

LOAN BILL 2015

Second Reading

Resumed from 19 May.

HON SALLY TALBOT (South West) [5.56 pm]: Here we are again at the end of a very long day returning to the Loan Bill 2015. Members might think that it is a similar subject to the one Hon Darren West talked about. Indeed, the whole question of loans—or perhaps we should retitile this legislation the “Debt bill”—is all wound up with the unravelling of this shocking 2015–16 budget. I wonder whether, overnight, government members did their homework and checked up on the answers to the quiz I put to them yesterday, so they all now know—I notice they are a lot quieter, maybe they are little bit tired—that theirs is the only government to have walked into this place with three loan bills in six and a half years, the only government in recent history to have lost the AAA credit rating and have the state placed on a negative credit watch and the only government to have increased state public debt by over 900 per cent from \$3.6 billion in 2008 to a projected \$36 billion in the financial year 2017–18.

Let me get on with my remarks. Although government members can sit and huff and puff and carry on for all they like, every single member of the Liberal Party and the National Party have known for years that the state was running out of money. They have known, from the constant warnings from Treasury, that to manage the economy of a state that relies upon resources for a substantial part of its income, the government must build into its fiscal and economic management the boom and bust cycles that go with the resources industry. As I said a few weeks ago when I made comments about the changes to payroll tax, Western Australians in general are experts on the boom and bust economy. The Western Australian community can talk very coherently about the fluctuating price of iron ore. If the Western Australian community can do it, how much more forcefully and with how much more evidence and experience do Treasury officials give that advice year after year to members of the government. We know that that has been the case for the last five or six years. The government must take responsibility for ignoring that advice and proceeding as though it had just won the lottery.

I have just said that we have known for years that the state was running out of money. The actual phrase is “We’re running out of money, mate.” That is another little test for honourable members. Who said, “We’re running out of money, mate”? The answer, of course, once again is the Premier, Hon Colin Barnett. I can source those comments to what an article in *The West Australian* of 23 April 2013 called “taking the gift-wrapping off another shiny bauble”—that is, the opening of the \$34 million elite training facility for the Western Australian Institute of Sport. I will put on the record what the Premier said at the time, fully recognising that this state has a reputation for being sports mad. I am not sure that that is true. I remember an excellent documentary about Australian attitudes to sport at the time of the 2000 Sydney Olympics.

The ACTING PRESIDENT (Hon Simon O’Brien): Order! There are too many audible conversations around the chamber and we are missing Hon Sally Talbot’s remarks, or Hansard is in danger of doing so.

Hon SALLY TALBOT: I shall have to look this way, Mr Acting President; you are reminding me of the days when you had a handlebar moustache!

This documentary made the point very specifically that we might have slightly overblown that reputation for being sports mad. Nevertheless, I reckon most of my friends enjoy watching and playing sport. We all like new sports facilities, but this is the Premier’s report about the building of this new \$34 million elite training facility for the Institute of Sport. He said —

... Terry —

That is Terry Waldron, the former Minister for Sport and Recreation —

... came to me about four years ago and said, ‘We need to rebuild and provide a new specialist centre for WAIS’,” ...

“I said to Terry, ‘We’re running out of money, mate—we can’t do that’. I now know we have run out of money but we did it, so there you go.”

I put it to you, Mr Acting President, and honourable members who are attending so closely, that that just about sums up the government’s strategy on fiscal planning —

... ‘We’re running out of money, mate—we can’t do that’. I now know we have run out of money but we did it, so there you go.”

That is the Premier’s attitude to the fact that the state was running out of money and has now run out of money. I note also that the Premier made light of the loss of the AAA credit rating when he conceded back in September

2013, which is when we were stripped of our AAA credit rating, that he bore some responsibility. This article states —

“What role did the government play in this downgrade?” he asked.

“The only thing I can say is maybe we’re guilty of trying to do too much too quickly, maybe we need to slow down a little bit.”

The interesting thing is that this was back in September 2013, when the Premier said that maybe the government was guilty of doing too much too quickly and maybe it needed to slow down a little bit—yet at the same time he was telling the Minister for Sport and Recreation that the government should not do this because it was running out of money, and then it ran out of money but it did it anyway. No wonder Standard and Poor’s says that we in Western Australia lack the political will to do anything about our problem. It does not have to do any academic research to prove that point. It does not need its boffins to pore over budget papers. All it needs to do is read the local paper, because the Premier is quite happy to put all this on the record. Maybe he thinks that there is such a strong anti-politician wave of sentiment in this state that all he has to do is pretend that he is not a politician and he does not understand any of this and just give away money to the good guys who make the argument, but it will not wash because when the Premier of this state says, “We’re running out of money, mate”, it is just an official admission that the government is in a state of crisis and that we have chaotic, reckless spending from a dysfunctional government.

All this would not be so bad if the government had shown some kind of political will about fixing the problem, but the difficulty is when the Premier tries to go out on the front foot with some kind of explanation. I note that there was yet another one yesterday. There was some very odd comment that because interest rates are so low, it does not matter if we have \$36 billion worth of debt. I do not know where that argument is supposed to go. It was always said that it was Paul Keating, as Treasurer, who educated the Australian electorate to such an extent that the man on the Clapham omnibus could talk about deficits and surpluses and debts. Certainly, I think that the community in Western Australia knows better than to say that because interest rates are so low, it does not matter if we have \$36 billion worth of debt. The fact is that that still pans out to around \$10 000 a year per person, and that is simply too much. That is more debt accrued per head of population by the state government than is accrued nationally by the federal government.

Maybe the community would be more accepting if the government had shown an ounce of the political will that is clearly demanded. But the other side of the ledger, unfortunately, shows a long history—six and a half years now—of waste and misspending. I have a few notes that I will share with honourable members. On the topic of cuts, \$460 million has been taken out of the WA Housing Authority. The WA Housing Authority is not an obvious place that a government that is committed to making cuts that do not affect frontline services would go to to look for cost savings. The Premier talks a lot about roads and, indeed, is spending a lot on roads, but he has already cut \$227 million from Main Roads WA. Once again, his actions do not match his words. I could quickly find, without doing days and days of research or even using the Parliamentary Library, other agencies or organisations that clearly either provide frontline services or administer rebates, payments and resources to people who need support, from which we have axed funds. One of them is the Aboriginal interpreting service. What a place to go to if the government is looking for quick money to try to balance its books. Hon Sue Ellery spent some time in her contribution to this debate talking about the cuts to TAFEs and schools. What about the 500 staff who have been taken off the books of the Disability Services Commission, as those services have gone elsewhere? What about the cuts to the private motor vehicle concession? Ordinary householders have had rebates taken away from them or, on the other side of the coin, extra costs imposed on them. What about the removal of the first home buyers stamp duty exemption? Why would the government look in these pots for money that it can save to try to pay off this massive debt that it has accrued over the past six and a half years? The cost-of-living allowance rebate has been halved. The country local government fund has been scrapped. The Swan River Trust has gone. I now have permanently on my desk a list of ministers and when I look at the list, I think of all the responses to the questions about where the money is coming from. These questions are being asked of the Minister for Health, the Minister for Disability Services, the Minister for Mental Health and the Minister for Sport and Recreation, although clearly the Minister for Sport and Recreation got the Premier on a day when he was happy to say, “I know we’re running out of money, mate, but you can have whatever you want anyway.” I look at Corrective Services, and I look at Sport and Recreation. Sadly, that is where the cost savings are being made. The Department of Environment Regulation and the Swan River Trust are gone as part of these cost savings.

I look at the column headed “Waste”, and this is what I find—not only \$384 000 on royalties for regions advertisements, but a massive \$8.62 million on ads for the Bigger Picture campaign. Remember that what we are looking at here is \$8 billion more debt. Remember what I have just described to members about cuts. The government is looking for little bits of money here and little bits of money there—\$460 million from the WA Housing Authority and \$227 million from Main Roads WA—yet out the other door walks \$8.62 million on

Bigger Picture ads, and \$240 000 on functions for boards and agencies funded by the government. An amount of \$35 million was sacrificed in the land sale of Crown Casino, and there were \$32 million worth of concessions at Elizabeth Quay in money that should have come into the government's coffers. This is money the government might just as well have stood on the Narrows Bridge and thrown into the river because it has just gone, yet it has to walk into this place and ask for \$8 billion.

Hon Stephen Dawson and a couple of other members have done a good job of highlighting the \$30 million that was wasted on Pelago East in Karratha. If we were talking about the odd dollar here and the odd dollar there—if we are talking about things like halving the cost-of-living assistance payment rebate and abolishing the first home buyer's stamp duty exemption—just compare this, Mr Acting President: in 2013–14, it cost the state \$485 000 in lost laptop computers and mobile phones for public servants. It is absolutely chaotic. This is a government that has walked away from any kind of responsibility for its budget bottom line figures. As to all those things I have just mentioned, a quick five minutes looking through *Hansard* and through budget papers indicates a massive amount of waste and that long and very sad list of cuts. I have not even talked about the \$118 million that was paid out to Serco for a hospital with no patients. This government fails on both sides of the coin—both sides of the ledger. It fails in terms of spending priorities, it fails in terms of cuts, and it fails in terms of waste.

Why has this happened? The government wants to tell us two very sad stories. The first very sad story is about the iron ore price. I cannot believe the energy people like Hon Helen Morton and Hon Alyssa Hayden have expended in the last week or so since we have been talking about economic matters trying to defend the government's lack of responsibility in planning ahead for the fall in the iron ore price. It is written into budget paper No 3 every year with monotonous regularity. I think the first thing government members do when they get budget paper No 3 is carefully get their Tim Tam crumbs on those pages, and then shut the volume very firmly, place it under their carpet and walk on it for a couple of days so that those pages are glued together. Then when it comes to looking up the Treasury projections on the iron ore price, they say, "Oh, no; it's not here"—forgetting about those Tim Tams that are gluing those pages together.

Hon Helen Morton: I don't even like Tim Tams.

Hon SALLY TALBOT: Hon Helen Morton should not eat them then if she does not like them. I know there are honourable members on this side of the house who would never waste a Tim Tam crumb in the budget papers.

Hon Helen Morton: This is unbelievable that you would speak about Tim Tams; it is so serious.

Hon SALLY TALBOT: I am just giving Hon Helen Morton the easy way out. Mr Acting President, I am very happy to say that the reason the government did not plan for the fall in the iron ore price was its complete economic incompetence. I am very happy to say that. I was trying to give it a way out of claiming that responsibility, but I am happy to say it is ignorant, hopeless and completely stupid when it comes to reading budget paper No 3.

Several members interjected.

Point of Order

Hon HELEN MORTON: Mr Acting President —

The ACTING PRESIDENT (Hon Simon O'Brien): Order! Just resume your seat, please, Minister for Mental Health. Everyone is getting a bit tired, and we have to be careful that we do not allow ourselves to become abusive in our dealings with people. I am the last presiding member who would seek to discourage genuine and robust debate, but we have to be careful that we do not overstep the mark. I think everyone knows what I mean. Hon Sally Talbot has the call.

Debate Resumed

Hon SALLY TALBOT: I am afraid I do sometimes listen probably a bit more closely than she would like to the interjections of Hon Helen Morton. I distinctly heard her say the word "stupid" when she was talking about that excellent contribution —

The ACTING PRESIDENT: Order! I am sure you are not seeking to disagree with the Chair.

Hon SALLY TALBOT: Absolutely not.

The ACTING PRESIDENT: But I specifically responded to this matter earlier on today, and that does not give anyone else the right to then commit the same transgression. Hon Sally Talbot, can you now address the bill and talk to me.

Hon SALLY TALBOT: Thank you. I will direct my comments to you directly, and of course I do absolutely respect all your rulings, Mr Acting President. But I must say in passing that I did enjoy the contribution to the budget debate of Hon Darren West. I thought the point he made about the Kalgoorlie race round was absolutely

on the money. He will be shown, in the fullness of time, to be the person who was on the money about this. He will be shown to have made that call.

That is part of the sad story the government tells about the falling iron ore price. The other sad part of its story, of course, is about the goods and services tax. Who was the Treasurer at the time? Who put their signature on the piece of paper? We know with absolute, undisputed certainty that it was a Liberal Treasurer who signed off on the GST. If members remember, the GST was supposed to be the end of all our problems as far as state taxation went. If ever there was a silver bullet, it was going to be the signing of the GST agreement. The GST enshrined at a national level, with the agreement of every state, the principle of horizontal fiscal equity. I put it to you, Mr Acting President, that not one member of this chamber would actually want to dissent in principle from that principle. Who would want to mount an attack on that principle? What I am trying to say is —

Hon Helen Morton: Try harder; think harder.

Hon SALLY TALBOT: Yes, I will. I am sorry; I kind of put that around the wrong way.

I am trying to suggest that I do not think any member of this place, or indeed any member of any Australian Parliament, would want to argue that that is not a sound principle. Of course, if we were making that argument, we would want to say that some Australian states should have a vastly higher standard of living than other Australian states. I do not think that is the Australian way. But of course what we have seen from this government is that the moment it does not suit its purposes, it turns its attack on the GST. There is lots and lots wrong with the GST, and most of the things that are now wrong in the distribution of the GST are things the Labor Party pointed out when in opposition at the time the GST was established. Once again, I say, just as I made the point just now about the comments of Hon Darren West on the sale of the TAB, it will come back to bite the government because we were right. They were the points the government is trying to make now. The basic problem now is that from 2008, the critical moment at which the Liberal Party won the state election and went into coalition with the National Party, state debt started to blow out—both general government sector and total public sector debt began to blow out. We had no net debt prior to 2008. The critical moment has come—this is where we are at the moment and why the state is in uncharted waters—because for the first time we have started to borrow money to fund recurrent expenditure.

Hon Simon O'Brien interjected.

Hon SALLY TALBOT: Hon Simon O'Brien might want to listen to this.

The state government's budget is taking us on the road to ruin—the road to ruin that the Liberal–National government started to march down in September 2008 and has got us to May 2015. That is the road to ruin we are now traversing. What the Premier is clearly saying now about the domestic budget is that it is all right for us to go out and borrow money because interest rates are low. That is like denying the difference between buying home or business assets on a debt basis and buying groceries and paying for holidays on the credit card. There is clearly a difference. Every Western Australian household knows that while it is okay to have a mortgage over their home, it is not okay to use the Amex or Visa card to buy groceries or to pay for holidays, yet this government has ignored all the pleas for change from the Western Australian Labor Party.

Debate adjourned, pursuant to temporary orders.

House adjourned at 6.21 pm
