternative scheme at the time the generosity of the scheme is reduced. I therefore believe that there should be a separation of the two issues that the minister is now describing—one being around the gaming of the scheme and the other around the generosity of the scheme. Does the minister see that point and, therefore, the concern of businesses out there that feel they are having the rug pulled out and are being asked to accept in good faith that there will be a replacement scheme in the future?

Mr B.S. WYATT: They are not having the rug pulled out because in the transition period, all the contracts that were registered at the time of the announcement on 30 November will continue to be treated in exactly the same way. If we separate them, we will then face the problem of how to fund those 9 600 places in 2018? We have to deal with this to fund those places. As I said, we have a cash build-up from last year that can fund 7 400 places, and this will fund the other 9 600 places for 2018. I want to make one point. Pretty much every state has restricted it to new trainees—New South Wales, the Australian Capital Territory, Tasmania and Queensland. It is restricted to new trainees in almost all the states and it is very targeted now. That is the nature of where we have moved because it is effectively driven by applications for registration, and registration is *carte blanche*, to be frank. Because of the nature of the legislation, all states have moved to target it and limit it, which is why we have the scenario that although we are at 2.4 per cent of our payroll tax base, New South Wales is at one per cent, but we can even compare that with South Australia at 0.6 per cent, Tasmania at 0.5 per cent and Queensland at 0.9 per cent. They are all the states; the ACT is not applicable and the Northern Territory is just a little bit higher at 1.2 per cent, but its spend is \$5 million, so it is somewhat different. Finally, on the issue that the member raised around the average, I will give him the details. The average weekly earnings in Western Australia in November 2017 were \$1 333, which was the highest of all the states. Of course, that drives our payroll tax collections. We can compare that with a national average of \$1 192 over the same period. Despite what has happened with wage growth, it is still very high in WA compared with other states. According to the Commonwealth Grants Commission, although WA's payroll tax effort was about three per cent above average in 2016–17, it was not the highest. The Northern Territory, the ACT and Tassie were 10 to 14 per cent higher than the national average, interestingly.

Mr D.C. Nalder: Based on average weekly earnings?

Mr B.S. WYATT: The effort, yes. Ultimately, I get the member's point about trying to separate it, but then we will have that funding hole and we have to deal with that; otherwise, despite demand—the economy will dictate that—looking at where we are now, the hole is around \$17 000, some of which will be funded by the cash build-up, and 9 600 places will be funded by this decision.

Mr D.C. NALDER: So —

The DEPUTY SPEAKER: Member for Bateman, I just remind you that we need to get on.

Mr D.C. Nalder: This is the guts of it—the crux.

The DEPUTY SPEAKER: Sure. Are you happy, minister?

Mr B.S. Wyatt: For what it's worth, I'm very relaxed.

The DEPUTY SPEAKER: You look relaxed, minister.

Mr D.C. Nalder: Now I've lost my train of thought.

The DEPUTY SPEAKER: Sorry, member for Bateman; let us just pause while you get it back again.

Mr D.C. Nalder: I have lost it; I will pass over. I have forgotten.

The DEPUTY SPEAKER: Leader of the Opposition.

Dr M.D. NAHAN: Again on this clause, I would like to come to grips with the statement of the problem. The minister indicated that of the 19 000 businesses that pay payroll tax, 1 750, or thereabouts, access the exemption. Could I get some kind of indication of the distribution of the size of these firms and whether they are small to medium-sized enterprises or otherwise? I assume they are not very large firms because in 2015, the former government put in place a policy of limiting the number of applicants to a maximum of 100 workers per quarter who were eligible for exemption under the payroll tax exemption act. Will this impact people at the margins of the payroll tax—that is, people in relatively small firms that are affected by payroll tax liabilities?

Mr B.S. WYATT: It is a good question and I am not sure whether my answer is going to satisfy the member. Regarding the decision that the former government made to limit it to 100 workers per quarter, it is true that it had an impact—it was effectively 400 workers a year—but it did not limit them in continuing to transition through and re-enrol, if that makes sense. That is ongoing. The nature of the exemption means that the data is not on the size of it, but we can kind of make extrapolations around the size of the exemption and, therefore, what the payroll tax otherwise should have been. I can make the point that it is across all areas of industry. It looks as though the highest is in manufacturing, construction, accommodation and food service, and administrative and support services. There is a lot of information in this document. I am happy to provide it. I can say before I sit down that it is broken down by industry sector and the number of claims in which the total amount of payroll tax exempted is 30 per cent to 50 per cent, 50 per cent to 80 per cent or greater than 80 per cent. It certainly gives that breakdown. All up, the tax exempted is over \$80 million, with over 2 900 separate claims. I am not saying that everything there is illegitimate or suspicious, but it just gives an idea. I will get a copy of the document for the member.

Dr M.D. NAHAN: If the restriction is 100 trainees per firm per quarter and that is 30 per cent of the wage, that is a very small firm in terms of paying payroll tax. That is what it comes down to. The Liberal Party is sceptical about the intent of this. We have all stated the overgenerous nature of this, and in government we tried to address that. It is absolutely overgenerous. The government's aggregate data makes that argument to us. There is no doubt about it. From the stories that I get, for the firms at the margins, from \$850 000 to \$1 million, it really pays off because it pushes them below the threshold in certain circumstances. The government is saying that basically instead of a pretty small firm paying payroll tax, it will be able to spend that money on training and it might contemplate that training. There are all sorts of distortions there. It will affect small firms in the margins of payroll tax and probably areas that have relatively low wages. We want to know the impact and the types of firms that will be impacted by these changes. I guess our general argument here is that our problem is as much about the next piece of legislation as this one.

Mr B.S. Wyatt: I suspect that is right, yes. The next one is the more interesting one.

Dr M.D. NAHAN: Yes, but the government might be throwing the baby out with the bathwater; that is my problem. I could come up with an example to reform this quite significantly right away, but I would have to do some analysis. One of the problems with this payroll tax arrangement is that, as I understand it—maybe I have got it wrong—the exemption is provided in such a way that if a company pays for registered training for an employee, that employee's total wages are taken out of the payroll tax calculation. That is very generous, because it probably exceeds the cost of the training. Instead of taking it off the top, why does the government not take it off the bottom and make it a deduction from payroll tax liabilities rather than reducing the payroll tax? That would do away with the infra-marginal that people try to game, if you like, and optimise the threshold. This is always a problem with payroll tax, because we go from zip to 5.5 per cent if a company can effect it. I have been lobbied by people at that

margin on this issue more than anybody else. BHP, Rio Tinto and the big guys have not said anything to us, but for a whole range of small to medium enterprises that are in this margin—some are struggling right now—not only does this take training away from their workers, because they will not be able to afford it, but also it pushes them above the threshold. We are really puzzled. We want to contribute to a good, cost-effective training system, but we do not see the work being done. Our concern is that the government is going to throw away a business-focused incentive and go somewhere else, and we are going to basically vote on gutting this system rather than reforming it. I would like to see more research. The data we have here is sparse.

Mr B.S. WYATT: Ultimately, I do not think our system could do the proposal the Leader of the Opposition gave without some significant upgrade. That is a good point, because for those SMEs that are just in or out of the payroll tax threshold, that might be the scheme we replace this with. We might target that particular sized employer. The Leader of the Opposition is right; the behaviour of the big ones, the BHPs and Rios, is not going to change as a result of whatever happens here. That is where we might target the replacement. It might be where we get a more effective outcome. It just means we will get more control over the spend, because at the moment it is just demand. There are some limitations that the former government put in, but they have not had the impact of really pushing demand dramatically. As a result, we could probably target that, capture those below the payroll tax threshold at the moment and then fund those places. I am sort of trying to juggle all three of these things.

Mr D.C. NALDER: I have got my train of thought back. The comment the Minister for Finance made when I was last on my feet was about how other jurisdictions are moving towards new traineeships.

Mr B.S. Wyatt: Have moved, I think.

Mr D.C. NALDER: They have moved towards new traineeships, and therefore this is where we are heading as well. I question the logic of some of that, particularly with the occurrence of a lot more disruptive technologies impacting, and that is likely to increase over the next decade or two. We are likely to see a greater requirement in our economy for people to be re-skilled, upskilled or changed. Has that been taken into consideration?

Mr B.S. WYATT: That is a good point. There are principles we are working on in the replacement scheme. Public consultation will start on this within the week. One of the principles we are looking at is for industries or sectors that might be going through restructure or disruption. Maybe we can have a scheme that captures existing employees in those sorts of sectors, because that is a fair point. Again, as I have just been told, those areas could be targeted. We could identify areas that are clearly being disrupted—the member gave some examples yesterday—and try to target existing employees there because their jobs might become redundant and therefore they will need to be retrained.

Mr D.C. NALDER: I think the Minister for Finance probably understands our position better now than he did at the outset of the second reading debate and we now see that part of this is tackling the generosity of the scheme, as well as people who are gaming the system, but we are doing so without having a clear learning point of where we are going to. One of the areas we were flagging was the potential of a grants program. I want to just touch on that briefly so the minister understands where our real concern is. It is twofold. One concern is whether a grants program could be politicised in the future. I will give an example. The local jobs program worth \$39 million was classified as a grants program and I think everybody would agree that it was heavily politicised.

Mr B.S. Wyatt: I am sure you would agree.

Mr D.C. NALDER: I think we would all agree; I do not think anyone could disagree!

We do not want to see a program established in which funding gets channelled through specific favourite causes that are not necessarily in the best interests of Western Australian businesses. Without having that landing point—I understand that the government does not have that—we are struggling to say that we can support this. Ninety per cent of businesses appear to be doing the right thing and up to 10 per cent of businesses are gaming the system. We are trying to tackle gaming the system. The rest is because it is overly generous but we do not have the landing point for those businesses yet and we have to take it on good faith that we will find that in the future and it will be acceptable. That is why we do not support this legislation at this time. We are not clear on how this will flow back through to industry. We understand that 10 per cent may need to be dealt with, but it is the other 90 per cent that I am concerned about. We will take it away without being clear on what they can do in the future. That is the crux of the problem with us supporting this bill at this time.

Mr B.S. WYATT: Tax incentives are inherently not transparent. That is the problem we have; there is no clarity. A grants scheme, if that is where we land, can be incredibly transparent. People can see exactly where it is going or how it is going. I do not want it to become a politicised grant scheme either. Nobody wants that, but it will come back through this place anyway so we can have that conversation. Importantly, if we can deal with the weaknesses around timing—the member is right that people apply and six months later, “Here’s your grant”—that can be addressed and it will be a clearer and more transparent scheme. It is more equitable because those smaller businesses will get access to it. Industry already tells us what it wants funded and that will continue. I am confident that the scheme that will be developed will be rigorous. I will not bring something back here that is open to the sort of exploitation that worries the member.

Dr M.D. NAHAN: It would have been much more helpful if, when we got our briefing, the minister had stated what he has stated today—that is, the government does not know what the system will be. We were clearly told that the intention was to go to a grant system and that the payroll tax assistance scheme would, effectively, be abandoned. That was a problem because we are looking at this as a second stage.

I want to get a handle on the data about the impact. I have a graph of the current payroll tax exemption that was provided to me. In Western Australia it was \$80 million in 2016–17. The total value of the exemption was 2.4 per cent of the relative payroll tax. I have another graph that is below two per cent and declining in 2016–17. Maybe they used different relatives; I do not know. I am looking at that and it is about \$80 million. It is actually two per cent of taxable payroll and is going down. The problem is whether the minister can resolve that. Reforms were put in at this time. I am not saying that they were adequate and I do not think we even thought they were going to be. We had to come to grips with how to respond. We did what the government is trying to do now, except the government is doing it much more drastically. Where is this trend going? My question is: are the reforms that were put in place in 2015—they are obviously cutting costs by \$20 million a year and are on a downward trend. Given the lags in the training programs, maybe they would go on. Where does the minister think the existing system would stabilise if the government did nothing?

Mr B.S. WYATT: Where is the existing system stabilising? I do not know. The member is right about the chart he is holding up. There are a range of reasons for the decline in the last couple of years that we talked about—I think the member for Warren–Blackwood highlighted some of these. Whether it is around costs, the state of the economy itself, or wages coming down—there are a range of reasons.

Dr M.D. Nahan: This is the exemptions as a share of the payroll tax base.

Mr B.S. WYATT: The difference between the 2.4 per cent. It is 2016 data. This looks like it is just under 2.4 per cent so maybe I just rounded it up from a table. It is either 2.3 per cent or 2.4 per cent. The point is that the percentage of the payroll tax collected is significantly larger than in all other states.

Clause put and passed.

Clause 2: Commencement —

Mr D.C. NALDER: I have a simple question about this and it is probably a simple explanation. Can the minister explain why this bill will be deemed to have come into operation on 1 December last year?

Mr B.S. WYATT: That was the nature of the announcement. The member may recall that we made the announcement on 30 November to come into effect the next day because it is, effectively, an integrity measure. It is how governments have to deal with closing loopholes to effect that behaviour. It was announced and, administratively, it came in to effect on 1 December. All decisions of government around this, except for the transitioning contracts, are from 1 December, which is not unusual. I get the member's concern, though.

Dr M.D. NAHAN: When does the minister expect the other bill—the second stage—to come through? I know I am going off the specifics of this bill, but when does the minister expect the other one? Will he commit to us that he will have a thoroughly documented case for whatever the government does—both the plan and whatever the alternatives are—and a strategy document with some empirical basis for it?

Mr B.S. WYATT: I am hoping for legislation late this year or early next year. I say that noting that it may change, but that is the aim to get legislation before the house. I think that will allow a significant period of consultation.

I will come back to a point the Leader of the Opposition made a little while ago. I think the preference is for a grants scheme but I want to be clear—that is what we will consult on—that the CCI and others have already raised with me some problems with that and how it might like to see some changes. I am open to those changes, but we have to consult on something. We need something as a point of conversation.

Dr M.D. NAHAN: What happens if it goes to the other place and they stick it in a committee? It is still in effect, is it not? You set it as 1 December; I understand why the government did this and I support it. But, out of curiosity, what happens if it goes to a committee and gets stalled? This bill is unlikely to get on the notice paper of the upper house until August of this year.

Mr B.S. WYATT: I would be anxious if it went into committee. Of course, the other place does what the other place does. Ultimately, I would like to have whatever the replacement regime is through Parliament before 1 July next year because, of course, that is when payroll tax reconciliations will come through. Employers will want to know what the scheme is. I would be worried about an upper house committee process. If I am asked by any upper house members, I will tell them that. We want to get some certainty as soon as we possibly can, combined with a reasonable period of consultation.

Dr M.D. NAHAN: In terms of the collection of revenue, even if it did not get through the upper house until August or September, will the government still collect the money?

Mr B.S. WYATT: The retrospective nature of it means that we are already effectively behaving as though the legislation will make it through. We are starting to see some employers operating on the assumption that they will

not be entitled to the exemption. It would be desirable to keep the period of uncertainty as short as we can. The member knows the reasons. We are trying to run the balance of the consultation period but, ideally, something will be in Parliament so that employers can understand what it is and hopefully that will drive that certainty and then get through Parliament by 1 July so that payroll tax reconciliation can take place next year.

Dr M.D. NAHAN: Out of curiosity, what will happen if the bill does not pass?

Mr B.S. WYATT: Effectively, as a result, we will have to refund those that have not been claiming.

Clause put and passed.

Clauses 3 and 4 put and passed.

Clause 5: Section 41D inserted —

Dr M.D. NAHAN: We were told, and I think the minister has also stated, that this applies to apprenticeships but no changes will be made to the treatment of apprenticeships under this program. Could the minister confirm that?

I am not across all the vocational education and training jargon, and there is a lot of it. What are class A or class B qualifications? There are a whole range of these classifications. Could the minister describe what this actually applies to? I understand apprenticeships, but are there any restrictions on the type of training programs other than those that are eligible now?

Mr B.S. WYATT: Like the Leader of the Opposition, I am not across all the vocational training jargon either. Class A must be a training contract, no exceptions. Class B may be a training contract, but a person could also effectively use TAFE. Class C is not a training contract. It must not be done under a training contract. In respect of class B, the Minister for Education and Training can make an exception for international students, but it is very limited by the bounds of it. There are some limited exceptions for class B, but they are the three classes. Apparently they are called a restricted B.

Dr M.D. NAHAN: So there have not actually been any changes?

Mr B.S. Wyatt: No.

Dr M.D. NAHAN: To what extent is it possible and what are the difficulties if it was said, let us say, on some of these class B qualifications, “There are certain priorities the state wants to fund under this scheme; therefore tighten up the eligibility for the exemption scheme to certain types, classes or characteristics of training programs”? The government could identify some training programs that are primarily aimed at the individual, some that are aimed at the business, and some that are really important right now—for instance, automation. Could the government use the scheme to say, “Listen, we’re going to tighten up the eligibility for different classes of training programs”? In other words, it would significantly tighten it up—probably in consultation with industry, I would suggest, because it is taking away their freedom to some extent. From what I heard in the debate, particularly from the member for Warren–Blackwood, business generally agrees with the government’s priorities. There is a good reason for that—industry is participating in that. We have special needs in this state because of the composition of our economy. We also have special needs now because of the changing nature of our economy. It seems that rather than going to a grants system, that we will do this. The government could use the exemption system by targeting the types of training that are eligible for exemption.

Mr B.S. WYATT: A broad comment is that it is actually not the qualifications that are the problem. Generally, the qualifications are good. It is the intent and purpose of some of the employers that are using the scheme. Some more detail about the concerns about that approach, member, is that a substantial amount of training for existing workers is to legitimately upskill staff, of course, in specialised industries and occupations. That proposal would jeopardise those genuine traineeship opportunities. The VET act sets out the requirements to establish a traineeship: industry advice informs the minister’s decision on whether a qualification should be established or a traineeship pathway. Industry is unlikely to support removing the traineeship pathways for existing workers. The minister in this instance would be required to act effectively against industry advice. They are the key points.

Dr M.D. NAHAN: Has the government done any analysis of the cost to the employer of these training programs relative to the cost to the state of the payroll tax exemption? It will vary, of course, quite wildly I imagine, depending upon the size of the firm and the type of training. Larger firms now pay much higher payroll tax. The government could say, “For this type of training, we will give you an exemption of X” rather than exactly what is spent. The government could say 80 per cent or whatever. The exemption could be fixed. I am exploring whether, rather than treating this off the income side, we could treat it as a deduction from payroll tax liabilities, like they do in income tax, and it could actually have certain rules to control the growth of those exemptions by saying, “Here is what is deductible” both in terms of type and value.

Mr B.S. WYATT: I think that is in effect what a grants scheme does, but the costs of these training programs are wildly different. I do not think I have an answer to that. Institutions and courses are so different. I will give an example. This is one of the issues driving a lot of the activity. Employers can save significant amounts of payroll tax by enrolling employees in training. It is around \$5 000 for an employee on an annual salary of \$80 000 for a course that might cost much less than \$5 000. That is why we get this mishmash of courses in the actual industry area that that employer is in.

Mr D.T. REDMAN: I have a point of clarification, minister. I think I know the answer to this, but could the minister confirm this: in the case of group training schemes, a group training organisation is the employer—in many cases for smaller businesses—and they move for the sake of keeping continuity of training in place. I am not sure how many businesses would be payroll tax payers that would have group training employees. Do they come under this? What is the existing rule in respect of group traineeships and group training organisations managing a training program for someone, and will that change under this arrangement?

Mr B.S. WYATT: I did not know this; there are only 27 group training organisations. The vast majority, by the looks of them, do not pay payroll tax in any event due to their charitable organisations exemption et cetera. That exemption will continue to apply to all apprentices employed by a GTO and for trainees that are new employees whose ordinary rate of pay does not exceed \$100 000 a year. I think that answers the member's question.

Mr D.T. REDMAN: Under clause 5 on page 4, line 13, it refers to, in this case, an apprenticeship. It broadens the scope of traineeships and apprenticeships, but it refers to the person on the traineeship, who I assume is limited to the nominal period of the training contract. If someone trips up a bit on their training program and does not complete it or is not on target to complete it in the nominal prescribed period that that traineeship goes for, does that mean that person simply falls back into not being exempted carte blanche in respect of the payroll tax?

Mr B.S. WYATT: As under the current regime, the training contract can be suspended for a period for health reasons or whatever may be the case. While the training is suspended, effectively the suspension of the nominal period, the exemption falls away and the business continues to pay payroll tax until the nominal period starts again after that period of suspension. It can be extended for those reasons. The member suggested there may be a reason. There is that flexibility, as there is under the current regime.

Mr D.T. REDMAN: On page 5, line 23, there is reference to a suspended contract, and the minister described, and I understand, what that is there for. Therefore, what is the purpose, on page 4, line 13, of that subclause, which appears to make some sort of relationship between the nominal period of training and the flow-on impact to the exemption?

Mr B.S. WYATT: Again, I confirm that this is only for trainees and not apprentices. Subclause (3) on page 4, line 13, is the definition of "trainee". That highlights the point. This links with that on page 5 in that they are only eligible for the exemption for the time of the nominal period. That nominal period can be interrupted by the suspension, but during the suspension period they are no longer a trainee for exemption purposes. When the nominal period starts again at the end of the suspension, the exemption will then continue to apply again.

Mr D.T. REDMAN: There is reference on page 5, subclause (5) to ordinary hours. The minister has given an undertaking that cases of regional loadings and all sorts of things might be loaded onto a wage to take it over the \$100 000 threshold, which has been described as a key threshold. Can the minister give us a description of what ordinary hours means and is that a reference to base rate, not including overtime and loadings for a whole range of other reasons? I am not seeing clarity in the bill that gives the limitation that the minister has prescribed to us verbally.

Mr B.S. WYATT: This is a result of conversations, I think, with the member and other members of the Nationals WA. The \$100 000 threshold set out in clause 5 is based on the rate of pay for ordinary hours worked by an employee. Ordinary hours worked by the employee is not defined in the bill, as the member points out; however, it is set out in the explanatory memorandum. The cap that is ordinary hours worked does not include other forms of remuneration such as employer superannuation contributions, bonuses, overtime, allowances et cetera and the Commissioner of State Revenue will issue a revenue ruling to provide further clarity on the application of the cap in this respect. We have tried to do it in a way that deals with that exact issue of particular allowances that the member raised in those briefings.

Mr D.T. REDMAN: Can I just get some clarification about whether there is scope for government outside the legislative process to change the definition of ordinary hours and therefore have some impact on what might be included or not included within that threshold?

Mr B.S. WYATT: No, is the answer to that, because the figure at subclause (5) is specified in the legislation. Then the exemption out of that, or the removal out of that, of super contributions, bonuses et cetera will be effectively dealt with by that revenue ruling issued by the Commissioner of State Revenue. I see the member's question. Would another piece of legislation define ordinary hours of work as something less than \$100 000 or to incorporate everything else?

Mr D.T. Redman: Or to have ordinary hours defined as something that includes some sort of loading.

Mr B.S. WYATT: I do not think so, member. Could the government? I do not know, potentially. But will we? No. This bill is designed deliberately for this training. It is not linked to any other legislation that might allow us to do that, and, in any event, if someone ended up in court with a dispute between this and some other legislation, the explanatory memorandum should hopefully deal with that to the satisfaction of the court.

Mr D.C. NALDER: I would just like to clarify whether there is any scenario, particularly before the change and subsequently after the change, in which the exemption that a business is gaining is greater than the actual cost of training?

Mr B.S. WYATT: There are a range of examples. As the Leader of the Opposition pointed out, all wages are therefore captured for exemption, so \$80 000 would be a \$5 000 exemption and the cost of the training course of \$2 000. There are certainly lots of those examples. The example I read out before of the Chamber of Commerce and Industry of Western Australia advertisement was assuming that the average wage is \$110 000. I assume the payroll tax on that would be significantly more than \$5 000. We can find training courses that cost a lot less than \$5 000. The answer to that is yes, it happens.

Mr D.C. NALDER: That has just created more confusion because, by extension, we have not solved that in here—we have for existing employees but not for new trainees. We can now give more back for the training of new trainees on a salary of \$100 000.

Mr B.S. WYATT: That is a good point, but I suspect there are limitations to the definition of “new”. Some new employees will be on wages around \$100 000, but the vast majority will be on a much lower wage than \$100 000. The average wage at the moment is \$91 000, so new employees would be south of that.

Mr D.C. Nalder: The average is \$91 000.

Mr B.S. WYATT: That is the average wage in Western Australia, but new employees are on less than that.

Mr D.C. NALDER: Thank you. That clarifies that the scheme for new employees is such that the exemption that employers can gain may be greater than the cost of the actual training. Thank you for that validation. I will take that a step further because it has confused me a little bit. My understanding was that the exemption applied to only the period in which the training was aligned. The payroll tax is generated over 52 weeks and a training course might last for three to five weeks, so generally it is only a portion of time. I found it difficult to understand how it could be more, but I seek that point of clarification.

Mr B.S. WYATT: Most training contracts last for a reasonable length of time—a year or two—and it is done on a pro rata basis. The employer is getting the exemption for only the period that the training contract runs, which is usually one or potentially two years.

Mr D.C. Nalder: That is the average duration.

Mr B.S. WYATT: Yes. The average duration for a course is about a year or two.

Dr M.D. NAHAN: I will go to proposed section 41D(2), which relates to essentially the exemption for apprenticeships. The general view is that there is no excessive use of apprenticeship programs. Can the Treasurer explain why that is the case?

Mr B.S. WYATT: It is simply because the rigour and length of running an apprenticeship makes it much harder to be used as some measure to avoid payroll tax. Apprenticeships run over a long period of time—three to four years—and are often regulated. An electrical apprenticeship is a classic example. The effort that an employer has to go to is much more dramatic and, as a result, we do not see the use of apprenticeships for this at all. Employment law protects the conditions of apprenticeships, so it is basically not an issue.

Mr D.C. NALDER: I have one more question on this clause to do with the \$100 000 limit. The Treasurer poked a bit of fun at me earlier in question time on this \$100 000 limit, and I accept that. That is part of the political hustle and bustle in this place. Can the minister describe what was the basis for setting that limit at \$100 000?

Mr B.S. WYATT: To a certain extent the member’s comments are probably right. It could have been \$80 000 or \$100 000. I will read some information to get it on the record. The changes proposed to payroll tax exemption refocus the exemption in line with policy’s original intent. At \$100 000 it seeks to strike a balance between limiting the extent to which the WA community subsidises the training of chief executive officers, and I say that because a lot of people on very high wages and other senior well-paid employees are getting exemptions as a result of training. We are encouraging businesses to train newly appointed employees. We are basically trying to strike a balance. The \$100 000 wage cap is well above national weekly ordinary time earnings in Western Australia of around \$91 000 in November 2017, which is the latest available data. It is envisaged that a wage cap will have an insignificant impact on new employee trainees. That is important to note and hopefully it answers the question.

Mr D.C. Nalder: It is really an arbitrary number.

Mr B.S. WYATT: It is a balance. It could have been \$90 000, but then it is below \$91 000. If we want it on the other side of that, it is \$100 000.

Clause put and passed.

Clause 6 put and passed.

Title put and passed.

Leave granted to proceed forthwith to the third reading.

Third Reading

MR B.S. WYATT (Victoria Park — Minister for Finance) [4.36 pm]: I move —

That the bill be now read a third time.

MR D.C. NALDER (Bateman) [4.37 pm]: I appreciate the time the minister gave us in consideration in detail. I want to clearly highlight that the Liberal Party is not opposed to reform in this space. But we still do not support the Pay-roll Tax Assessment Amendment (Exemption for Trainees) Bill 2018, and I will articulate why. Today we have learnt that this bill is really about three issues. One is about the gaming of the system, and there has been much ado about this in the second reading debate. We tried to get to the detail of how much is happening, what it is and how many businesses pay payroll tax. We have really tried to understand how big an issue this gaming is. However, we have learnt that we are not sure; we do not really know. We know that 120 employers have excessive numbers of staff going through training programs, but that accounts for less than 10 per cent of employers. It would indicate that potentially 90 per cent of employers are doing the right thing. We have reacted and created a wholesale policy change based on the 10 per cent of employers not necessarily doing the right thing or what was intended through the exemptions that exist for payroll tax.

The second thing we have learnt today is that government views this as an overly generous scheme; that was mentioned during the second reading debate. For the remaining 90 per cent, the view of the government is that this is overly generous. Our issue is that we are taking away the existing arrangements without providing business with the landing spot in the future. If the government is saying that the scheme is overly generous and it is going to change it, we would have thought it would be appropriate for the government to advise the industry what the changes were going to be before closing off the existing scheme. We would see that as a commonsense, logical approach to take with businesses so that they can have a clear idea of the way forward.

What is interesting about what will become of the old scheme if this legislation goes through both houses is that we learnt today that there are circumstances in which what employers get back from an exemption on payroll tax is greater than the cost of training their employees. We also learnt that although that situation is being removed from existing employees through these changes, it will still exist for new employees undertaking training at around the average weekly earnings. We have made these changes but one could argue that in certain circumstances it is still potentially overly generous in that the exemptions an employer gets are greater than the cost of training an employee. We are going through this pain but still leaving some measures in place, and the opposition questions whether that has been thought through properly and whether this bill will deal with the overly generous nature of the scheme in an appropriate manner.

The third thing we have learnt about why the government is proceeding with this legislation is to do with the state government's relationship with the federal government and the funding shortfall, through the national partnership agreement, for 9 000 trainees. There will be a renegotiation of the national partnership agreement with the federal government for upskilling and training. If we cannot negotiate a good outcome with the federal government, we will need a mechanism to cover that shortfall. We are potentially putting a penalty on employers to bridge that gap. That is one of the arguments we heard for why it is important for this legislation to go through.

As I said, there are three primary issues here, but we still have a fundamental concern that this bill has been somewhat rushed and will fail to deal with some of the extremely generous circumstances that exist. We are also concerned that it is designed to cover a budget shortfall because of the negotiating situation the state government finds itself in with the federal government. We do not think it is appropriate for employers and businesses in Western Australia to be burdened with that. We believe that the government is making these wholesale changes and not just targeting the 120 employers who may be taking advantage of the system. We have to take that situation on face value, because we on this side have no specifics. The government is not just dealing with those 120 employers in isolation; we would support that. It is actually bringing in wholesale changes when 90 per cent of employers are doing the right thing. The legislation will still allow businesses potentially to claim exemptions greater than the cost of their employees' training. For these reasons, we still feel that we cannot support this bill. I want to reiterate that we are not opposed to reform in this sector. We just do not believe that the measures in this bill adequately address the issues.

We also have a problem with the lack of clarity about the landing point. I encourage the government to get moving and consult widely with industry. We have a strong belief that industry is best placed to determine the training requirements of its workforce and that it should not be left to governments or bureaucrats to determine what a business requires from a training perspective to increase productivity and to adjust to potential changes in the economy or the environment in which it operates.

That leads to another major concern we have with this bill. It will provide exemptions for the training of existing employees. We have a fundamental concern here because we are going through a time of challenges in our economy as a result of unprecedented disruptive technology. We are seeing it in the retail sector with online shopping and we are seeing it in on-demand transport and in many other areas where technology is creating disruptions in the workplace environment. Any jurisdiction that does not take into consideration the potential for disruption from artificial intelligence or disruptive technologies is not necessarily laying the right foundations for the economy for which it is responsible. For that reason, again, we do not support this bill as it currently stands.

I will leave it there because I think I have adequately covered the major points. We have concerns and we will continue to argue that this bill is not adequate and that there are major gaps that the government is going to have to address. There are major concerns out there for businesses, and there are businesses that are concerned, and rightfully so. We will continue to champion the issues and monitor the actions of the government. If the legislation is going to pass through both houses, I recommend that it be considered by a committee of the other place, because I think it requires a greater level of scrutiny to ensure that it delivers what it is intended to deliver.

MR D.T. REDMAN (Warren–Blackwood) [4.46 pm]: Just to tie off the position of the National Party, we will be supporting the government's bill. One of the challenges of being in opposition is that we do not have resources to put into the modelling and options that might be available to say whether something is right or wrong and to put up some alternatives. This is a classic example of a situation in which alternatives could be merited, but we have no capacity to pull that together. Therefore, we are left with what the government presents. It presumably has the resourcing behind it to put up models to make the changes that it thinks are appropriate given the parameters it has to operate within. In opposition, we are faced with the decision of whether we support or do not support that; that is the only question we have to answer. We can interrogate the lines and make sure that everything the government is saying is right and that the legislation reflects it, but as far as we are concerned, we can say only that we support it or do not support it.

We have looked at this legislation very closely and have had a number of briefings, which did not stop at one; certainly, I had at least two briefings on this. Others have had other briefings in support of their asking a number of questions. I was the minister when this issue was first raised so I have a very early description of the challenge. I was probably there for only a short time following that; I think I had about six or seven different portfolios and this was one. I certainly was aware of the issues and I agree with the member for Bateman: it is not roting, but it is someone gaming the system. I think that is accurate, because they are certainly doing it within the current rules. Business does that; it fills out to the parameters that people will allow it to operate within and it will take those best paths.

We sought answers to a number of regional questions. Unfortunately, the government could not drill down to the numbers of regional businesses that were affected, but the global numbers were there. I was certainly aware that there was a level of gaming happening and I am certain that a number of regional businesses that are in that situation that have the scale of operating with payroll tax liabilities are in fact utilising the traineeship arrangements to get a reduction in their payroll tax liabilities.

I was also somewhat satisfied that there are reasons for putting in this legislation. I understand that and it goes to the point the member for Bateman made about who is best to pick what training is necessary in each industry. They work out the best efficiency, what training is needed, what is changing in the economy that needs to be responded to, and therefore they can make decisions about training. Under the arrangements in which someone sitting down in the government's Department of Training and Workforce Development makes the call of who gets a contract and who does not, within the scope of the act, it is somewhat limiting and clunky. I can appreciate the desire to move to giving a very clear, unambiguous legislative platform for who is in and who is out as a smart way to go. Time will tell whether that is right or wrong, but that is what the government is presenting us with.

It is important to note that training is heavily subsidised. I took issue with the current government when it was in opposition for raising issues about us raising training fees. There is now a cap on increases in training fees, but I am sure that it did have some impact on demand. It is interesting how times flip and a few boots are somewhat on the other foot. Training is heavily subsidised. This legislation will change the exemption, which will effectively free up some more revenue for government, which is choosing to put it back into training. It will ensure we do not lose 9 500 funded training places for 2018. People need to remember that whether organisations are paying payroll tax or not, subsidised training extends to big business, small business and government agencies—anyone who wants to take on training can get subsidised training, provided they meet the eligibility criteria and it is one of the areas that the government has identified it will subsidise. A different level of subsidisation will occur depending on whether it is on the priority list. I mentioned that the CCI reflected its confidence in that priority list compared with other training areas that could be identified. There is a lot of subsidised training and there are some winners and losers. On balance, to me, it is not a net loss to the system. I think what the government has put up is more than reasonable.

I think there is another debate to be had when we get to stage 2 about whether a grants scheme is appropriate. I think that will be a really important debate because it is more centred on the government, perhaps—it may or may not be the model—playing a role in who picks up training subsidies and who does not. It might be that the outcomes and the process are much more transparent and we will be able to see what is going on, but it might mean that there are some skewed arrangements in which sectors that probably do not need it get training and other sectors that do need it probably do not. A whole heap of things might play out with that, but that is another debate. This legislation does not set that up to happen; it is in another bit of legislation that will need to come back to the house. What we are dealing with today is simply changing the exemption that will free up more resources for the government, which is leaving it in the training space. The government has given us undertakings along that line and undertakings that if demand changes and resources are identified as being under-utilised at the end of the financial year, it will stay in the system. We will take the minister's word on that; we can only take his word in this place. We hope that there are no unrecognised outcomes from this. Some groups will feel that they have lost

something and others will certainly gain something. However, I think the minister still has a little bit of a job to sell to the broader community that the legislation will make a lot more training places available, including those that the bigger companies with a payroll tax liability can access. I support the government's position.

MR B.S. WYATT (Victoria Park — Minister for Finance) [4.53 pm] — in reply: I thank all members for their contribution to the debate. I must admit that I always enjoy consideration in detail. I enjoyed it in opposition and I have enjoyed the couple of times that I have done it in government. We get to have a proper conversation around the legislation, which we do not normally get during the second reading debate. I have a couple of points but I will not speak for long. As I have pointed out, a couple of things are going on here. As the member for Bateman said in his contribution to the third reading debate, there is an issue with the inappropriate use—whatever we are calling it—of an exemption that was designed to focus on new employees. The growth from \$11 million in 2005–06 to \$80 million in 2016–17 far outstripped employment growth and far outstripped wage growth. It is very, very generous and I think that everyone accepts it is very generous. If this legislation makes it through both houses of Parliament, it will allow us to deal with what I think has been the inappropriate use of the generosity of the Western Australian taxpayer. It will take those savings and—yes—put them into funding the hole in our training places across the forward estimates that is specifically focused on general training. We are going to need that because ultimately, the commonwealth government, as I said, changed the nature of a national partnership agreement as it expired and we now go into another one; it is perfectly entitled to do that. The commonwealth government is now funding in a different way that creates this funding shortfall. That is where the funding will go.

One thing I will raise is that I hope the upper house does not send this off to a committee. I am keen to have certainty and the member for Vasse raised that uncertainty will happen while this consultation period goes on, until we know what will happen. I accept the inadequacy of having to deal with this now while we still do not know what the replacement will be, but the Minister for Education and Training and I are consulting in good faith around what that will be and I think we can. The principles we have adopted through public consultation are trying to deal with the issues raised by the member for Bateman around areas in transition that may need, for example, existing employees whose jobs are coming to an end for whatever reason—redundancy, new jobs, new training, new skills. They also need to be incorporated into the scheme that replaces the current exemption, if indeed that is what Parliament decides. I am not keen to have undue delay through an upper house committee because ultimately we need certainty, ideally by the end of this year, with legislation through Parliament by 1 July next year to deal with payroll tax reconciliations. I am keen to get the level of certainty quickly and I think an inquiry by the other place will detract from trying to achieve that certainty. However, as the member for Warren–Blackwood pointed out, this reform has been tinkered with for a long time and this is the fundamental reform that we need to do for a scheme in which all the other states have targeted or limited their generosity. In Western Australia, we are now doing that as well. I certainly hoped that it would have the support of all members in this place; it does not quite, but I hope that ultimately in the other place, members will see the value of this. It is ultimately about funding training places across the forward estimates that are currently not funded. There is no other revenue around to fund those positions. It will hopefully create a system that will open it up to small businesses that currently do not get support for training through the mechanism we are dealing with tonight. I thank all members for their contributions and I look forward to the ongoing negotiations with industry around what may replace this scheme that we are looking to reform.

Division

Question put and a division taken, the Acting Speaker (Mr S.J. Price) casting his vote with the ayes, with the following result —

Ayes (34)

Dr A.D. Buti	Mr M. Hughes	Mrs L.M. O'Malley	Mrs J.M.C. Stojkovski
Mr J.N. Carey	Mr W.J. Johnston	Mr P. Papalia	Mr C.J. Tallentire
Mrs R.M.J. Clarke	Mr D.J. Kelly	Mr S.J. Price	Mr D.A. Templeman
Ms M.J. Davies	Mr R.S. Love	Mr D.T. Redman	Mr R.R. Whitby
Ms J. Farrer	Mr M. McGowan	Mrs M.H. Roberts	Ms S.E. Winton
Mr M.J. Folkard	Ms S.F. McGurk	Mr P.J. Rundle	Mr B.S. Wyatt
Ms J.M. Freeman	Mr S.A. Millman	Ms R. Saffioti	Mr D.R. Michael (<i>Teller</i>)
Ms E. Hamilton	Mr Y. Mubarakai	Ms A. Sanderson	
Mr T.J. Healy	Mr M.P. Murray	Ms J.J. Shaw	

Noes (11)

Mr I.C. Blayney	Mr Z.R.F. Kirkup	Mr W.R. Marmion	Mr D.C. Nalder
Dr D.J. Honey	Mr A. Krsticevic	Mr J.E. McGrath	Ms L. Mettam (<i>Teller</i>)
Mr P. Katsambanis	Mr S.K. L'Estrange	Dr M.D. Nahan	

Pairs

Mr R.H. Cook	Mrs L.M. Harvey
Mr P.C. Tinley	Mr K. O'Donnell

Question thus passed.

Bill read a third time and transmitted to the Council.

LAND TAX ASSESSMENT AMENDMENT BILL 2017

Returned

Bill returned from the Council without amendment.

ADJOURNMENT OF THE HOUSE

Special

MR D.A. TEMPLEMAN (Mandurah — Leader of the House) [5.02 pm] — without notice: I move —

That the house at its rising adjourn until Tuesday, 8 May 2018, at 2.00 pm.

Can I wish all members, staff and families a safe school holiday period.

Question put and passed.

House adjourned at 5.03 pm

QUESTIONS ON NOTICE

Questions and answers are as supplied to Hansard.

POLICE — COUNTER-TERRORISM EXERCISES**2547. Mr Z.R.F. Kirkup to the Minister for Police; Road Safety:**

- (1) Have any planned counter-terrorism related exercises been undertaken in any:
 - (a) Underground train stations;
 - (b) Underground bus stations;
 - (c) Tunnels used by trains; and
 - (d) Tunnels used by buses?
- (2) If yes to (1)(a)–(d) what agencies were involved, what was the date of the exercise, what was the location and what was the simulated threat?

Mrs M.H. Roberts replied:

The West Australian Police Force advise the following:

(a)–(d) Yes.

Counter-terrorism exercises fitting the criteria include:

Exercise CSG – 2016 Claremont.

Exercise Spartan – 2015 – April 2016 – Various locations including the, Northbridge.

Command Exercise – 2017 – Maylands.

Other relevant exercises relating to transport systems:

2008 – Exercise Drill 108.

2013 – Tunnel site familiarisation and infrastructure assessment.

2016 – Exercise Tunnel Vision.

2018 – Emergency Operations Unit.
