

ADDRESS-IN-REPLY

Motion

Resumed from 4 May on the following motion moved by Hon Pierre Yang —

That the following address be presented to His Excellency the Honourable Kim Beazley, Companion of the Order of Australia, Governor in and over the state of Western Australia and its dependencies in the Commonwealth of Australia —

May it please Your Excellency: We, the members of the Legislative Council of the Parliament of Western Australia in Parliament assembled, beg to express our loyalty to our most gracious sovereign and thank Your Excellency for the speech you have been pleased to deliver to Parliament.

HON SAMANTHA ROWE (East Metropolitan — Parliamentary Secretary) [5.18 pm]: I rise to make my contribution to the Address-in-Reply debate in response to the Governor's speech that he made at the opening of Parliament last week. At the outset, can I say that I am truly humbled to be re-elected to serve the great East Metropolitan Region with my colleagues from the East Metro who sit here in this chamber. It has been an honour and a privilege to serve the East Metropolitan Region since 2013. I also extend my warmest congratulations to those new members who will be taking their places in this chamber from 24 May. I pass on to members who will not be continuing in this term of Parliament all the very best in their next endeavours, whatever they may be and whatever they may lead to. It has been really lovely getting to know so many new members, and members that I have known since I entered Parliament in 2013. We have had the opportunity to work together on committees, across the chamber on different issues and out in our electorates. I hope you enjoy the new opportunities that come once you have finished your term here in the Parliament.

As we go into a new term of Parliament and we see new members give their inaugural speeches, as we have started to see in the other place, and members in this place giving their valedictory speeches, it has been cause for some reflection on my part about how quickly time goes by when you become a member of Parliament. I can vividly recall my first day in this place, back in 2013, as a new, bright-eyed, bushy-tailed member of Parliament. I was appointed opposition Whip—a role that I was not at all familiar with at the time. I distinctly remember sitting in my chair behind the then Leader of the Opposition, Hon Sue Ellery, now the Leader of the House. All of a sudden I heard ringing and I thought, “Oh my God, I've left my phone on, and it's not on silent.” I checked my phone; it was on silent. Hon Amber-Jade Sanderson was sitting next to me; she was the deputy Whip when we were in opposition. I said, “Amber, have you turned your phone off?” Yes, her phone was on silent, but we could still hear this ringing. I was looking around; this was really strange. The Leader of the Opposition turned around and said, “The Whip's phone is ringing!” “Yes, very good: the Whip's phone is ringing. What on earth is that?” Then I looked down and saw it; I thank Hon Darren West for the prop!

Those who have been Whip know that there is a special Whip's phone; I did not know this on my first —

Hon Peter Collier: A secret phone!

Hon SAMANTHA ROWE: It is a secret phone—it is the Bat Phone! On my first day I was not quite aware of that, Hon Peter Collier!

I picked up the phone and I was huddled under my desk, whispering: “Hello?” A voice replied: “Yeah, I'll have two cheeseburgers, two large fries, a Coke and a Diet Coke!” I was like, “What?” I looked up and the government Whip and all the government backbenchers were in hysterics at this prank they had played on me as the new opposition Whip! I look back fondly on my time as opposition Whip —

Hon Alanna Clohesy interjected.

Hon SAMANTHA ROWE: I take the chamber very seriously! But it was a bit of a learning curve. I also remember the time when I got to give my inaugural speech in this chamber as a very special time.

As the Governor noted in his speech, 43 of the members taking up their seats in this Parliament will be women, so the Western Australian Parliament will have nearly equal representation of women. We will also have the very first woman Speaker of the Legislative Assembly, and I take this moment to congratulate Hon Michelle Roberts on becoming the thirty-first Speaker of the Legislative Assembly and the very first woman in this state to take that office.

On a personal note, I am really thrilled to have the opportunity to be a parliamentary secretary again to Hon Simone McGurk, Minister for Child Protection; Women's Interests; Prevention of Family and Domestic Violence; Community Services.

Hon Donna Faragher: You'll get to answer some questions!

Hon SAMANTHA ROWE: I will get to answer some questions and maybe even have carriage of some legislation, so it will be a really exciting time. They are areas I have been passionate about for some time. Members

will know that I have often spoken in this place on those issues, and I am really looking forward to the challenges and opportunities that that will bring.

Before I continue on to the areas that I would like to focus on in my address today, I think it is important to also reflect on the last 12 months, for two reasons. We have had a year or more that has been like no other, dealing with the global COVID-19 pandemic. The management of that has obviously taken up a considerable amount of time of our leadership and government. It has had an impact on the broader community, and this is an opportunity to thank the wider community for playing their part in making sure that we were able to see the state through the pandemic in a relatively safe way. That is partly thanks to the leadership of our Premier, but it is also thanks to every Western Australian stepping up and doing the right thing during that time. When the Premier and others asked people to wear masks, they wore masks. When we asked you to stay home, you stayed home. Everyone followed the rules, and it has put WA in a really strong position.

We also just recently had the state election campaign. It is a really intense time for members of Parliament. An election campaign is a unique experience to go through and it is really hard to explain to people who are not involved in politics. I want to take this opportunity to thank the members of East Metropolitan Region that I had the opportunity to work and campaign with during the election, particularly the new member for Darling Range, Hugh Jones; the member for Kalamunda, Matthew Hughes; the member for Belmont, Cassie Rowe; and Stephen Price, the member for Forrestfield. These members worked incredibly hard and gave 110 per cent to their communities and electorates. I thank them for that.

I also want to thank all the volunteers. It is a tremendous team of people who come out to assist us as members of Parliament or candidates to fulfil our dreams of becoming members of Parliament. It involves a huge amount of resources. Volunteers come out doorknocking, to phone banks, they letterbox for us and they support us 110 per cent all the way so that we can become members of Parliament. I want to thank all the volunteers who were involved in the campaigns across the East Metropolitan Region.

It was, at times, a little bit taxing, during the two to three weeks of pre-polling. It is a very hot time of year in Perth in February and March, and at some of those locations it was like being on the surface of the sun! There was no real shade. At others we were lucky enough to have cover and so forth.

Hon Kyle McGinn: Try the Pilbara!

Hon SAMANTHA ROWE: Yes, I cannot compare! Sorry, Hon Kyle McGinn; I did not make it out to the Pilbara!

Volunteers turned up every day for three weeks to assist us in making sure that every person who walked through that door received one of our how-to-vote cards. I place on the record my thanks to them.

Many conversations are had when you are out at pre-poll—with the other volunteers, with people from other parties, or with the Australian Electoral Commission workers. There were many conversations during the times when things were slow. We had some robust conversations about what was happening in the news, and at that particular time, there was a lot of news about what was happening in Canberra with the allegations against ministers and staff. That just came up organically in conversation. A worker taking a break from the Australian Electoral Commission was talking to me about it. He said, “Sam, you know what you’ve got to do. You’ve got to get back into Parliament and talk to all the women in all the different parties and you’ve got to get together.” I stopped him right there and said, “Why is it up to me and all my female colleagues to call out the bad behaviour of men? Why don’t all my male colleagues get together and work out how they’re going to stop other males from committing assaults?” He then said, “Oh! I think you’re right. I think you might be right.” These issues need to be addressed not just by female members of Parliament, but by male members of Parliament, and the conversation has to be had in the broader community not just by women but by men. It is really important that when looking at different policy agendas we do so through a lens of equality for women. Yes, government absolutely has an important role to play in equality, but what can the rest of the community do to follow suit? How can they also assist the government to make sure that we achieve a society in which there is equality at all levels of employment?

I now want to go through some of the achievements made during the previous term of the Labor government that relate to Minister McGurk’s portfolio—the portfolio that I now have the opportunity to be involved in and that I am really excited about. The first area I want to talk about is family and domestic violence. I want to point out first of all that it was a WA Labor government that appointed the very first Minister for Prevention of Family and Domestic Violence. We all understand that violence against anyone is completely unacceptable and that we need to promote equal and respectful relationships. That needs to be the norm and needs to be a normal conversation for people to have. We know that the best relationships are respectful relationships and that women and children—everyone—should be able to live in their homes free from violence. I am really pleased that we have a dedicated minister in this space. I am also really pleased that towards the end of last year the government

invested in more community-based services by creating two new women's refuges—one in the Peel region and one in Kwinana.

The women's refuge in the Peel area is WA's first therapeutic women's refuge. I am really keen to see how that goes. It is a great initiative by our government. It is going to provide not only accommodation for women and children, but also coordinate and tailor services for women who may be experiencing mental health issues and who are concerned about harm from alcohol and other drugs. The Peel refuge will assist in arranging appropriate care for women who have really complex health issues and concerns. Another important thing to note about the therapeutic refuge is that it will be coordinated and delivered by people who have lived experience in the field. The second refuge in Kwinana was opened last November or December.

The government will also introduce family violence law reform. Residential tenancy laws have already been changed and new criminal offences created, particularly around non-fatal strangulation and persistent family violence. Courts are now also able to declare perpetrators as serial family violence offenders. The government has also introduced paid leave and other measures for public sector employees affected by family and domestic violence, and, of course, increased public awareness through the 16 Days in WA campaign. Some really great initiatives have already been created in this really important space.

During the term that started in 2013, when we were in opposition, I spoke in this place about funding financial counselling services. I am really rapt that this government reinstated funding for financial counselling services because there are some excellent financial counselling services in the East Metropolitan Region. I refer in particular to Jacaranda Community Centre and its CEO, Lyndsey Fitzgerald. Jacaranda does an incredible job looking after some of the most vulnerable people in our community and it absolutely deserves the funding that this government has reinstated to it. I am really pleased that this has been another thing that we have been able to achieve.

The government also facilitated the establishment of Fair Food WA. Fair Food WA brings together stakeholders from across all levels of government, community services and the business community to find better ways of supplying nutritious food to vulnerable people in our community and has been operating incredibly well over the past 12 months during the COVID-19 pandemic.

Another area in which there has been strong investment is in homelessness. The government has invested \$1 billion into homelessness and social housing, and launched the state's first 10-year homelessness strategy. It also secured \$72 million for new homelessness initiatives, including Common Ground and the Housing First Homelessness Initiative—really important services for some of the most vulnerable in the state.

Feedback from the sector has made it really clear to the government that significant change is required and that it must be underpinned by fundamental policy reform in this space. Thanks largely to the work of the WA Alliance to End Homelessness, the government has been able to start from a pretty strong base. The government listened to and recorded the voices of those who had actual lived experience in this space. They consulted with the community right around the state. It heard from over 500 people through face-to-face consultation, online surveys and submissions. The government partnered with many experts in this field and a lot of sector leaders to make sure that the strategy was developed in the best way that it could be. Now, thanks to that work, the government is making huge progress. Long-term funding has been secured over the forward estimates. One agency is delivering the funds and the government has a clear strategy for collectively improving its effort in this space. Of course, as I noted earlier in my remarks, this has all happened in the face of a one-in-100-year pandemic. We hope that we will not see a similar pandemic again, but we will have to continue to deal with and manage this one for some time to come. As I have said, in regard to the Western Australian community sector, communities across the state have done an incredible job in this space and I thank them for that. It has been really evident that when we work together and collaborate, we can achieve quite a lot in this space. Understandably, there were many concerns in the community and different community sectors about how COVID-19 was going to impact some of those most vulnerable in our state, which is why our government responded with our recovery plan. It was really important to make sure that people felt they were going to be looked after through this very stressful time. We have had a very strong four years in terms of what we have been able to do in this portfolio space. They are things I am really proud to say we have achieved as a government. But, of course, there is always so much more to do in this space, and there probably always will be in these sorts of portfolios. The work in this space is never done, and I am sure it is going to be an interesting next four years as we work through some of the commitments we took to the election. We committed \$60 million towards a whole range of new initiatives to address family and domestic violence. We have set up two new one-stop FDV hubs. One of those will be in the regions, in Kalgoorlie, and one will be in Mirrabooka. That is in addition to the two refuges I mentioned before. We have set aside nearly \$30 million—\$29.5 million—for safe home, safe family packages for women and children who are fleeing violence. There will be a specialised family violence forensic unit to assist with securing FDV perpetrator convictions. I think these are all really strong initiatives that the government can be proud to hopefully achieve in the next four years.

I turn to commitments we made on homelessness. We invested \$48.95 million in significant targeted homelessness packages to support those who are really vulnerable in our community. One of those is a new Aboriginal short-stay accommodation facility in Perth. We have also put money towards expanding the street doctor program for more bulk-billed mobile clinics. I am really pleased our government will deliver \$58.6 million for at-risk youth in WA. That is to help them in times of crisis and pave the way for a more positive future. One of those things is to support young people to stay in foster care up to the age of 21. I think that is a really significant age increase. We have also invested \$3.4 million for crisis accommodation for teenagers in Perth's northern suburbs. Good news for grandcarers: we are also increasing their payments. I think we would all know that there are many families in our electorates where it is up to the grandparents to raise their kids' children and that can be quite a burden, not just financially, but also emotionally, so I think that will be well received by those grandcarers.

When we went to the election, there was a much more positive feeling, I might say, than in previous election campaigns and I think that is for a number of reasons. We had a strong leader in our Premier, Hon Mark McGowan, but we also went to the election with a really strong agenda of things we wanted to achieve if we were lucky enough to be given a second term of government. Some of those things I have already touched on, particularly in the portfolio space I will be more involved with, but we also had an agenda and a plan around jobs. We were investing in health, continuing to invest in education and looking at ways that we could diversify our economy. One of those initiatives is the new film studio that will be operating in Fremantle, something I am really excited about. I think it is fantastic to have these sorts of opportunities right here in Western Australia. We are perfectly placed —

Hon Darren West: You can star in one of the movies!

Hon SAMANTHA ROWE: I do not know that I could star in the movies, but I think it is wonderful that WA will have the opportunity to produce films right here in this state. We have so much talent, whether it be production staff, screenwriters, actors or directors. We have really strong and important Australian stories to tell, and I think this is a great opportunity for Western Australia to diversify its economy. I am really excited to see how that plays out and what it means for our state.

We also committed to more manufacturing here in WA, making sure we had sufficient local content. We want to make sure that Western Australians are given opportunities to work here in Western Australia. We have continued our freeze on TAFE fees, because it is so important that everyone has the opportunity to get the skills they require to work here in Western Australia.

There was a whole range of items we had on our agenda to make sure we were going to be competitive at the current election, so I am really thrilled we were able to win the election so we can follow through with the commitments we took to it. I think it will be a very exciting time for our state over the next four years, because we are much more than just a mining state. Although mining is a very important part of what we do here in Western Australia, we can be so much more, so I am really keen to see where we go with our prospects of diversifying our economy. Others spoke about what we were going to be doing in the agriculture, aquaculture and hydrogen sectors, and these are all really promising areas for the government to focus on. They are great opportunities for local Western Australians to find alternative employment.

I have a lot of confidence that in the next four years we will be able to continue the great work we have already been doing in the community services sector. We have been led by a very strong minister in this space, and I know the work she has already undertaken over the last four-year term of government will continue. I am not just referring to additional resources or legislative changes. All of those things are fundamentally important, but we all know addressing those entrenched disadvantages is not always about just throwing money around. We need to see fundamental shifts. We need earlier intervention and prevention. We need partnerships in our communities and we need Aboriginal-led responses. We also need to see system redesign and we need to be able to build capacity to get better outcomes. Our government is certainly well equipped to take us forward in these very challenging social policy issues, and I look forward to seeing what we will be able to do over the next four years. I look forward to participating with the minister in this area. It is an area, as I said earlier, that I feel really strongly about and I hope that I am able to make a contribution to the work that Simone McGurk is already doing in this space. Thank you.

HON MARTIN PRITCHARD (North Metropolitan) [5.49 pm]: I was hoping to spend most of this week and next week listening to valedictory speeches because I am very interested to hear what people who are not coming back have thought about this Parliament and what they intend to do with their future. But I am happy to make a contribution if nobody else seeks the call.

Hon Samantha Rowe started off well because often this can be a place of tension and sometimes it is good to look at yourself and have a bit of a laugh, so I will talk about the little foible or my misstep when I first came into Parliament. It did not occur in the house but in my parliamentary office. I have the parliamentary office that Giz Watson used to work in in Leederville. It is a very old place but it is a nice big electorate office and I enjoy working there a great deal. On my first day there my staff brought a constituent into my office. I was sitting down and having an earnest

conversation with this constituent when my hand went straight under the desk and I found something there. I could not stop to look because I had a constituent talking so I tried to work out what this thing under my desk was while I was listening intently. About eight minutes later I had the police come in. I had actually triggered the hazard alarm! I learnt not to play around with things under desks.

Hon Alannah MacTiernan: Serves you right for fiddling around under your desk—dangerous!

Hon MARTIN PRITCHARD: Yes, I should have been listening more. I stand today to respond to the Governor's speech. I want to concentrate on a couple of areas. The first area I would like to comment on is COVID-19. The Governor indicated —

While the pandemic continues to fuel uncertainty around the globe – the Government is committed to keeping the State of Western Australia safe ... and strong.

That is obviously one of our major priorities and something that we all need to turn our mind to.

The other area I would like to comment on is cyclone Seroja and the Wooroloo fires. In his speech, the Governor said —

Recovery of the affected communities is an immediate priority of the McGowan Government, to ensure those affected can get back on their feet.

I am sure we are all very supportive of that. Another area is Metronet. Again in his speech, he said —

The Government will also continue to deliver its record-breaking infrastructure program. The McGowan Government has committed more than \$7 billion for the WA Recovery and Jobs Plan and made a record investment of \$28.9 billion in infrastructure to support our economic recovery, create jobs and benefit Western Australians over the long term.

Another area is education, and a number of things have happened around my patch. The Governor's speech states —

As always Education remains a core priority of the Western Australian Government. From building the new schools our growing suburbs need to creating a better learning environment for Western Australian children.

I would like to talk about that as well in the area that I look after. The area I want to start off with is finance because it is crucial for Western Australia that we look after the finances. The speech states —

Crucially, despite the extensive Asset Investment Program and WA Recovery Plan, the Government is committed to ensuring that the state finances are managed responsibly.

That is really where I would like to start. The Leader of the Opposition made a number of comments during his contribution and asked a couple of questions that surprised me a little because one thing that the Leader of the Opposition has communicated since he entered this place is that he has a great interest in the finances and budget papers. One of his questions asked what the state debt level was when Labor took office in 2017. He followed that up a bit later with a similar question that asked what the debt is now. I find these interesting questions and I tried to work out why the Leader of the Opposition would ask them. It seemed to be part of a long-term strategy to reintroduce the myth that a Liberal government is more responsible when it comes to the finances of the state. I have lived with that myth in every election campaign for the last 20 years.

I say "myth" because I do not believe that just because we form part of a Liberal government, a Labor government or any other government that people can say, "You're a Liberal government so you should be able to look after the finances properly." I was concerned with that because, as I said, I think it is a long-term plan to introduce this myth. The other thing I was concerned with was that it seemed to be an attempt to try to get a sound bite or a grab of a government member's response to use at some future time, something that I often think the media tries to do. It makes members of Parliament nervous about responding to what would otherwise be quite a normal response. I thought that I would respond to the questions proposed by the Leader of the Opposition and hopefully be quite open with what I think the answers are. I have never professed to being across all the financial issues of the state but I think I am across some of them.

Rather than going back to 2017, I thought it would be best to go two steps further back. Just before the election in 2008, a friend of mine, Eric Ripper, who was the Treasurer at that time, indicated that he believed the books were in a very good condition. One of his statements at the time, on 25 January 2008, states —

Western Australia's sound economic base and responsible fiscal management have again been lauded by credit ratings giant Moody's which has reaffirmed the State's Triple A credit rating.

We had a Aaa credit rating at that time —

In its latest analysis, Moody's again highlights the State's 'stellar financial performance' and 'prudent fiscal management'.

...

‘Surpluses consistently exceed budget projections, reflecting strong revenue growth as well as prudent financial management, which includes conservative budgetary practices and improved expenditure controls,’ it notes.

The article continues —

‘Officials are cognisant that expenditure controls will be of key importance once the robust economic growth eases and have made important attempts to rationalise costs.’

Eric Ripper said —

“I am delighted that WA’s economy is being seen in such flattering terms internationally and that a major independent authority such as Moody’s has endorsed the Government’s handling of it.

In 2008, prior to the election, which we lost, the books were in a very, very good state. There was \$3.6 billion of debt, but the net-debt-to-revenue ratio was very low, so everything with the finances was good.

We then move to the 2008 election and look at the period between 2008 and 2017. Obviously, there was another election in the middle of that period. During that time, particularly the earlier years, the revenue from mining royalties was very strong. A lot of money was coming in. The Barnett government spent money to build infrastructure. One thing it built was the stadium. I must say, often questions come across the floor asking whether we would have saved the money and not built the stadium. I think the stadium was a good investment, but I personally do not believe that it was the best outcome. I would have liked the stadium to have been rebuilt in Subiaco. I say that because I think that moving the stadium out of Subiaco has killed off a lot of the trade there. These days, it is very sad to walk through Subiaco and see the devastation that it has caused. But the stadium was a good investment, it is a good asset, and I never had any concerns or problems with the expenditure of money on such an asset.

A number of other assets were acquired, one being Elizabeth Quay. Again, I could understand the desire to build Elizabeth Quay. It was an attempt to link the Perth CBD with the river and try to develop a vibrant entertainment area. I do not particularly think it has worked, but, again, I think that eventually the land will be sold and it will be a reasonable asset. Again, I am not particularly enamoured of it, but it is an asset.

The real concern in that period was not the spending per se, because there was money coming in, but rather that the recurrent spend was getting out of control. If I can use an example from when I worked in retail, there were certain times of the year when one would get a lot of overtime. At Christmas, there was plenty of overtime, and a worker would take home a reasonable wage. If a worker spent the money from that overtime on a trip or a one-off asset, I think that would be very responsible, but if they decided to move into a bigger house based on the income that they were getting as overtime, then they were in for a big shock.

During that time, I looked after people in warehousing. One of my members got caught out by that. He managed to get a very well paying job in the mining industry. He was a fly-in fly-out worker. After a couple of months, he thought it was great and decided to invest in a new home. Unfortunately, he had that job for only about eight months; he had to come back to work for a storeman’s wage in metropolitan Perth, and the family eventually lost their home.

In my view, the issue with the finances of the Barnett government during that time was not the fact that it was spending money; rather, that it lost control of the everyday spend such as public servants’ wages. That got out of hand. When the recurrent spend gets out of hand, there are very few levers to try to bring that under control.

As I said, the government had a good income coming in. There was a small downturn in the royalties, because I think there was a bit of—I think the Leader of the Opposition was talking about trying to get the word “boom” out of one of the backbenchers here. It amused me a little bit, because I remember that during that time, I think around 2012, people were trying to get former Premier Barnett to say “boom” and “bust”.

Hon Dr Steve Thomas: I was using “boom” at that time!

Hon MARTIN PRITCHARD: Thank you, member. Unfortunately, it is part of the Western Australian psyche that when someone says “boom”, everybody looks to when the bust will be. There is a little bit of a phobia of using the word “boom”.

Hon Dr Steve Thomas: That’s a really good point. We should actually use “correction” rather than “bust”, because normally the iron ore price goes back to normal; it doesn’t generally bust. It’s a really good point.

Hon MARTIN PRITCHARD: I agree with you. I think that is exactly right. We have times when, due to supply and demand, we get a premium, and we are currently getting a premium, but we cannot count on that premium because a lot of the time it is outside of our control. If another area in the world is able to produce iron ore in a stable environment, that may have a great impact on the amount of ore that we sell and the price that we get. But I agree with the member: it booms or grows and then it comes back to a fairly normal rate.

During the period of 2008 to 2017, obviously, as I have mentioned, my concern was that the Barnett government built ongoing costs into the budget, and it is very difficult to pull that back. If a government makes a one-off purchase such as Elizabeth Quay, it will get money back at some point in the future, but it is not signing up for an ongoing drain on the economy.

During that time, the Barnett government found itself in a position in which it had a recurrent debt and decided that one of the ways of dealing with that was to bring loan bills to this place. The initial debt it picked up in 2008 was \$3.6 billion, but, I stress, with—I have it written down here—a low recurrent spend, basically. It then decided to bring a number of loan requests to this place. In 2009, the first loan bill came into this place, which was fairly eye-watering at \$8.3 billion. The Barnett government and a plethora of Treasurers were not able to bring the problem under control, so, in 2012, they had come back to Parliament and ask for another authority to loan, and that was for \$5 billion. Around that time, Moody's again started looking at the Western Australian economy. I will read a small part of an article from the *Sydney Morning Herald* dated 25 January 2014, which states —

Moody's has downgraded the credit ratings of Western Australia to Aal from Aaa, in yet another sign of the ending mining boom.

“The ratings downgrade reflects the state's ongoing deficit position, the deterioration in its debt metrics, and a growing risk that this trend may not be reversed soon,” the ratings agency said in a note this afternoon.

Moody's changed the outlook for the state's ratings to stable from negative, but warned that the West Australian government's plans to trim its deficits were underpinned by “a fairly optimistic forecast for iron ore prices”.

I wanted to read that in again because I know the Leader of the Opposition has concerns about forecasts for the price of iron ore. Indeed, he may be better than others at forecasting the price of iron ore into the future. However, I do not think the Treasury or the Treasurer are unreservedly apologetic for taking a conservative view about the price of iron ore because, at some point, it will return to normal. Just because the forecast was low, it does not mean that the extra money disappears; we still get the extra money; it is just not built into the budget and thus not necessarily spent. It seems a fairly conservative way of approaching it, but in light of the previous government's approach, it is probably not a bad idea.

Hon Dr Steve Thomas: You're right. That is the best way to do it. The conservative approach is the best one. The issue though is as long as you acknowledge afterwards the extra money you get. That is my point. It is not necessarily that you should predict low—but then acknowledge it and be thankful for the additional cash you pick up.

Hon MARTIN PRITCHARD: Can I say again, I bow to the member's better understanding of the budget papers than my understanding, but again, I stress that the money does not disappear; it is spent at a later stage in one way or another.

Hon Dr Steve Thomas: I agree. You are right.

Hon MARTIN PRITCHARD: In 2015, the Barnett government had again not been able to balance its books and came to Parliament for another loan authority for \$8 billion. In 2016, leading up to the final days of the Barnett government, it came to Parliament and asked for another \$1.7 billion. At that time, there was another response from Moody's. The following is an article from Channel 2, headed “Moody's downgrades WA credit rating as commodities prices Plunge; fears of debt Blowout”, written by Andrew O'Connor, on 8 February 2016, which states —

The West Australian Government has been hit with another credit rating downgrade from rating's agency Moody's.

The agency has downgraded WA from AA1 to AA2.

WA lost its AAA credit rating with the agency in August 2014.

I am quoting Moody's. Obviously Standard and Poor's ran something similar but at slightly different times so reading from Standard and Poor's would simply be pretty much doubling up on the views. It goes on to say —

In a statement, the agency said the downgrade reflected “the ongoing deterioration in Western Australia's financial and debt metrics.”

“The drop in the price of iron ore and the sluggish performance in state taxes have led to declines in revenue, and, absent corresponding expenditure measures, budget deficits are widening significantly,” the agency said.

...

Moody's highlighted the boom-time spending of the Barnett Government as a source of its current budget woes.

“Western Australia’s reliance on volatile royalty income to fund a sharp rise in current expenditures in recent years has exacerbated the impact of falling iron ore and oil prices on its budget outcomes,” the agency said.

I will keep reading because this was an important time, of course. It was leading into the 2017 election. If I can, I want to emphasise that the Barnett Liberal government of that time had proved itself to be a very poor manager of the Western Australian finances. It continues —

The agency was concerned by forecasts in the Governments Mid Year Review, released before Christmas, showing a rising debt and back-to-back \$3 billion deficits.

The agency said with the deficit rising to 9.5 per cent of revenues this year, and state debt forecast to hit 128 per cent, it was imperative the Government harden its resolve to contain spending.

I have a bit of respect for Colin Barnett on a number of levels, but I found that in looking after the state’s finances, he became very arrogant and painted himself into a corner that he was unable to get out of, but he never really acknowledged that. The article stated —

“Moody’s believes that unless the Government strengthens its commitment to budget improvements there is a risk that deficits forecast in the mid year report will be exceeded,” the agency said.

“This is because the state’s assumed rate of spending growth of 2.7 per cent annually over the next four years—down from 5.7 per cent registered on average over the last four years—will require very low increases in public sector employees costs and a concerted reduction in the growth rate of spending on healthcare and other social services ...

Basically, the budget was growing at 5.7 per cent, but the Barnett government all of a sudden said, “No, we can predict that we can bring that down to 2.7 per cent, but, of course, it was unable to do that.

I want to talk about the Treasurer at that time, Hon Mike Nahan. The Channel 2 report continues —

WA Treasurer Mike Nahan said the move by Moody’s was not surprising, but it was “gut wrenching”.

Dr Nahan again attacked the existing Commonwealth system for distributing GST revenue, which he said had Left WA borrowing \$4.5 billion to fund distributions to other states.

I do not need to explain it to the Leader of the Opposition but at that time GST was not overly complicated. It is an equalisation payment to states. The states take in money, fairly or unfairly. The Leader of the Opposition might have a different view. For instance, I do not think the eastern states pay GST on their income from gambling, fairly or unfairly. It is an equalisation payment to states when they gather in the money and depending on the ability of each state to raise their own funds, it pays back to the states on a needs basis. It is not complicated really. One of the problems with it was that at that time it had a lag, and still does. If when the money is coming in, as I believe the Barnett government did, we kept spending on the good times without some nodding acceptance that the GST payment would go down at some future point, probably three years into the future, we would be heading for a fall. As I said, I am not someone who understands economics that well but I understood that as soon as I saw it. Basically, as I said, I believe Colin Barnett wanted to barrel through rather than acknowledge that he would have a problem at some point in the future and needed to start putting some money away or start looking at cutting the recurrent spend.

As I said, once a government agrees to things that increase the recurrent spend, it is very hard to start chopping away services or reducing public servants’ wages. It is very hard to go back from that point. What it needs to do is make sure that it has a plan into the future that will bring down that recurrent spend and, of course, husband any additional moneys it gets to try to pay off debt. That was the remarkable thing that Treasurer Ben Wyatt managed to do. He managed to develop a plan with Treasury and implement it, and we are now moving to a point at which we will reap the benefits of that.

Before I finish, Hon Colin de Grussa raised the fact that in the new Parliament, Labor will have control of this house. From 2008 to 2017, when the Barnett government was in power, it had control of this chamber at all times. I understand that there is concern, but I have absolute faith that the Premier will set a very steady course. I think the fact that he took on the Treasurer’s role is a comfort to the point that he wants our financial future to be secure. As I said, I look forward to the future with a lot of optimism on a financial basis.

Debate adjourned, pursuant to standing orders.