

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 22 June on the following motion moved by Hon Michael Mischin (Attorney General) —

That pursuant to standing order 69(1), the Legislative Council take note of tabled papers 4085A–E (budget papers 2016–17) laid upon the table of the house on Thursday, 12 May 2016.

HON AMBER-JADE SANDERSON (East Metropolitan) [11.38 am]: I rise to continue my remarks, which were interrupted last night. I was talking about mental health and the requirement for the Mental Health Commission to find \$28 million worth of savings under the project named “Agency expenditure review savings”. The breakdown of those savings was tabled as supplementary information to the estimates hearings in the other place. I refer to supplementary information A61 and A62. The Mental Health Commission provided a breakdown of the \$28 million savings in mental health: \$4.3 million is for grants and subsidies; \$10 million is for internal resourcing; and \$13 million is for services purchased from non-government organisations. That is funding to organisations that provide services in the community—community-based mental health services that have been cut from the budget under this government. This is a government that claims it has a commitment to early intervention in mental health, to keeping people out of acute services. I will go down the list. Supplementary information A61 details exactly which agencies are losing funding under these savings, or so-called realignments, reprioritisations.

Hon Alanna Clohesy: Otherwise known as axing.

Hon AMBER-JADE SANDERSON: Otherwise known as axing or cuts.

There will be \$5 million saved from non-government organisations currently receiving funding that will expire; that is, contracts with NGOs will not be renewed. They include adult supported accommodation assistance programs, the Halls Creek and Wiluna sobering-up centres and diversion capacity-building services. Funding is reduced for alcohol and other drug diversion programs in relation to the provision of worker training and support for the court and police diversion programs. Sponsorships will not be renewed. There will be \$5.9 million saved on research grants. Funding for the University of Western Australia schools of psychiatry and psychology will end in December, and that is worth \$5.3 million. Savings will be made from the cessation of existing contracts, so \$1.9 million worth of contracts will not be renewed, including a contract with the Mental Illness Fellowship of Western Australia. There will be a saving of \$753 000 with cuts to Disability in the Arts Disadvantages in the Arts programs. There will be \$480 000 saved from the Disability Services Commission’s People with Exceptionally Complex Needs program, which is a contribution to employing two coordinators based at the DSC to provide coordinated service delivery to individuals with exceptionally complex needs. What has happened to those two coordinators and the people who access that program? Nearly half a million dollars has been axed from that program. Where have those people gone? An amount of \$95 000 was saved from the midwest community living centre and the list goes on. This is an enormous amount of money that has been taken out of the mental health budget for grants and subsidies.

At the same time, we heard the minister struggle to explain how \$8.9 million was spent on the commission’s move to new offices. The budget papers revealed that it was planning to spend \$8.9 million on that, but it has not properly funded youth mental health services. The budget identifies \$500 000 less for youth community treatment, but the government claims that youth mental health services are an absolute priority. Youth suicide rates have increased, particularly in the regions, and the government has taken out half a million dollars from that program. Under questioning in Parliament during estimates, Ms Mitchell admitted that the fit-out of the commission’s new office in Nash Street, Perth cost \$6.9 million, including 298 chairs at \$450 each, as well as a 30-minute training session for staff on how to use them. That is pretty insulting for the people who use the programs that will have their funding cut. It is pretty insulting to find out that the Mental Health Commission will have a \$7 million refurbishment, with a chair to sit on worth nearly \$500—a chair that apparently requires a 30-minute training session. An article in PerthNow outlines that the WA government spent \$130 000 on new office chairs and training on how to use them, while relocating the Mental Health Commission’s office, yet it failed to open additional beds for youth mental health patients. It is clear that those beds at Fiona Stanley Hospital are not open yet, but the government is spending money on office refurbishment. The government is spending almost \$7 million on new premises, including \$130 000 for 300 chairs at \$450 each. Further, the article in PerthNow states —

“The Mental Health Minister confirmed that six of the 30 new and long-promised mental health beds at Fiona Stanley Hospital haven’t opened because they’ve essentially run out of money for the year,” ...

The government has run out of money to open those beds, but it bought those new chairs. It is a disgrace.

We saw \$15 million allocated to fighting methamphetamine, but \$18 million in funding was cut from NGOs. The government is simply shifting the money around. This is not new money to fight methamphetamine in the community. The government is pulling money from other important community resources to fund the fight on ice, as the government calls it. At least \$18 million will be stripped from the government's mental health budget to fight the war on ice. Mental illness is the fastest growing disability in Australia and this government is pulling funding from mental health. It is disingenuous at the very least to say that the government is prioritising mental health.

Late last year the Health Services Union released a survey about the workforce in the mental health sector. It identified that 70 per cent of WA mental health workers say that a staff shortage is stopping them from doing their jobs properly. The HSU stated that the survey of more than 400 staff last month found that half had been physically or verbally abused in the workplace, with 35 per cent complaining of a lack of resources that had led to adverse patient outcomes. More than half had suffered insufficient physical resources, including dedicated beds and space in secure wards for admissions, stopping them from carrying out their duties. Almost two-thirds of workers reported that work-related stresses were adversely affecting their own mental health. That is very concerning in a really important sector.

I turn to crime and the impact that the government's spending and policies of the last few years have had on crime in the suburbs. We have seen this government and the current Minister for Police preside over the highest crime spike in the state's history with no explanation given. The government is unable to explain what is causing it and what it is doing about it. The government rolled out the Frontline 2020 program, but, frankly, it was an abject failure. The government is now quietly inching the program back because it is simply not working. The police released figures from late last year showing that the surging crime rate that began at about the middle of 2014 had continued. There was a 40 per cent jump in domestic assaults in November 2015 compared with the same month the previous year. Non-domestic assaults increased by 30 per cent, threatening behaviour by 21 per cent and deprivation of liberty by 40 per cent. There were steep increases in property crime, with home burglaries up by 16 per cent. Theft rose by 24 per cent, property damage by 17 per cent and offences against property rose by an overall 16 per cent. There were 700 crimes against people or property every day in Western Australia last year. Domestic assaults were up and homicide was up 19 per cent in 12 months.

The government has claimed that, from this week, 40 extra police officers will be used to bolster response times, but that is not a permanent solution. The government has broken a number of promises on crime prevention. I have said before and I will say again that in the electorate of Morley the government promised a redeveloped Morley Police Station with 80 police officers to be stationed—fully costed, fully funded. To date \$2.7 million has been spent on the redevelopment. There are 24 police officers stationed at Morley and the station is half empty. Police officers in that station tell me it is half empty. That is a broken promise to the electorate. Morley consistently sits in the top five areas for home burglaries. Vehicle theft is rife. When I talk to people in the community, they tell me that hooning, speeding and safety in their own homes are major concerns. The government knew that, the candidate knew that and the sitting member knows that. The government has failed to deliver on that promise in Morley, just as it has failed to deliver on most of its promises.

Let us not forget Metro Area Express light rail, which is undoubtedly the mother of all broken promises. Before the last election the Liberals rushed out a light rail plan to service the north east corridor with public transport. That is one of the most underserviced areas for public transport and currently one of the most congested. There is no doubt about it; people tell me they voted for the Liberal Party because of MAX light rail—they voted for the Liberals' plans. Two large residential developments were approved in Dianella on the back of MAX—one at the Dianella Tavern, and the other behind Dianella shops. Local residents are concerned because the congestion around that area is already critical, and the area is not properly serviced by public transport. They were given assurances that there would be a light rail through that area, and that it was exactly where those kinds of developments are needed. It was consistent with the government's infill policy, which is a sensible policy. Infill is an important step we need to take as a community, but canning MAX is in complete contradiction to the government's infill policy. The residents in those apartments will be stuck in one of worst-congested intersections in metropolitan Western Australia, and it will become worse. Those people do not have anywhere to park, and only one bus route goes in and out of the city. It is one of a litany of broken promises of this government, and this budget demonstrates that the government has given up hope. It is not even going to try to pretend to fulfil its promises to the electorate and it is a disgrace.

HON MARTIN PRITCHARD (North Metropolitan) [11.50 am]: I rise to make some comment on the tabled budget papers.

All my life I have been surrounded by the myth that conservative governments are better at managing the economy: people who want to look after workers and their families vote Labor, but if the economy is in poor shape, the conservative parties are given a chance to bring everything back into the black. I come from a fairly,

I think, unusual family. My parents are working class and have worked all their lives. They are now on a pension, having grown up in an era when superannuation contributions were not made on their behalves. They have voted Liberal all their lives. They continue to vote Liberal; I do not quite understand it, but they do. All my life I have, of course, voted Labor. My youngest daughter categorises herself as a supporter of the Greens, so that is quite unusual. Historically, of course, family members have tended to vote similarly and taken the lead from their parents, but my family is unusual in that regard. I have a commitment from my youngest daughter to put me second at the next election, which is good.

Hon Ken Travers: Second after me?

Hon MARTIN PRITCHARD: Yes, second after Hon Ken Travers!

I am sure the past seven years, and particularly this budget, have convinced even the most ardent supporter of conservative politics that if the myth had been true at some point in our history, it could not possibly be now. I am sure it is cause for some embarrassment on the other side of this chamber that under this government our state deficit equals the whole of the state debt under the previous Labor government. I believe Labor is ready to take the reins at the next state election and is the only party capable of leading Western Australia out of the financial black hole we are currently in. Indeed, the actions of many Labor governments, at both state and federal level, have led me to the view that conservative governments do not have a monopoly on good economic management. When I first became involved in politics and the union movement, we had the Hawke–Keating years. Although there were some bumpy times, I believe their discipline and innovation saw us through those tough times. They always seemed to have a plan. In more recent times I believe that Wayne Swan’s management of the economy during the global financial crisis was an inspiration. I am never quite sure why he did not get the praise I think he justly deserved for seeing us through those years. I think we were the only country in the world to successfully go through those years without the sort of pain that many other countries felt. Also, again in recent times, I have always had admiration for someone whom I believe to be probably the state’s best Treasurer; that is, Hon Eric Ripper. I admit that the Hawke–Keating years were not always smooth but there was always a plan, and that is what I am missing in the current situation. As a family man, if I get into financial trouble I do not start selling off all the family assets, if I can help it. To do that is not a plan, because there would come a point of there not being any assets left. That is not a desirable position for a family man or the state to be in. This state desperately needs a reliable and steady hand on the wheel of our economy. I believe the member for Victoria Park, Ben Wyatt, is best placed to take up this role in March next year. I only hope that in the intervening months the economy does not worsen more than predicted. I do not think the member for Victoria Park would be particularly happy with the job he has in front of him—I presume he will end up being the person responsible—but I think he is best placed, and I think he is what Western Australia and Western Australians need. The thrust of the concerns I wish to raise today centre on the wasted opportunities, loose discipline and misguided priorities this government has displayed over its time in office. I believe, at least financially, these are key to where we are today. I will also make some comments with regard to the lack of a transport plan in Western Australia.

I will start with what I believe to be the wasted opportunities. When this government first came into office, state debt was at \$3.6 billion, and, probably more importantly, our net-debt-to-revenue ratio was around 19 per cent. It has been predicted that state debt will rise to more than \$14 billion during the forward estimates period, and that our net-debt-to-revenue ratio will exceed 70 per cent. It is a severe understatement to say that they are very bad numbers.

When this government came into office we were also riding the wave of an unprecedented boom in the mining industry. I will refer to some of the figures in the 2014-15 and 2015-16 budget papers. The 2014-15 budget papers showed a decline in the iron ore royalties from the previous year; in 2013-14, \$5.4 billion was raised. In 2015-16 it is expected that just over \$3 billion will be raised, and it will sit just above that over the forward estimates. It was predicted in the 2014-15 budget that the figure would be over \$6 billion, and the forward estimates predicted \$7 billion in 2015-16, nearly \$7.5 billion in 2016-17, and continuing that trend. I raise those figures because it is not feasible, I do not believe, to think that that boom would just continue and continue. That is not the way market forces work. During that time, the Minerals Council of Australia put out a policy paper that should have been at least one of the things that would have informed this government about what was to come. On page 11 of the policy paper that came out in early 2015, which I have referred to in previous debates, it states —

It is naïve to expect that the market conditions that brought great rewards for iron ore miners, their suppliers and Australia —

Obviously through royalties —

over the past decade would be persistent.

Indeed, within the industry, prices were widely forecast to fall.

Market participants' own forecasts of minerals prices are very tightly held for commercial reasons, but investment bank and broker forecasts of commodity prices are better known. Throughout the peak years, broker consensus forecasts for long-run prices remained persistently below prices received in any one year, ...

At page 9, it states —

The facts bear repeating. From 2000 to 2014, Australia's annual iron ore production rose from 170 million tonnes to around 660 million tonnes—a compound annual growth rate of 10 per cent. Over the same period, prices rose to a peak of more than US\$190 per tonne in 2011, before declining to levels in mid-2015 closer to US\$54 per tonne.

The point I want to make is that anybody, bar the Premier, would have probably realised that the prices and the quantities would go down. I also have to say that just because the Premier refused to use the word “boom” does not change the cyclical nature of the industry. I remember at the time that it was humorous—but probably not so much now in looking back—because the challenge for every reporter was to try to get the Premier to use the word “boom” and he just would not, and probably for good reasons. He probably knew in his heart of hearts that the mining industry, unfortunately, is cyclical and when there is a boom, there is a bust. He was probably trying to delay the bust. But, as I said, not saying the word does not change the pattern of the industry. Everybody, except perhaps the Premier, knew that the record high price and the extraordinary high levels of tonnage that were being exported could not last forever. The fact that this once-in-a-political-lifetime opportunity was wasted is a great pity. Similarly, the fact that it caused our share of GST to go down was very unfortunate but also predictable. Members might suspect that I could secretly take some pleasure in our plight, as we indeed are heading towards an election next year, but I do not. It is not going to be an easy time for whoever wins the next election for quite a number of years to come. I reiterate that it is probably best that there be a change of government and that the member for Victoria Park gets an opportunity to pull us back.

I also acknowledge that this government is doing all it can to try to extract a bigger share of GST from our federal government. They say that hindsight has 20/20 vision, so I will not dwell on the fact that more safeguards should have been insisted upon before we, as a state, signed up to the GST. However, I acknowledge that this government is trying to extract more money from the federal government. I believe the \$490 million top-up is good work. I think the government is trying to do all it can in the current situation. However, I suggest that at the time we signed up for the GST in the first place—again, I stress that that is probably 20/20 hindsight vision—the people involved would have known the nature of our finances in Western Australia and it could have been predicted. Certainly, as we were going through the boom, it should have been predicted.

Hon Ken Travers: It was predicted by the Labor opposition at the time.

Hon MARTIN PRITCHARD: I do not usually take interjections, but I will take that one, Hon Ken Travers.

Hon Ken Travers: When they are helpful!

Hon MARTIN PRITCHARD: When they are helpful and when I understand them!

I acknowledge that this budgetary issue was foreseeable; and, if not by the ministers, it should have been foreseeable by the departments that advise the ministers. I also ask: did those people expect anything more from the federal government in GST payments than was in the agreement or did they just not understand it? Either way, they stand condemned for not dealing with it.

I think most Western Australians would say that they should budget on what they know they will get rather than what they hope they will get, as it makes life a whole lot easier when trying to balance the books. Again, as a family man, that is what I have to do. A worker cannot bank on getting overtime. If a worker banks their basic budget on getting overtime, there will inevitably come a time when they do not get that overtime; and, if they have committed money, that is when they will get into trouble. I think that is what this government has done to some extent.

I turn now to the other side of the ledger books—that is, the important issue of spending. For many years, I believed that voters thought that the main reason this state was going into debt was to build infrastructure. I know that much of it was, but I will come back to that later. I think that voters now know that this government has also not been able to keep a lid on recurrent spending. I acknowledge that this was a growing problem under the previous government, but the Premier came to office guaranteeing that he would fix this problem. I know that we all make comments that we might regret years later with hindsight—I am probably doing a little bit of injustice to the Premier—but the comments that were made by the Premier had a direct impact at the time on how people saw the Liberal–National coalition and how they voted. If we make comments, we have to take the things that come from making those comments.

In *The West Australian* of 28 April 2009, one of the comments that the Premier was reported as making was —

“I’m not going to lead a government that goes into deficit, I can tell you that right now,” ...

Another comment by the Premier reported in *Hansard* of 24 November 2010 was —

I have stated that the objective of this government is to contain net debt to below \$20 billion. I have discussed that with credit rating agencies. They see it as a good rule of thumb. With respect to servicing costs of debt, look at the budget papers. It is all there.

I move forward to 2013, when he is reported to have said —

... I'd stress right now the level of debt is \$18.5 billion, not the \$28 billion that everyone talks about. It is not that, it's \$18.5 billion right now. I think that's manageable and I've said before, you know, I've talked about \$20 billion, well, we're going to go over that probably at some stage but I want to keep it around 20 or low 20s.

A Premier cannot make those statements and then preside over a financial situation that sees state debt moving towards \$40 billion and not be criticised. Those comments were intemperate. He may have believed them at the time, but, clearly, whatever this government has done, it has not managed to work within those figures.

If the problem is recurrent spending, and I do believe that it is mostly, then the way I would look at it is like parents going out and buying groceries every week on their credit card—I keep referring back to being a family man. They are doing the right thing. They are feeding their family, but they will get to the point when they cannot service their credit card. Then what will they do if they have sold all of the assets that provided some of the income to service that debt? I do not believe that the government has a plan that can work.

Aside from the issue of recurrent spending, money has been used to build infrastructure. Much of it I would thoroughly endorse. One such investment that I thoroughly endorse is Fiona Stanley Hospital. It is certainly something that should stand the test of time. It was worthwhile putting money into that hospital, and I would not see that any other way. But it is not just a matter of spending money on infrastructure; the government also has to make sure that when it does do that, it manages it in such a way that it is seen as a benefit, particularly when it is something as iconic as a new hospital. Although I accept that the spending of money on Fiona Stanley Hospital was money well spent—it was a lot of money, but it was money well spent—I think the way in which the commissioning of the hospital was handled was very poor. There were some issues with the new hospital that were outside the government's control; I understand that, so I will not dwell on those. The article that I have with me refers to something that was within the department's and the government's control. I think it is a negative, so I am going to raise it. This ABC online news article from 19 August 2015 states —

The Australian Medical Association has delivered a devastating critique on the leadership and problems at Perth's Fiona Stanley Hospital, saying quality patient care is only being sustained because of the professionalism of frontline clinical staff.

Ian Jenkins gave evidence to a parliamentary inquiry into the transition and operations of clinical service at Fiona Stanley, speaking as the chair of the AMA's inter-hospital liaison committee.

I will not read the full article, unless members wish me to; I will just pick out the parts that I think are relevant. Dr Jenkins went on to say —

“My view is that more beds on the Fiona Stanley site would help immensely. But pragmatically, there is no funding available.”

...

Dr Jenkins said systems dedicated to patient records were also cumbersome and time-consuming.

The next point is the one that I want to draw to members' attention —

Dr Jenkins said one of the most significant problems at the hospital was a lack of stable leadership.

“We've had an acting director-general for two and a half years. We've had people acting in the roles of chief executive of South Metro Health Service,” he said.

“We now have an acting executive director at Fiona Stanley, and we've got an acting director of clinical services.

In response, the former Minister for Health, Dr Kim Hames, rejected the criticism from Dr Jenkins. However, I give him credit for saying that he was planning to hold a face-to-face meeting to examine the concerns.

The article goes on to say —

AMA WA president Michael Gannon broadly supported Dr Jenkins' observations when he spoke with Macquarie Radio.

“I would not move far at all from his comments. He works in the hospital day by day,” he said.

I will give some credit here, too. Dr Gannon went on to say —

“One thing I would say is that when some of these problems have been identified there has been a genuine impetus from Government to try and fix the problem.

“But I think his comments are reasonable. The commissioning was handled poorly.”

I do not think anybody would accuse anybody from either side of the Parliament of deliberately doing anything that would not be to the advantage of their constituents. I am not accusing the government of deliberately trying to handle this matter poorly; what I am saying is that it was handled poorly and I believe a lot of the blame rests with the fact that the government did not have a stable team organising the start-up of that hospital.

I will move on to another project that I genuinely support—as a parent, I support it very, very much—and that is the new Perth Children’s Hospital. Again, that is good infrastructure that has been well planned. There have been problems, but I am not going to dwell on them. Personally, I think the commissioning of that hospital may be being rushed, maybe because there is an election in the air; I am not sure. Again, there have been problems. A lot of the problems were unforeseeable. Some issues were raised prior to the build. There was a genuine view that the hospital needed more beds. I think it will finally end up with in the vicinity of eight more beds than Princess Margaret Hospital for Children. There was a lot of debate about building an extra floor. Members on this side were probably very dogmatic about trying to get that, because we genuinely believed that that was what needed to happen. In contrast, the government was stoic—I do not use the best meaning of that word—in resisting it. What it had planned to introduce and what it is introducing is a different system, which I just cannot agree with and which I do not believe will work; that is, a hub-and-spoke method of dealing with the injuries and illnesses of our children. As I understand it, parents will be encouraged to take their children to their local hospital, which will have some facilities to look after children, and that only the most sick or injured will be transferred to the new children’s hospital. I just do not think it will work. Even if there are some facilities at Joondalup, if my children were still small—I had some occasions to take my children to hospital when they were small—I would not take them to a place other than the place that I believed would be able to provide the most holistic and best facilities and surroundings possible. I suggest that if we were talking about adults, they would be able to understand that to help the whole system, it would be better to go to their closest hospital or to clinics or whatever else is in place, but when it comes to a parent and particularly their young children, they will want to look for the biggest, the best and the place that has all the bells and whistles—that will obviously be the new children’s hospital. I do not think that the idea of taking a child to an outlying hospital that might have a small unit and where not all the facilities might be available will work. I was very supportive of the introduction of the new children’s hospital. I am very keen to go and have a look at it when it opens. Although my children are certainly not kids anymore, I look forward to that hospital providing great services to the children and parents of this state.

I also welcome the commitment to build a new high school in north Butler. The northern suburbs continue to grow and extend. That commitment is very welcome and will be welcomed by my constituents in that northern area.

I welcome the spending commitment to improve the schools in my electorate such as Shenton College and West Leederville Primary School. It is often talked about how much money we spend on schools but none of it is wasted; it is all welcome and I fully support it. If I went through the budget papers, I am sure there would be many other bits of infrastructure that I would be supportive of. We then come to the fact that this government has spent a great deal of money on luxury items—I know that is an emotive word, but that is the way I think of them—that I do not agree with and has led our economy to where it is today. Where are we today? We have lost our AAA credit rating. An article in *The West Australian* on 13 May states —

Ratings agencies have put the Barnett Government on notice the Budget may not be enough to prevent another downgrading.

We currently have a AA+ rating, but we know there are some suggestions that it may go further down —

Moody’s Investors Services and Standard and Poor’s signalled concern about the sharp increase in debt and deficit recorded in the pre-election Budget.

Standard and Poor’s has WA on negative watch on its AA+ rating.

Its sovereign analyst Craig Michaels said the lift in debt was a worry. Moody’s analysts noted the State’s planned deficit was actually \$4.8 billion once net lending was taken into account, putting it at almost 19 per cent of total revenues.

We have lost our AAA credit rating and the government has indicated that it wants to work hard to bring that back, but the move forward seems to be in the reverse direction and our AA+ credit rating may actually be in jeopardy. Of course, that continues to have a budgetary impact as the money we lend at a higher credit rating is obviously cheaper. More recently, the Premier rejected the analysis of another of its important sources on the

economy—that is, CommSec. I have just a couple of comments. In an article on WAtoday on 28 January it states —

Premier Colin Barnett refuses to be rattled after the CommSec State of the States report ranked Western Australia’s economy fifth in the nation.

His reported reply was —

“I don’t get rattled by day-to-day reports by various analysts.

“I’ve been following the West Australian economy since I was in my 20s.

“I think I know it probably better than most people and I have confidence in the structure of our economy.”

If the Premier claims to know it better than most people, I would suggest that he is not demonstrating that because the economy is going south; it is going in the wrong direction. Maybe it is okay to ignore advice, but not if you are wrong, and I think the Premier is wrong. The article goes on —

But shadow treasurer Ben Wyatt said the Barnett government had driven the state’s finances into a ditch and the State of the States assessment of WA had been on a one-way trajectory for some time. —

Which it has —

“This is not a government that has a plan,” he told reporters.

“They’re simply hoping for the very best that somehow oil or iron ore or something will increase in its price.”

I read that extra part because that is what I believe. Selling all the assets is not a real plan. We need to develop a plan. The Premier ignored advice, just like he did with Moody’s Investors Services, which has proven disastrous, and, I suspect, just like he did when he was warned that commodity prices were going to drop. A person might ask, and I do: who does the Premier take advice from? As far as we can see, at this stage it has all been wrong advice and it has left the state’s finances in tatters. It is my opinion that this Premier’s unabashed spending has also led to the building of a mountain of debt that will take many years to repay. It has grown from around \$3.6 billion in 2008 to around \$40 billion in the forward estimates in this budget. No matter how many times I look at those figures from 2008 to one or two years’ time, and no matter how many times I say them, I find it very hard to believe that this government has built up that much debt.

This spending has restricted this government’s ability to absorb increases in the burden on Western Australian households to manageable levels. My view is that it is not a bad thing that when we provide electricity and those types of services, the government has to subsidise it to some extent. I will talk about the issue of trying to reach cost recovery. My father is now 85 years of age and my stepmother is a few years older—I had better not say her age! I visit them twice a week. During the week I try to get around there one night just to make sure they are fine, and then on Saturday morning I always take them shopping. When I go around there, no matter the time of day, I notice that in winter they usually have the air conditioner on. My two stepbrothers and I installed that air conditioner about five years ago and every winter it is on for probably 14 or 15 hours a day. I know the cost that that would drive for my parents. My father is quite proud, so he does not accept help to pay bills and such but he manages their finances. I am very pleased that they are able to manage finances and live independently at their age; I am very pleased about that indeed. If the government subsidises that cost, it is a good thing to do. The alternative is for them to get sick, go into hospital and all those sorts of things. I do not have a problem with there being some subsidies for electricity.

I will look at the increase in charges for this year. Electricity charges for the average household will rise by three per cent. I do not understand why because I would have thought that it would increase with inflation, and inflation is certainly not three per cent at the moment. Water charges will rise by 4.5 per cent, a standard vehicle licence by 2.5 per cent and third party insurance fees by seven per cent. All these extra charges will take the total hip pocket cost to about \$247 a household. I will be very honest and say that that does not mean a lot to me. I get paid very well, but for my parents \$247 is significant. Unfortunately, my father lost his licence because of his age and eyesight and many other things, so he may not have to fork out the \$247, but he will have to meet some of those other costs. Most rises are small, yet they outstrip Perth’s projected inflation rate of 1.75 per cent next financial year. The current inflation rate is 1.7 per cent. I do not understand where this government thinks a pensioner can find that extra money for household charges because, let me tell you, their pensions do not go up by that amount!

These increases are much less than in previous years. One would think that there is an election in the air! In previous years my parents have had to struggle with these increases. This does not mean a lot to me but it certainly means a lot to my parents. The increase in electricity costs was 32.5 per cent in 2009–10. That is extraordinary. The increase was 13 per cent in 2010–11, five per cent in 2011–12, 3.5 per cent in 2012–13,

four per cent in 2013–14, 4.5 per cent in 2014–15 and 4.5 per cent in 2015–16. I go back to my parents. They really cannot be at home without having their air conditioner on during winter; it is just not viable for them. How they have coped with those sorts of price increases baffles me. I will not mention all the increases, because they do not apply to everybody, but water, sewerage and drainage charges do. The increases in the cost of water, sewerage and drainage was six per cent in 2008–09, nearly seven per cent in 2009–10, nearly 12 per cent in 2010–11, nearly eight per cent in 2011–12, nearly six per cent in 2012–13, nearly six per cent in 2013–14, six per cent in 2014–15 and 4.5 per cent this year. These are massive increases. They do not reflect on inflation at all; that is why I am totally baffled by them. These latest increases continue the trend of being much greater than inflation and are still large enough to continue to put pressure on some households and pensioners to take such measures as turning off heaters in winter. My parents will not do that; we will make sure that they do not do that. That is because my father and stepmother have six children, one of whom lives right next door to them, so I am confident that we will notice if my parents have problems. We will notice if they start turning off the air conditioner and we will be able to do something about it. But there are many people out there who do not have either children or very attentive children. With these sorts of charges being imposed, I worry about those people.

On top of all the other increases since this government took office, household pain is more significant, especially for families and those on basic award rates of pay or fixed incomes such as pensions. It is ill focused and unnecessary. I am a reasonably simple person, so other people may explain this better, but if we look at electricity, the 2011 dividends to the government from Western Power were \$102.1 million. Obviously the government owns Western Power, and Western Power, through its profits, pays the state coffers \$102.1 million. Those profits, to some extent, come from my parents. A very small extent probably, but they come from my parents. In 2014–15 this had risen to \$232.4 million. Great! We make money out of families and then we go out and spend that money on things that I do not believe are appropriate. Western Power should not be making those sorts of profits, certainly not out of families anyway, that it can pay that sort of dividend to the state.

Let us look at examples of what I would term a luxury spend. I am sure the government will get a little sick of this, because we keep harping on about it, but I truly believe that these are luxury spends and that they constitute wrong priorities for this government. We will start with the one that we always start with and that is Elizabeth Quay. These are personal observations, but even the name sounds pompous and non-inclusive—Elizabeth Quay. Fantastic; I presume that is named after a queen. That is a subsection of our history of people who live in Western Australia, including mine; I am from England originally. That is a long, long history back. I would have thought that if we name something that we want to be inclusive, we would celebrate our culture, not English culture. Even the name does not lend itself to encouraging families and such to go there. When we have those types of spends for infrastructure, if they are needed, wanted and timely, we normally find that private enterprise jumps in. If it believes that it can make a quid out of it, make improvements or make better facilities that help it, private enterprise usually gets involved. I notice that it may do so eventually, but not so much now. I have to ask: how attractive is that facility to the average family, as they try to juggle their own budget, particularly if we look at the recent exhibition by the certified Lego professionals? This is a problem with a lot of this infrastructure that we are putting money into. I am not sure that they are so friendly to families, and obviously that is my focus. It was \$41.90 for an adult to see that Lego exhibition. That is significant. I presume that very small children were not charged an entry fee, but for a child who would be interested in that sort of exhibition, it was \$26.90. That means a family of two adults and two children would pay about \$100 just to see the exhibition. As we all know, that is not the full cost. The family will have to park their car somewhere and that is going to be a fairly significant cost. They will buy food and drinks and there will be a lot of peripheral costs above and beyond that. That sort of money is prohibitive and it also makes it not inclusive. It just seems to me that it is catering for a very small number of people—maybe tourists. Maybe that is what it is all about.

Let us look at another one that we tend to often harp on about—that is, the football stadium. The first thing I want to talk about with regard to the football stadium is the secrecy. I do not understand why there is so much secrecy around the stadium. I understand that the government is often needled about the stadium and maybe it is just a defensive mechanism, trying to limit the amount of information getting out there so that it cannot be used for criticism, but I think that it is extraordinary if the government has to go to those sorts of lengths to cover its tracks. I turn to an ABC article from 27 August 2015 that states —

The Western Australian auditor-general has criticised a decision to block him access to information about the Perth Stadium project, saying it prevented him from completing his job.

The State Government watchdog released a report today criticising the Department of Sport and Recreation ... for not giving it the information required to review decisions relating to the release of details about the stadium project.

Auditor-general Colin Murphy was reviewing Sport and Recreation Minister Mia Davies' decision to not provide details to Parliament about contractual and financial information relating to the stadium due to it being "commercial-in-confidence".

Since coming into Parliament, I seem to have heard that word more often than most others—“commercial-in-confidence”. I sort of understand that maybe some details are commercial-in-confidence, but I think mostly it is about stopping criticism of projects. If a project has broad support, the government should not be concerned about criticism. Going back to the article —

The department maintains it followed all appropriate procedures and advice from the State Solicitor’s Office ... in deciding which details could be released.

But Mr Murphy wrote in his report that his review was unable to reach a conclusion on that because of DSR not providing the legal information it relied on it making that decision, prompting him to call for legislative changes to prevent that from occurring again.

We have to be accountable sometimes. We may not want to be accountable, but we have to be. The article continues —

“The inability of an auditor to access the information they need to meet their obligation is a serious matter for the auditor, and for those who rely on their opinion,” he said.

“This is the first time I have been unable to fulfil my legislative obligations.

Further on, it states —

The Government has faced repeated criticism over secrecy relating to the financial details of the project and the contract with consortium Westadium to build, design, finance and maintain the 60,000-seat venue.

I am concerned about the secrecy, obviously. But I am more concerned that we opted—I do not know the processes that led to this—for the Rolls–Royce of stadiums. I think what will be shot at me at some point in the future is, “If you think it’s a Rolls–Royce of stadiums, you’re not going to go, are you?” Of course I will go—probably. I do not often go to the footy and such, but if I get an opportunity and I have friends to go with, of course I will go. It is there. I will not be silly in that regard. However, it is the Rolls–Royce of stadiums. The much cheaper option, dare I say it, at Kitchener Park, would have been about a third of the cost. If we have plenty of money, of course we can go for the Rolls–Royce. But when we are spending other people’s money, we should ensure that we have plenty of money, and I do not think that that has happened. We have gone for the Rolls–Royce of stadiums when we really do not have the budget for it. That has been the main criticism of that stadium. Does it look good? Yes. Does it have capacity? Yes. Will it be a great stadium? I presume so. But if we do not have the money, we cannot go out and buy a Rolls–Royce. That is why not every car out on the roads is a Rolls–Royce; not everyone can afford a Rolls–Royce.

I am going to run out of time, but I wanted to read this article because it encapsulates my view. It might mean that I do not have to go through all the stuff that I have here. I refer to an editorial in *The West Australian* of Friday, 13 May, titled “Wishful Nahan has no solid path back to healthy books”. It states —

Perhaps the most troubling message to come out of yesterday’s State Budget was not the record-setting debt figure or the plummeting amount of revenue coming into government coffers.

The most dismaying fact is that whoever wins the election next year, the treasurer will be facing a similarly dire set of books.

Good luck to the member for Victoria Park —

The great boom is over, WA has been spending up big and now it’s time to either sell the family jewels or fall deeper into debt.

Legacies of the Barnett Government will be visible for a long time to come: Elizabeth Quay, Perth Stadium, state-of-the-art hospitals —

I reiterate that I support the state-of-the-art hospitals —

the Northbridge Link —

That is another one that seems to be hitting a rocky road —

and major transport projects.

I am not going to get to transport, unfortunately, which is a pity because transport is a mess. A speech in here yesterday referred to members being collaborative and supportive. The opposition may be able to be more supportive if the government had a plan and stuck to it. I believe we have another transport plan coming, but I wanted to talk about the past plan. The article continues —

The people of WA will be paying for them for a long time to come, too, and time will tell whether West Australians see them in hindsight as having been worth the debt.

Without selling off assets, there is no clear path back to surplus.

I disagree with that because I think even selling the assets probably will not be the easiest path back to surplus. The article continues —

There was an element of unreality and wishful thinking in Treasurer Mike Nahan's Budget presentations yesterday.

Dr Nahan spoke of a power asset sales program that would result in estimated proceeds of about \$16 billion and "reduce debt to manageable levels —

Keeping in mind if we take off \$16 billion from \$40 billion, it is still over the \$20 billion that the Premier wanted to keep it around. The article states —

It will improve our operating balance, even after accounting for forgone dividends and taxes."

I question that —

But these sales are far from a reality. The Liberals' partner in Government, the Nationals, have not agreed for them to go ahead.

Another element of wishful thinking was Dr Nahan's statement that WA would be in surplus if we received a fair share of the GST from Canberra.

"It must be noted that the GST loss of \$4.7 billion relative to our population share is driving us into deficit," he said.

Again, I cannot get past the fact that that is predictable. If we were getting royalties such that we were, we should have known that the way the GST works is that there would be a bit of a lag and we would have a smaller cut of GST, so we should not spend the money we got from the boom. The article continues —

The GST loss is not the only factor driving us into deficit. The State Government must take some responsibility for that, too.

The government should take all the responsibility —

This comment is an indication of a problem within this Government: successive treasurers have been spending future royalties they did not have in a boom that could never have lasted, with a false hope that Canberra would eventually become more generous.

The unfair GST carve-up is undoubtedly a factor and there is an absolute necessity for that to be rectified.

But treasurers must deal in realities, not hopes.

The reality is that after a period of unsurpassed growth and wealth, WA is having to borrow more money to get by.

And it will take more than wishful thinking to get us back into the black and the previously cherished AAA credit rating.

Getting back to the sporting facility, I wanted to make the point that I might go—I might take my eldest—but there are many people who will never visit the stadium. Why? It is because they are on fixed incomes and they cannot afford to take their whole family. It will not be cheap; the ticket sales and food and drink will not be cheap. I suggest that families will probably find it very difficult. I imagine that not too many pensioners will be lining up, unless I get very generous and decide to take my dad!

The people hardest hit by the increases in taxes and charges, who to some extent are meant to pay for the Rolls-Royce of stadiums, will probably see no benefit from the pain that they have received. It seems that this government has something against disposable income for many modest income earners and has set about confining it to the pages of history books.

I want to talk very quickly about disposable income. I am not going to get through much of my stuff, unfortunately. It is not reflected at first glance when we remove disposable income from households, but it affects retailers and particularly shops that sell things that are not vital. People are still going to buy groceries; they may not buy as much, or they may buy cheaper products or go to Aldi, but they also use their disposable income for other things. I would suggest that many charities are going to feel the brunt of these extra pressures on families and pensioners. Western Australians are known for their generosity. I recently read an article about the Salvation Army. I think the Salvos are great but they had to close a drug rehabilitation centre because they collected something in the vicinity of \$3 million less this year than in previous years. That is a consequence that we sometimes get.

HON KEN TRAVERS (North Metropolitan) [12.51 pm]: Budget speeches come around every year, and we look forward to them, although this is a very depressing time to be giving a budget speech in Western Australia. It is a very sad and sorry tale to look at the books that the government has taken from the best in the country to

where they are today. The budget that was brought down in May shows that we are now going to have four years of deficits—in 2014–15, a \$431 million deficit in the operating balance; \$2 billion in the estimated actual for this financial year; in the coming financial year, a \$3.9 billion deficit; and, in 2017–18, a \$1.9 billion deficit. Then, in financial year 2018–19—that is five years; my apologies to the house—a deficit of \$197 million. This is from a government that said it would never run a deficit. We could expect that it might run the occasional deficit even after that promise, because of unforeseen and extraordinary circumstances, but that is not the case.

We have seen nothing happen to the books of Western Australia that any Treasurer, having spoken to the Treasury officials, and indeed anybody taking an interest in the budget, having read the budget papers for the last eight years, was not warned of. There were constant warnings about the volatility of the iron ore price, and about the direction of our goods and services tax payments. There is no surprise in where our GST payments are, or in the lag effect of our GST payments. In fact, as the Under Treasurer told the estimates hearings last week, one of the difficulties of trying to run an argument on the east coast about the fact that the lag means that we have lost revenue and continue to lose GST payments, is that when the trajectory of royalties was upwards, we were still getting more GST payments than the formula would have given us, because of that three-year averaging. Those on the east coast look at us and laugh when we run that argument, because we have had the good times and, again, Treasury warned us to put that money aside and not to spend it but to run larger surpluses. We have been running very close to the bone on the operating account.

The other issue is the cash position, which has, under this government, been consistently in the negative. In fact, I think one of the targets that future governments will have to set for at least a short time in Western Australia is to actually run cash surpluses. That will be hard, because it adds to the cost of the capital works that governments do, but the only way that we will be able to restore the asset value of the state is by running cash surpluses and getting our finances under control to allow that. We must set that target, because the cash position is even more horrendous and horrific than the operating balance. Because of that we see expected gross borrowings growing from \$44 billion in 2014–15 to \$63 billion in 2019–20. Most of that growth is in the general government sector, an area that has traditionally not had large borrowings at the state level. Borrowings have traditionally been amongst the government trading enterprises, which sit in the non-financial public sector component of the state finances.

We have a very sad and sorry tale to tell because of the way in which this Liberal government has mismanaged the state's finances. The simple fact is that we can build lots of nice things but, as Hon Martin Pritchard said, we have to be able to pay for them. I will use an example. We have a lovely TV room that our grandchildren and all of our friends' children love to come into. We have it because we can afford it. We have to make choices; if we cannot afford something, we do not have it. That is the simple fact. Do the kids love it? Absolutely, they love it; it makes me very popular, but the bottom line is that we only have it because we are now in a position to afford it at a personal level.

I want to devote a bit of time to some of the areas where we can fix the budget, and where I think we need to go in trying to fix the budget. There is no doubt that there is an issue with the GST payments that we get in Western Australia. I note that yesterday we saw that New South Wales is now joining in the argument, because its government sees that its share will drop to 81c in the dollar in terms of relativity. In fairness to New South Wales, in 1999 it was the one state that was calling for the GST to be distributed on a per capita basis, something that was put to the Western Australian government in the cabinet submissions about whether we would support the call from New South Wales for the GST to be distributed on a per capita basis. The government, in which Colin Barnett was the deputy leader of the Liberal Party, said no. It refused to support New South Wales. Imagine what would have happened if we had supported the position of New South Wales all those years ago.

We can look back, or we can try to look forward. One of the things that I have long complained about in this house is the shrill way in which this government argues the GST case. I know it is very popular with the Western Australian community, but it has been completely ineffective in producing any change on the east coast. We have seen a bit of media marketing presentation about the \$500 million that the previous federal Labor government had put into public transport, and that the Abbott government took away from WA. It was then given back to WA—or \$490 million of it—for public transport, but labelled as a GST top-up. The interesting thing is that when the government talks about GST, it says that that money was a top-up for the GST, and when we talk about the fact that the Turnbull government has not given us any money, the government says that the federal government gave us \$490 million for the airport railway. We cannot have it both ways; it is either one or the other. The simple fact is that the \$490 million that was given to Western Australia is \$10 million less than we were going to get from the previous federal Labor government for public transport. It was made clear that that was the first instalment, and as business cases were presented, the federal government would look at giving more money. That did not occur because this government did not put those business cases to the federal government.

The GST payments are a really interesting situation. I asked a range of questions prior to the hearings with Treasury last week about the way in which Western Australia is treated. There is no doubt about my view that the solution to the GST problem in Western Australia is to have a mature national debate, where we do not have the shrillness of the Premier just running around abusing Premiers in other states, but a logical, sensible argument about whether the GST formula accurately reflects the cost of doing business in Western Australia. Does it actually pick up the ability for Western Australia to drive the economy, which is not just the economy of Western Australia, but the economy that has for many years underpinned the national economy? Are we sufficiently compensated to allow us to do that? In fairness to the Treasury officials, I think they have been vainly battling away at a bureaucratic level on some of these issues, but it strikes me that there has been no public political support, and no attempt by government members of this house to encourage a public debate about these issues. That is what should be occurring.

One of the questions I asked the Treasury officials prior to the hearing was: in what areas does the formula fail to reflect the actual cost of service delivery and capital works, and by how much? They gave me a very good explanation of it, but I might give that to the house after lunch. I will turn it into a TV serial, raising expectations so that members will all come back after lunch and hear the answer.

Sitting suspended from 1.00 to 2.00 pm.

Hon KEN TRAVERS: It is good to see that members have returned to hear the next instalment of the story of how we fix the GST.

Treasury kindly provided a list of areas in which it considered the Commonwealth Grants Commission formula was either inadequate or not demonstrably sound in expenditure areas. Treasury stated —

... the formulae are considered inadequate, or not demonstrably sound, in most expenditure areas, including:

... Schools Education

The Minister for Education will be interested in this. Treasury made the point —

- the Commonwealth's National Education Reform Agreement disadvantage loadings for Western Australia are significantly higher than the CGC's assessments;

What are we doing about that? Are we having a public debate and raising that issue? Treasury's comments say to me that that is a very good issue, yet I do not hear the debate in a public sense. We hear the shrill debate, but we do not hear a sound debate. I suggest that we need to get together independent groups, and potentially even independent consultants, as Hon Eric Ripper did in the early 2000s, to put this case on the national agenda so that the way in which education funding is distributed is fair and reasonable and recognises the disadvantage that occurs in Western Australia. Maybe that is not an issue for members on the other side, but I know that my colleagues federally would not argue with me if I put the facts about education and disadvantage. No Labor member in any state in Australia would argue against those facts if the government put a solid, sound case.

Hon Michael Mischin: How did it work before 2013? What did your senators do about it then, when there was a Labor government?

Hon KEN TRAVERS: Mate, I am trying to have a sensible debate. The Attorney General is dragging down the debate with his usual inane interjections—seriously!

Hon Michael Mischin: Tell me: what did the Labor Party do before 2013 when there was a Labor government?

Hon KEN TRAVERS: I just told my good friend what Hon Eric Ripper did. I told him that part of the problem is that the government has not put the right arguments to the federal government, and now I am putting those arguments. I reckon the only person in recent times at a federal level I have heard put out sensible arguments rather than shrill debating points is Hon Alannah MacTiernan.

I will move to the area of health. The Department of Treasury stated —

- demands on Western Australia's public health system stemming from the low availability of private services in this State are considered to be underestimated by the CGC's new assessment;

Again, we have to have that argument at a national level and not bury it in budget papers and questions asked by the opposition of Treasury officials; we have to get that into an open debate. This is not about criticising anybody; it is suggesting a pathway forward to get a solution for Western Australia in the GST debate.

I do not know what relativities are driving and underpinning the problems in New South Wales, but I would have thought educational disadvantage in regional areas would mean that parts of New South Wales and Queensland have a common interest with Western Australia, and I would have thought the same common interest would apply in health.

The Attorney General might be interested in the justice area. Does the Attorney General know what Treasury believes are the drivers and indicators for Western Australia not getting proper recognition in the GST debate?

Hon Michael Mischin: Go ahead, tell us the story.

Hon KEN TRAVERS: The Attorney General confirms my point: the Attorney General, the minister responsible for justice, is not aware of the debate and the points that Treasury raised. I will inform the house of what Treasury said. Treasury stated —

- CGC assessments are driven by indicators of socio-economic disadvantage, which do not capture Western Australia's drug or FIFO problems; and

When we talk about the issues around FIFO, there is debate around not only reducing the number of FIFO workers but also the drug issues of FIFO workers, which clearly the government recognises are driven by our economy. Western Australia should be putting that issue on the federal agenda in the national debate, not burying it in Treasury documents given to the Standing Committee on Estimates and Financial Operations. Treasury also stated —

- the CGC wrongly assumes that community policing needs are not affected by crime propensity;

That is another area in which we are not having that debate. It will be hard for anybody on the national stage to argue against those issues. An argument by the government in simple terms, "Give us more money like New South Wales, South Australia and Tasmania", will not work, but an argument that is sensibly put around the issues will succeed.

Treasury referred to services to industry and stated —

- the CGC does not assess economic development spending needs, such as the costs incurred by Western Australia in developing the North West Shelf and Ord River projects;

I have previously raised that and have asked questions about it.

Treasury referred to infrastructure and stated —

- the CGC does not assess the cost of putting in place infrastructure to facilitate future growth, or the risks that infrastructure may not be fully utilized;

We have seen that in areas that will drive the national economy, such as the development of the oil, gas and mining industries in the north west of this state. That has incurred additional costs for infrastructure, and Treasury tells us that the CGC has not adequately accounted for that. We have to make clear on the national stage why it is important to fund that infrastructure so that the goose that is laying the golden egg—not just for WA but nationally—is funded.

I was particularly interested in roads, and Treasury stated —

- the CGC assesses only 50% of Commonwealth spending on national network roads to allow for national benefits from this spending, but the proportion is arbitrary and will in practice vary across States;

One of the things that Liberal governments, both state and federal, have highlighted is the federal government's commitment to funding roads in WA. Sadly, that does not extend to public transport. No-one has ever mentioned that every dollar the commonwealth gives us for a road that is not on the national road network comes off our GST payment. The more it gives us, the less GST we get. One of the things I asked Treasury about, and that it made clear, is that its view is we get a disproportionate amount of funding for roads that are not part of the national road network. Interestingly, even for those roads that are part of the national road network, only 50 per cent of the funding is assessed. If the commonwealth gives Western Australia 100 per cent for a national road, only 50 per cent is taken out of the calculation. Treasury referred to public transport and stated —

- the CGC's model cannot distinguish between underlying cost drivers and policies to spend more on public transport;

On housing, which again is an area I think would appeal to my Labor colleagues on the east coast, Treasury stated —

- the CGC is considered to underestimate the cost of Indigenous housing in Western Australia, reflecting the difficulty of obtaining detailed and comparable cost data across States and the lack of assessment of differences in household characteristics across States;

That clearly gives us a pathway to one of the things that we need to be doing; that is, working to collect better data so that we can prosecute our case better. What have we been doing about this? We need to go into that area. Finally, on welfare, Treasury stated —

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- CGC assessments are driven by indicators of socio-economic disadvantage, which do not capture welfare demands from families influenced by factors such as stressed FIFO lifestyles and/or high housing costs.

A range of other comments were made, but I think that gives us a snapshot. There is plenty of material to work with and it is certainly something that I intend to look at. I have started going through some of the previous submissions we have put in because I think these are debates that need to come out, firstly on the domestic stage and then hopefully on the national stage, to win the argument on the basis of what is right and just, not just on a very simplistic basis.

I also asked whether the formulae made any allowance for royalties for regions funding that is over and above the normal business of government and the response, effectively, was no; it reflects the different perspectives of the Commonwealth Grants Commission and the Western Australian government on the normal business of government—the CGC focuses on service delivery, but the state government also focuses on making the Western Australian community better off by exploiting opportunities for growth and opportunities that are considered to be overall greater than for other states.

Again, this is a situation in which a stronger case needs to be put. There will be a debate about how much of royalties for regions funding these days is over and above the normal business of government. The government claims all of it is, but that is clearly not the case. There will always be a debate about how much is or is not, but the simple fact is that we have not adequately prosecuted a case for why royalties for regions needs to be taken into account in some form as part of the national agenda.

As I said at the very beginning, in my view there is lots of room for us to make headway in that area, but the bottom line is that until we can get those things fixed, we have to live within our means. We cannot spend money we do not have. It is one thing to sit there and argue—as I have done—that we need a better deal, but we also need to live within our financial means, and that is something that this government does not do.

A Western Australian act of Parliament, the Government Financial Responsibility Act 2000, is supposed to ensure government financial responsibility. The bill was actually introduced in 1998 but finally came into being in the dying days of the Court Liberal government prior to the 2000 election. It is instructive to look at the second reading speech for the bill given in this place by the then Minister for Finance, Hon Max Evans. As someone who was here at that time, I must say it is easier to understand his speech by reading it than it was to listen to it! Max always made useful and insightful contributions in this chamber.

I am quoting from the *Hansard* of 14 October 1998. The speech states —

The Bill sets out a number of requirements for the Government and Treasury, with the intent of strengthening the financial accountability and transparency of government and so enhancing the economic outcomes of the State.

Clearly, in those days the Liberals understood that financial accountability and transparency were actually important to the economic outcomes of the state and that they are linked. That is something that has clearly been forgotten in more recent times. The speech continues —

The three financial principles are —

reliance on the current generation for funding current services;

To put it another way, in the general government sector we should be operating in surplus; we should be funding our own way, and as we know, over the past five years this government has clearly failed to understand or comply with that first financial principle. The speech continues —

stability and predictability in relation to spending and taxing policies; and

As I have pointed out, we may not like what is happening, but there has been stability and predictability in relation to spending and taxing policies, and Treasury has been able to warn us that there is a lag, so when royalties head south, as they inevitably will, that will be the case. It is worth noting that someone asked earlier who could have predicted that the iron ore price would go to \$39. That came from a member of the cabinet but I suspect not, thankfully, from a member of the Economic and Expenditure Reform Committee. Anyone who understands the long-term history of iron ore prices in Western Australia will know that in US dollar terms it has stuck pretty close to \$US40 for a very long time. If we track it through the right graphs, it has actually sat at that point for many, many years. The variation came when it climbed to \$US120, and even higher for a short period. Treasury would have advised cabinet in its briefings that the long-term historical price has been consistent, and that it should have expected and planned for a return to that price. Therefore, when we are on our way up the chart and there is a lag and we are getting more GST money than we would normally get, we should put that aside for when we flip the coin and head back to that long-term average price of \$US40. The third principle was —

prudent management of financial risks.

Again, I will go over that in a bit more detail this afternoon. The speech continues —

These principles are of enduring relevance and importance: The Bill requires the Government of the day to choose a financial strategy which is to be based on and is consistent with these principles.

The Bill further requires the Government to establish a reporting framework to communicate its financial strategy, how the targets which comprise the strategy are expected to be achieved —

Something that the government is not doing very well at the moment —

and, unique to Western Australia's Bill, whether they have been achieved. The financial strategy of this Government is detailed in the 1998–99 budget papers.

The Treasurer is required under the Bill to publish, as part of the papers supporting the Budget, a “government financial projections statement” containing “whole of government” forward estimates for the budget year and three out years.

The forward estimates are part of this robust system for ensuring proper financial accountability and proper transparency of government that enhances the economic outcomes for the state. That is not Ken Travers saying that; that was a former distinguished Liberal finance minister of this state reading the Government Financial Responsibility Bill 1998 into this house.

It is an interesting exercise to look at the history of what was expected to be achieved in respect of financial targets and how many of them have been met. It is a sad and sorry fact that progressively, over the term of the Barnett Liberal government, the targets have blown out further and further. Even in situations in which it predicted that it would meet its targets, it has failed. I am not going to spend a lot of time on that; I am happy if members want to go back and have a look at it sometime in the future, but it is clearly there in the budget papers for anyone who wants to see it. Thanks to the Government Financial Responsibility Act, we get the budget, the midyear financial review and, the following year, an update on whether we met targets the previous year. We get to track the targets, and this government has clearly struggled in that area. It is worth noting that of the government's five financial targets for next year, it does not expect to meet four of them. The only one it will meet is to maintain the state's tax competitiveness. It is going to fail to meet all of the other four targets next financial year. In the current financial year, the government does not intend to meet even one of its financial targets, and that is a very sad indictment. The government does not expect to meet its target to maintain total non-financial public sector net debt at or below 55 per cent of revenue at any point across the forward estimates. That was a target the Labor Party set when it was last in government; Troy Buswell got rid of it for a while, but then it came back. I think our target was even lower than 55 per cent, and I remember that Eric Ripper as Treasurer religiously cast his budgets to stay below that target. Again, we see another two, certainly for not just 2016–17 but also 2017–18, maintain a cash surplus from operating activities for the general government sector of at least 50 per cent of infrastructure spend. The government will not get it this year, next year or the year after. It is the same with maintaining the TNPS cash operating surplus of at least five per cent of receipts. Even when the government says that it is going to get it, history shows that it often does not achieve it.

I now want to return to the issue relating to the forward estimates. I make the point at the beginning of my remarks that the one thing I can say about Premier Barnett is that he is consistent on this point. I cannot say much about him, but he is consistent. As members will recall, I just said that the government's financial projections statement should contain whole-of-government forward estimates for the budget year and three years out. Clearly, Max Evans saw that as an important part of the accountability. It is important to achieve good financial responsibility to maintain robust forward estimates. The person in this state who does not agree with that is the Premier. An article in *The Australian* dated 24 April 2013 stated —

A COMMENT by the West Australian government that forward estimates in budgets can't be relied upon has been pounced on by the state's opposition.

When I asked on Wednesday about education funding cuts flagged in the 2012/13 state budget, Premier Colin Barnett said, “You never believe forward estimates.”

I think that really is why we have the problem that we have in Western Australia, but I will explain to people why we cannot believe the forward estimates of this government. In fact, at that point the Premier was suggesting that the forward estimates might suggest a cut but by the time we get there, we will have an increase so the cuts to education will never occur. That was his theory. I put the case that the problem we now have is that the government is keeping so much out of the forward estimates, when we get to the forward estimates, we will have bigger and harsher cuts or we will not be able to fund the essential infrastructure of this government because of this government's mismanagement. This article goes on to quote the Premier as saying —

“They are Treasury estimates and they are not the budget,” he told Fairfax Radio.

“I've always been critical of forward estimates because they are best guesses at the future.

“People consistently misinterpret forward estimates as being the budget. They are not.

“They are what is projected, the likely scenario, a whole lot of assumptions about growth rates, exchange rates.”

Yes, they are assumptions and in any year, even in the budget, the government still has to make assumptions about revenue and the like. The one thing that the government can control—the one thing for which it has control over anything else—is the forward estimates over expenditure. What are the looming demands on the government of the day for the future? That is one of the things that becomes absolutely crucial for good financial management. The government needs to incorporate the cost structure into the forward estimates. It is interesting to go back to the budget papers—the overarching summary of the financial estimate statements for this government. Earlier we talked about the fact that we will run a \$3.9 billion deficit this year, a \$1.89 billion operating balance deficit next year, a \$197 million operating balance deficit the year after and then, in theory, we will hit a surplus of \$1 billion on the operating balance in 2019–20. Interestingly, that is predicated on significant growth in revenue of minus \$3.1 billion this year, meaning the budget year of 2016–17, but then the government expects to rebound to a 7.8 per cent growth in 2017–18, partly because that lag effect will be cutting out on GST so more GST money will come in. The year after, the government expects 9.5 per cent revenue growth and the year after, 7.2 per cent. This year the government is predicting it will contain annual expenditure growth to 3.7 per cent; next year it will get a negative growth in government expenditure, so a minus 0.1 per cent growth in government expenditure; the year after, 3.2 per cent; and the year after, 2.9 per cent. They are some ambitious assumptions but are based on some reasonably reliable data around the GST formula kicking back into our benefit as the lag of the good years gets further and further behind us. The issue that concerns me is whether that expenditure growth is really an accurate reflection of the challenges facing the state.

Just to make it clear, Premier Barnett is consistent. I quote from the *Hansard* of 27 June 2001. Sadly, I tried to get a copy of the media clipping from that time but the library’s media clippings only go back to 2004. A question was asked of Hon Eric Ripper on 27 June 2001. In answer to that, he said —

It is interesting to note why we have a budget problem.

This was very early on in the last Labor government. He was talking about the problems that were left behind by the Barnett–Court government. He continued —

I found a clue to the reasons for our budget problem in the comments made by the Leader of the Opposition on radio this morning.

Of course, in those days it was the current Premier, Colin Barnett. He continued —

He said, “Oh, Paul, I think people give far too much credence to forward estimates.”

Dr Gallop: He would say that!

Mr RIPPER: He would say that because he placed no importance on them at all. That is why we have the Barnett budget blow-out. Even his mates at the Chamber of Commerce and Industry of Western Australia know the truth. Lyndon Rowe was asked by Liam Bartlett —

Let me put it another way, can Colin Barnett and the Liberal Party now take any blame at all for the situation we now find ourselves in?

Lyndon Rowe replied —

Oh, I think so, absolutely, because it is our view that the previous Government put us in this financial position to some considerable extent. We argued loud and hard that there was significant overspending in the six years of the previous Government.

There is form, history and a common factor: Premier Barnett.

Let us go forward to the budget that we have before us today. The forward estimates in the budget were presented by the Attorney General, the man who does not know the long-term average price of iron ore in this state but he presented the budget to the state. First, the figures in it are not right. They do not reflect what will happen in 2016–17 because just after the budget was passed by cabinet, the government took another decision that is not included in the budget papers to the value of \$29 million. That is the compensation package for taxis. The reality is that there is absolutely no doubt in my mind that the government of the day would have known about this. It was dealing with the green paper. It knew it was going to spend money on taxis but it clearly chose to take those decisions after the budget cut-off date. We found out in estimates that another \$29 million will be spent from the taxi industry development fund that is not recorded in the budget papers.

I suspect we have students from Albany with us here this afternoon, based on the fact that they were talking to the good member for Albany, Peter Watson, one of the hardest working members of Parliament in the state. Am I correct that they are from Albany, Mr Acting President?

Visitors — St Joseph's College, Albany

THE ACTING PRESIDENT (Hon Brian Ellis): You have provided me with an opportunity to welcome the students of St Joseph's College in Albany to the chamber. I hope you enjoy your visit to Parliament House.

Debate Resumed

Hon KEN TRAVERS: It is good that students are here to listen to the debate about what Mr Barnett has done to the budget because they will end up paying the cost. They will have to pay off the credit card. They and their fellow students from Albany will suffer because this government will not be able to pay for the upgrade to schools in Albany. I have a special spot for Albany. A niece and a nephew of mine did not go to St Joseph's but they went to Albany Senior High School. We know that the students of Albany will come out of Albany as good as their local member, Peter Watson. It is fantastic that they are in this place to hear about the damage that Mr Barnett has done to the state —

Several members interjected.

The ACTING PRESIDENT: Order, members! The students from Albany are setting a good example.

Hon Alyssa Hayden interjected.

Hon KEN TRAVERS: Absolutely.

The first thing is the \$29 million taxi industry development fund that was not incorporated into the budget papers. When we get the midyear review, there will be another \$20 million in that. There is a range of the other black holes, things that are clearly future issues for the state of Western Australia that the public sector knows about that were not incorporated into the budget papers.

When the police came before us last week during estimates, I asked them questions about the need for a police station at Yanchep to service the fast-growing areas of the northern corridor. I am sure that the students of Albany like the police and justice complex in Albany, which was built by the previous Labor government. We need another police station in the northern corridor or an expansion of the existing police station. During estimates last week, the police estimated that that would cost some \$10 million. The government knows that this is needed. It identified it as an absolute high priority, but it is nowhere in the forward estimates. We need robust forward estimates. This highlights the problems under Mr Barnett. The reason he does not believe in forward estimates is that he does not want transparency. He does not want to put the truth in the forward estimates.

There is also the situation of the Department of Agriculture and Food headquarters. Hon Jim Chown came into the chamber and proudly told us that this government was getting on with the new agriculture department headquarters. I note a wry smile on the face of the former Minister for Agriculture and Food. The headquarters was funded in the forward estimates by the previous Labor government. Land for sale had been identified by the Department of Agriculture and Food to help fund it. That land has now been taken to help pay off the debt, but there will be plenty of debt left for the poor kids of Albany when they become taxpayers. There is no money in the forward estimates for the headquarters, yet the parliamentary secretary told us how exciting it is that the Department of Agriculture and Food is getting new headquarters. The former minister knows that the money that was originally put aside to build the new headquarters was stripped from the budget by the Barnett government. The thing that worries me is that we have been having a debate about the need for new agriculture department headquarters for 20 years. It is about not only giving public servants new offices, but also having world-class modern laboratories to ensure that if there is a biosecurity risk in Western Australia, we will be able to protect our agriculture industry. I hope that the students from Albany enjoyed their visit to Parliament. I hope they enjoy having one of the best members in the state as their local member—Peter Watson.

It is really crucial to have modern facilities to protect our agriculture industry. When we have to deal with an outbreak with antiquated facilities, we will have a problem. The other irony about this is that the government has already booked \$536 million worth of land sales and has identified the current agriculture department headquarters as one of the blocks of land to be sold to make that \$536 million. Indeed, it was one of its top 20 land sales, but it still does not have the money to build the new headquarters. That is a major glaring hole in the forward estimates of the Barnett government.

There is also the western suburbs high school issue. There has been \$1 million put aside for planning, but no money has been put aside for construction. We know that we are going to need a new high school in the western suburbs because the current number of students is 3 800 and it is heading towards 4 000. We need to get a new high school before 2027, which is when the current lease of the City Beach high school site expires. In my

prediction, there will be more than 4 000 students who need to be catered for by the time we get to 2027. Indeed, within the life of the next Parliament, there will be more than 3 000 students at that school. Even if we do not know where we are going to build the school, robust forward estimates would have included money for a future high school; we know we need one and the money should have been in them. We also know that we need another primary school in the northern suburbs. There should have been \$15 million plus land—\$25 million—in the budget for both those projects, but there is not a single cent. That shows a lack of robustness. We are now at the point at which the government is still booking savings in agencies even though those agencies will not know whether they can make those savings until the end of this financial year. The Liberal Party has been in government for eight years and to book savings when it has not worked out what those savings will be shows a lack of robustness in the budget.

We had a debate this morning about the need for a helicopter pad at the state trauma centre. If this government were serious and committed to robust forward estimates, it would have included money for a helicopter pad even if its business case was yet to be developed. I do think even the former Minister for Mental Health was arguing that we do not need a new helipad at Royal Perth Hospital, but according to Department of Health people, there is not a single dollar in the budget to fund it. There should have been an approximate amount. An amount of about \$7 million or \$8 million is required for that work to occur. That money should have been put in the forward estimates. The government could have put it in Treasury's books, not the Department of Health's books. It could have allocated that money to Health once it completed its business case, which is what has happened with other capital works, such as Eastern Goldfields Regional Prison in Kalgoorlie.

Hon Helen Morton interjected.

Hon KEN TRAVERS: This is the wing and the prayer! The former minister is now saying that because we know we need a helipad, the government should try to cut essential maintenance or upgrades from the capital works budgets of other hospitals to fund the helipad. That is effectively what she just told the house. The fact is that we know that the Department of Health in Western Australia is having a massive battle to get back to anywhere close to the national efficient price, and any savings that it gets in operating accounts will be taken to get to that point. Even if the government wanted to maintain robustness, what we are getting is a good demonstration of the fantasy approach to budgeting—"In our dreams it will work out in the long run, so let's not worry about being robust today, because it will just come to pass at some point in the future."

It is a major problem that we do not have robust forward estimates and, I might add, this is not something that is new with Liberal governments. I asked for some information from the bills and papers office in the other place. When Labor got into office in 2001, we found major funding pressures or what was then called the "Barnett budget black hole". There was a whole series of not only capital works, such as those that I have gone through today, but also internal operating expenses that needed to be accounted for that had not been accounted for in the budget papers that the government took to the election. Some \$432 million worth of funding pressures was not included in the budget prior to the election. Some of those things included the children in care demand pressures in community development to the tune of \$2.7 million. What did we hear last week? The number of children in care is going up, but this government has not made any substantial provision for additional funding. Again, it is living in a dream world—it will all come good in the long run. That is the fantasy world of budgeting. We were told that the department will find some way to manage with the money that it has and that it does not need anymore more money.

There is funding in education of \$11.3 million over four years to reduce class sizes. The government promised it, but never delivered it. It promised every teacher that they would get a laptop, but there was no money in the budget papers for them. When Labor came to office, there was a whole series of areas in the budget that were under funding pressure and/or had been given commitments by the previous government. I think the \$32 million for laptop computers for teachers was included in the EBA and stated that the government was required to provide them, but that was never included in the budget papers because the government failed to take a formal decision and therefore the Under Treasurer did not have to account for it. In the time available, I will not have a chance to go through this tabled paper, but I am more than happy to table in this house the paper that was tabled 10 years ago that highlights the duplicity of the previous Liberal government.

I expect that we will have those problems in the future. Of course, there is that celebrated letter that highlights the actions of Mr Barnett when he was a minister and the deputy leader in the last government. I suspect I am wasting my time pointing out Mr Barnett's failure because he is not the person we will go against in the election. The then Under Treasurer, John Langoulant, wrote a fascinating letter on 23 June 1998 complaining about the way in which certain ministers, most notably Mr Barnett, were committing the government to expenditure without having it incorporated into robust forward estimates. At the end of my speech, if I am able to, I will seek leave to table those and have them incorporated into *Hansard*.

The state budget has major problems. Once upon a time, there was a financial target for the government to maintain or increase the real net worth of the total public sector. I know that the government will come up with

all its highfalutin reasons why it got rid of the target but I suspect the bottom line is that one of the reasons it got rid of it is that it knew it would not be able to maintain the target. Since 2014, the real net worth was \$121.299 million; it is now down to \$115.954 million and next year, it will decline again but the government hopes to see a rebuild over the forward estimates. Of course, entering into a massive fire sale of land is one of the government's problems. An interesting question, which I look forward to getting some answers to out of the estimates process, is what impact does the government's fire sale of land have on the state's real net worth and the public sector's books? With the biggest land sale to date of the Perth Market Authority, we get \$135 million, yet we had \$170 million on the books. We had to pay \$40-odd million in debt, so that left us with \$95 million. We then had to take away \$5 million for the cost of the sale and of that \$90 million, we get only \$80 million now and the other \$10 million in 10 years for assets that were on the books at over \$200 million. Can members tell me that is a smart way of doing business? It is a desperate fire sale and we have another \$536 million on the books. It will be interesting to see what impact those land sales will have on the public sector's real net worth. Are we flogging off land on the books at below its value?

The increasing backlog of asset investment work that needs to be done in our health system and across other agencies is another area in which the state of Western Australia has a major problem. As part of prudent financial management, all agencies are required to put together a strategic asset management plan. This year, the estimates committee asked a number of agencies to provide their strategic asset management plans. When we asked Main Roads Western Australia to give it to us a couple of years ago, it was not a problem; it gave it to us and it showed what the pressure points were. Main Roads was open about the upcoming unfunded backlog of maintenance, and the like. The reality for the people of Western Australia is that Parliament should know what the unfunded components are and what the future pressures will be so that we can make an informed decision when we pass the budget through this house. Of course, the cone of silence came down. One of the things that people might remember about the cone of silence is that it is not just the people outside who cannot hear; the people inside it cannot hear either! That is the problem with this government; the cone of silence is not just to prevent us, the Parliament, from getting information, but I suspect it means that those inside the cone do not understand or hear what is going on either. The government clearly took a political decision to say, "No; we are going to be a secretive government and we're not going to release the strategic asset management plans to a parliamentary committee." There was one exception to that. One agency in the budget papers did choose to release its strategic asset management plan to the Standing Committee on Estimates and Financial Operations. That was none other than our own Parliamentary Services Department. I congratulate the President and the Speaker of the other place for agreeing to provide that information to us. The plan shows that it expects to have a total annual capital spending, over the next 10 years, of \$11 million. That is \$1 million a year, so it is \$11 million including last year. The interesting thing, Mr Deputy President —

The ACTING PRESIDENT (Hon Brian Ellis): Acting President.

Hon KEN TRAVERS: Good bloke. The interesting thing is that the unfunded component—the unfunded capital works—are listed. The department has \$11 million worth of expenditure in capital works over the next 10 years and it has unfunded capital works of \$19.5 million. If that is the Parliamentary Services Department's unfunded capital works, what will the other departments be like? What will it be in Health and Police? We know that a new police station is needed in Yanchep, which is not funded, and that Health needs a new helipad for the trauma centre that is also not funded in the forward estimates. The unfunded capital works include things like the fountain stabilisation—demolition or make good—for \$1.5 million. We all know that we can keep patching it up and spending good money after bad on the fountain at the front of Parliament House, but we will reach a point when we cannot do that any longer. It is the same with the Fremantle Traffic Bridge. The government will reach a point when it cannot do it anymore. There are a whole range of these things for which the government can try to hide issues by throwing good money after bad. In fact, the advice I have always received through the estimates hearings from the engineers is to get on with it, every time we ask them. They say that they will give us a pass this year, but something has to be done very soon about the fountain. It is a safety issue; can members imagine if that fountain collapsed down onto the middle of the freeway? Not to mention the risk to life, imagine just the economic impact that it would have on the city and the state, yet we are sitting here with that item still unfunded in the budget. Committee office security screening equipment is also listed in the unfunded capital works. I have never been a big fan of security equipment at Parliament House but the events of last week and the way in which political debate is now had in this country whereby some people's behaviour, in my view, is simply appalling because they try to encourage division and hatred, is making me start to think that maybe we do need to look at things like providing additional security screening in the committee office. A range of other issues are listed. It is all on the estimates website. There is \$19.5 million for unfunded capital works for just the Parliamentary Services Department. What other black holes is this Barnett Liberal–National government hiding from us?

Finally, before I run out of time, I want to talk about the Yanchep railway line. From the government's own work, we know that building the railway line by 2020 will reduce the number of vehicles that travel by road by

50 million kilometres a year. If we build the rail line early it will reduce the total number of vehicles, but if we do not build it those vehicles will go onto Marmion Avenue, Mitchell Freeway and Wanneroo Road. What do we know about those three roads? They will be in the top 10 most-congested roads in Australia by 2031. We could spend money on the Yanchep railway line today and save future generations, who will have to pay off our debts in the future. What will be the cost of not building the Yanchep railway line? What additional roadworks will we need to put in on Wanneroo Road, Mitchell Freeway and Marmion Avenue? I am still waiting to hear whether the WA Liberal Party supports its federal colleagues in building an overpass on Ocean Reef Road and Wanneroo Road. Parliamentary Secretary to the Minister for Transport, does the Liberal Party support its federal colleagues? Will it support them and fund the other half of that road bridge? There is silence. I suspect that there is a black hole there and someone is not telling the truth, whether it is the state or federal Liberal Party. Yesterday, from what I can tell, we heard that the transport plan will not focus on good public transport outcomes that connect future employment centres and residential areas of Perth; we will get more roads. Another tunnel is proposed from Stock Road to somewhere into the western suburbs. I look forward to having the debate with the people of Bicton about the smokestacks that will come out of one end of the tunnel in the middle of Attadale and pollute their houses with all the trucks and vehicles that go under the Swan River. I might add that on 15 January 2013, just before the state election, *The West Australian* reported —

Premier Colin Barnett ruled out a feasibility study yesterday and said he did not see another river crossing as a transport priority.

He said that about a tunnel from Stock Road into the western suburbs of Perth back just before an election. We now hear there will be a tunnel there as part of the government's transport master plan. We know what happens when we build more roads—we get more cars, and we need to build more roads. We need public transport, yet the government still does not have a proper transport plan.

We had a solution for the people of Mirrabooka—the north circle line. That would enable people to get from Mirrabooka into the city more quickly than all the good people from Nollamara—who were promised MAX as an alternative to the north circle line—would be able to get into the city. However, those people now have nothing. People from Mirrabooka would have been able to use one of the two stations on the north circle line. The electorate of Morley would have been a big winner out of the north circle line, because there would have been three stations on the north circle line to service the Morley electorate. The Liberal Party said, “Don't worry about that; we've got MAX light rail.” The Liberal Party has now dumped MAX light rail. The best thing about the north circle line is that it would have enabled people to get into the city more quickly than MAX would have, even with the most ambitious targets of the Barnett government. We need to get on and build these things. However, we need to be careful about our choices and pick the issues that will absolutely deliver.

We have never had an explanation from the government about why, when it had a choice between MAX, which would carry, by the government's own estimation, 100 000 people a day and cost \$1.9 billion, and the airport railway line, it chose the airport railway line. I accept that the airport railway line is a good project. However, for the same cost, it will carry only 29 000 people a day, compared with 100 000 people a day on MAX. The Yanchep extension would have carried 35 000 people a day for \$500 million. It is all about choices.

Mr Acting President, I seek leave to table the letter to the Treasurer from the Under Treasurer dated 8 August 2001, and also details of major funding pressures included in the 2001–02 budget.

Leave granted.

[See paper 4238.]

Debate adjourned, on motion by **Hon Amber-Jade Sanderson**.