

DUTIES LEGISLATION AMENDMENT BILL 2013

Second Reading

Resumed from 18 June.

HON ADELE FARINA (South West) [7.33 pm]: I rise to speak to the Duties Legislation Amendment Bill 2013. I put on the record that I am not the opposition lead speaker.

Members, we have heard time and again that the core of Liberal philosophies is small government and lower taxes. It is therefore somewhat ironic that the party of low taxes and small government should comprehensively fail to honour its election commitment of tax reform and tax cuts. To do so twice—after the 2008 and 2013 elections—is indeed an extraordinary feat that sends a very clear message to small business about the Liberals’ priority and the store they place in honouring their election commitments to small and medium businesses in Western Australia. The Duties Legislation Amendment Bill means a tax increase on small business of \$527 million over the next four years. The Liberals promised to reduce the tax burden on small business, not increase it. Thereby, this bill is a very clear broken election promise.

The Liberals’ small business policy, which I have a copy of with me, states that they are —

Supporting the growth of strong, successful small businesses across Western Australia with practical assistance and less red tape.

It appears, however, that the practical assistance does not extend to reducing the tax burden on small business, despite the Liberal Party’s election commitment to do so. The policy summary goes on to state —

The Liberal Party recognises that the success of small business is crucial to the economic and social well-being of all Western Australians. While the resources sector might be the engine of the economy, small business is its heart and soul, creating job opportunities for people in their local communities.

A Liberal Government will reduce the burden of red tape and foster conditions that encourage their growth and viability. We can be grateful for WA’s natural resources but it is strong economic management and the ability to make difficult decisions that has—and will continue to see—real benefits for small businesses in WA.

...

The Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate.

When the Court government agreed to the goods and services tax back in 1999–2000, it agreed to abolish various state taxes in exchange. About 10 state taxes were identified for abolition, most of which were abolished between 2001 and 2010 during the Labor government years. This bill deals with the tax on non-real business assets, which was one of the taxes identified for abolition. The tax on non-real business assets requires purchasers of non-real business assets to pay transfer duty on that purchase, similar to the stamp duty paid on real property components of the business. Non-real assets include things such as goodwill, a restraint of trade arrangement, a business identity, a business licence, a right under an uncompleted agreement to supply goods or services, intellectual property, rent rolls, client lists and similar items. This tax largely impacts on WA businesses, in particular small businesses, as goodwill is frequently a factor in small businesses such as cafes and small retail stores. The tax imposes higher costs on small businesses. It also creates a disincentive for businesses to restructure as that transfer duty has to be paid when a restructure takes place. Labor undertook to abolish this tax in legislation considered by Parliament in 2007. The Liberal Party has now said that it will not abolish this indirect inefficient tax that imposes a tax burden on businesses; hits them hard; and stifles innovation, employment, restructuring and expansion of businesses and investment.

The second reading speech on the bill states that this tax is worth approximately \$120 million. However, my colleagues who attended the briefing on the bill, which I was unable to attend, tell me that at the briefing they were told that the tax is worth \$527 million over the next four years. This is a significant amount of money and a significant burden on small business. In about 2007 the then Treasurer, Hon Eric Ripper, brought before Parliament a bill to abolish the duty on non-real business assets and a number of associated provisions effective at 1 July 2010. It is interesting to note that at the time the then Treasurer introduced this bill, the member for Cottesloe, who is now our Premier, referred to the Gallop and Carpenter governments as high-taxing governments, despite those governments abolishing about 10 state taxes that were in place under the Court Liberal government. As Premier, the member for Cottesloe is content to continue to tax small business to pay for his inability to rein in his government’s out-of-control spending on projects that are designed to be monuments to the Premier as opposed to being of any real value to the people of Western Australia.

During the 2008 state election, the Liberals promised to cut taxes. However, in 2009 when in government the Liberals brought a bill to Parliament to defer the tax cut. The member for Vasse, who in opposition was always speaking out about the need to abolish stamp duty, brought to Parliament the bill to defer the tax cut legislated by the Labor government in 2007. The 2009 bill passed by Parliament delayed the abolition of the transfer duty on non-real business assets until 1 July 2013. During the 2013 state election the Liberals again made a commitment to lift the tax burden on small businesses. Having won government, a few short months after giving that election commitment the Liberals have yet again brought a bill before Parliament to stop the abolition of the tax. In stark contrast to their 2013 election commitment to lift the tax burden on Western Australian businesses to free up funds that could be better used to invest, expand, employ and innovate, the Liberals have introduced this bill, which strips \$527 million from businesses that could have been spent on investing, expanding, employing and innovating and adds \$527 million to government coffers at the expense of small business. Why? There is only one simple explanation, and that is because this government is incapable of reining in its spending.

In the second reading speech, the government has provided two reasons for this tax slug on small business. The first is that we have a volatile revenue situation. This explanation is nothing but spin, because nothing has happened since the state election to show that the state's revenue has been hit by any sort of volatile revenue event, and certainly not to the extent that justifies the sort of tax slug being imposed on small business under this bill. The second explanation provided by the government is that the commonwealth has cut the GST revenue to the state. That is a really interesting point. First of all, we know that the Minister for Finance introduced this bill in the other place, and before he entered politics and became a minister, he was a commentator on political and economic matters. He consistently sent out the message that the state should not blame the commonwealth for its inability to manage its budget and for its budget problems and that it needed to look after its own books. Now that person is Minister for Finance, and with the first bill he brings to Parliament, he blames the commonwealth for the government's financial woes. What an interesting turn of events. When he was a commentator, he told the state government not to blame the commonwealth and to sort out its own financial situation, but now that he is the Minister for Finance, the reason he gives for bringing his very first bill before this place is that we are receiving less GST revenue from the commonwealth and that that is impacting on the government's ability to balance the budget. We know that that is not true; there has been no cut to the GST that we did not know was going to happen. In fact, the Premier has foreshadowed that for years. Every opportunity this government gets, it blames somebody else for its problems. I think this 180-degree switch of positions by the Minister for Finance says everything about this government, and that is that it will say anything to deflect responsibility.

At the time the GST was proposed, the Libs said that the GST was a good tax and not to worry about horizontal fiscal equalisation, as all was good with the GST. Now it blames the GST and the distribution of the GST for everything. My, how its tune has changed and continues to change to suit its circumstances. The bottom line is that neither of these explanations for this tax slug cuts it. It is nothing more than spin. There is one reason and one reason only for the government's decision to impose this tax slug on WA businesses, and that is that this government is a big-spending government that cannot rein in its overspending. And it is not even spending the money on the right priorities that matter to the people of Western Australia, so there really is not much positive to say about any of this. This is a financially irresponsible government that is prepared to slug WA businesses for its financial incompetence.

If deferring the abolition of this tax was not a sufficient insult to WA businesses, which this government purports to understand and represent, the government is proposing in this bill to defer the tax cut indefinitely. In the 2009 bill that came before this place, the government proposed to simply defer the abolition of the tax for three years, making much the same arguments that have been presented on this bill, so there is nothing new. This time the government is not proposing to just defer the abolition of the tax. It has not set a future date for that abolition of the tax in this bill, as it did in the previous bill; the abolition is postponed permanently. So, it will need another bill to come before the Parliament to effect the abolition of this tax, despite the fact that this government promised WA businesses and the people of Western Australia that, if elected, it would introduce tax reform and tax cuts that would enable small businesses to grow and small business owners to be more effective in managing their businesses. Despite all those commitments, the government has now come into this place and said that it needs to defer this tax cut for two main reasons—they may be explanations, but they are certainly not reasons—yet the bill provides no date for the abolition of the tax at some future time. This is an open-ended bill that does not see the deferment of the tax; it puts a permanent end to it, despite the fact that in 2007 this Parliament considered the need to make this reform, agreed that this reform was necessary, and passed a bill, stating that the reform and the abolition of this tax should take effect in 2010. That is the first decision that was made by this Parliament.

Then, in 2009, the Barnett government brought a bill into this place, saying, "Hey, we still want to abolish this tax, but now is not the right time, so we just want to defer it for three years. Trust us. It's just a deferment. We're not going back on our word. You can trust us. It's simply a three-year deferment." Lo and behold, after three

years, the government has now come back to us, saying that it cannot yet manage to abolish this tax because it delivers far too much revenue to our state; so the message that has gone out is that it is deferring it yet again. But it is not a deferment; it is a permanent postponement. The only way that we will get to consider this again is if the Barnett government at some future time or a future government decides to bring another bill before this place. I think that that is a message that needs to be made very loud and clear to small business; that is, the government that it put trust in to deliver, on its basic philosophies, for small business has turned its back on small business yet again. The message that this sends is that the Barnett government has absolutely no confidence in its own ability to be disciplined and to rein in spending. For those reasons, it will not provide a date for the abolition of the tax. That sends a pretty loud and clear message not only to small business, but to all Western Australians. This is a government that does not have enough confidence in its own financial and fiscal management of the budget today or in future years to be able to nominate a date on which it will be able to honour its election commitment. In doing this, the Barnett government is ignoring the contractual intergovernmental agreement that this state entered into with the commonwealth government to abolish this tax, and, in passing this bill, the government is proposing to postpone that indefinitely.

The WA business sector was preparing itself to respond to the change in the regulatory circumstances in Western Australia in 2010, as a result of the 2007 bill, to encourage the entrepreneurial spirit that these tax cuts would have delivered, but the government deferred this to 2013. Small business deferred restructure plans in light of that decision to defer the abolition of the tax to 2013, on the clear understanding that this government was going to deliver that tax cut in 2013. As we now enter 2013, small business is being told yet again, “We know that you’ve put your restructuring plans on hold, waiting for the abolition of this tax, but we’re not going to deliver now and we can’t tell you if and when we will ever deliver in the future.” It does not leave small business in a very good position.

Having kicked small business twice, the government decided to really put the boot in this time by indefinitely postponing the abolition of this ineffective tax. The sad truth for WA businesses is that Liberal rhetoric is very different from reality. The truth is that when WA small businesses go to restructure or dispose of their businesses, there will be a significant additional impost on them of more than \$500 million over the next four years because the Barnett government did not deliver on the promise that it made to the people of Western Australia back in 2010 when it brought the legislation to this place and asked the Parliament to approve it. This is a significant broken promise and a significant breach of trust.

For those who might be saying, “What’s the big deal?”, let me read a document that was issued by Neary Consulting, tax consultants. It is dated 23 May 2013 and headed “Sneaky Devils: Transfer Duty continues in WA”. It states —

Last week the Barnett State Government used the media smokescreen following the Federal Budget to sneak in an announcement that Transfer Duty on the sale of business assets will no longer be abolished in WA from 1 July 2013. The announcement puts WA at odds with many other states and territories and breaks a commitment to reduce inefficient taxes as part of the introduction of GST (which is already 13 years old).

Transfer Duty (formerly known as Stamp Duty) currently applies to the sale of non-real business assets in WA, excluding trade debtors. The duty applies on a sliding scale, up to a maximum of 5.15%. The sale or transfer of a business with a value of \$1 million in WA results in Transfer Duty of around \$50,000.

Transfer Duty exists because it is an effective tax, while the proposal to abolish it is based on it being an inefficient tax.

Transfer Duty is payable by the purchaser. When buying a business from an external party, there is usually little choice but to pay the duty. You do, after all, want the business. Hence it is (and has always been) an effective tax. To the philosophical amongst us it is just another cost of doing business. Others hold a harsher view.

A major impact of the non-abolition of the duty will be felt amongst small business groups wishing to restructure their affairs. Larger corporations tend to buy and sell assets by trading shares in the companies that own those assets. As Transfer Duty does not apply to the sale of shares (except for Landholder Duty where the company is land rich), larger businesses are often unhindered by the Transfer Duty impost. Smaller business owners tend to trade assets rather than shares—hence Transfer Duty tends to disproportionately affect the smaller end of town.

Take for example a classic small business worth \$1 million that has operated for a number of years by a trust controlled by Dad (76). The son (54), has worked in the business for 40 years and the time has come to take a “fixed entitlement” in the profits. In order for this to be achieved the business assets

need to be transferred from the discretionary trust controlled by Dad to an entity that has fixed entitlements, such as a unit trust. Under the small business capital gains tax ... concessions a proactive accountant can probably reduce the CGT payable to nil. However such a transaction would incur Transfer Duty of around \$50,000—which is usually enough to scuttle a deal that the parties consider to be “all in the family”.

And it’s not just family restructures that are affected. A similar situation arises in professional practices, where the senior partner wishes to sell down part of their interest to a “young gun”.

In both these examples the high Transfer Duty impost is sufficient to prevent the deal, with the parties opting for a work-around such as adjusting salaries to reflect the respective contributions.

The point is that in both the examples above Transfer Duty has prevented the assets from being transferred to the person most willing and able to drive the business forward. This is why it is an inefficient tax and scheduled to be abolished once GST was introduced. The temporary fixes described above are patch-up solutions. Sooner or later the issue re-emerges of the younger person wanting a fixed interest in the business and the cycle starts again.

Failing to abolish Transfer Duty on non-real business assets breaks part of the GST introduction covenant and puts WA out of step with most of the other states and territories. This duty has already been removed in Victoria, Tasmania and the ACT, with most other states and territories due to follow from 1 July 2013. In terms of Transfer Duty on the sale of non-real business assets, Tasmania is a more efficient place to do business than WA.

The writer of the article goes on to say —

I am tempted to move there, albeit that the weather is a little cool, I am not keen on apples and I don’t want to barrack for Hawthorn.

I think this article says it all in terms of the impact that this will have on small businesses. As a member who represents the south west, I have talked in this place about the population growth occurring in the greater Bunbury area. A lot of small businesses in Bunbury and the greater Bunbury area are now getting to the point that they are looking at restructuring and need to grow their businesses, but this tax has caused them to rethink that because they simply do not have access to that sort of money to effect the restructuring that they need to grow their business and employ more people. That is a critical factor. It is about not only small businesses but also their capacity to employ people and to grow their business.

One of the big challenges for government is always employment, because when there is low unemployment, there is a strong economy. The problem we face is that this is a government that not only has committed to small business that it will introduce tax reform and lower taxes, and provide the right environment for small business to grow, prosper and create employment opportunities for our community, but also has now reneged on that election commitment. This is a significant breach of an election commitment because time and again we hear that the Liberal Party is the party for small business, yet between 2001 and 2010 the Labor government was prepared to honour the agreement on GST reform signed by the previous Liberal state government and deliver to small business a range of tax cuts. None of those were easy to deliver; every single one of those tax cuts meant a cut to the revenue provided to this state. Every one of those tax cuts meant that the state had to rein in its spending to reflect its reduced revenue, yet Labor governments between 2001 and 2010 managed to do that in respect of about 10 state taxes. Only one tax cut was left to do, and we passed legislation in 2007 to deliver that tax cut to small business and the WA community on 1 July 2010. However, this government—I mean the old Barnett government because, of course, we have a new Barnett government—after promising to deliver that tax cut, after standing in this place and voting in favour of the bill that was presented to Parliament in 2007 to abolish that tax cut, then proceeded to introduce to Parliament legislation to defer that tax cut.

Again, we have this new bill before us that seeks to permanently postpone the tax cut. No justification is given and, as I explained earlier, the two explanations given carry no weight. Those explanations have been debunked by numerous speakers who spoke about the state of the budget in the Supply Bill debate and the Address-in-Reply and it is clear that the reasons outlined in the second reading speech are not reasons at all. It is interesting to note that at no time has the government actually provided a reason for the permanent postponement of that tax cut despite the fact a Liberal government signed the GST agreement and gave the commitment, not only to this state, but also to the commonwealth, that it would abolish this tax. We have heard time and again from the Chamber of Commerce and Industry about how tough it is for small business to do business in the current climate. When we read articles such as the one I read out saying that it is actually more efficient to do business in Tasmania than in Western Australia, it says a lot about the state of affairs in this state under a Liberal government. It is pretty disgraceful in that a lot of small businesses doing it tough in our community need this assistance from a government so they can restructure, expand and deliver more jobs to people in our community.

It is really disappointing that this government has proceeded to, yet again, permanently postpone this tax cut just because it cannot rein in its spending. That is the truth of the situation.

This government is incapable of reining in its spending. It simply continues to spend money without any regard for the fact that the budget needs to be balanced. This party is prepared to go to the electorate at election time and make commitments that it portrayed as being fully funded and fully costed, when it knew full well that they were not. That is a significant and massive breach of trust, yet this government has no qualms about doing that and no qualms about introducing legislation to this place totally contrary to legislation it supported when it sat on the opposition side of the house. All of a sudden now that its members sit on the government benches, it thinks it is okay to continue to slug small business despite the fact that small business has been more than patient in waiting for this tax cut and that small business has planned, with notice going back to 2007, its business growth and forecasts taking into consideration that this tax cut was to take effect this year. Small business has every right to be very disappointed in this government and this government has to justify the abolition of this tax a bit more than it has done in its second reading speech on this bill. The government also needs to justify why it is incapable of cutting spending and needs to slug WA businesses in order to balance its budget. The statement I read out by Neary Consulting says it all. WA is not an efficient place to do business due to the Barnett government's failure to deliver on its promise to abolish the ineffective transfer duty, its inability to balance its budget and because it is a very poor financial manager.

This is not the only election promise that has been broken by this government. We have heard over recent weeks of one election promise after another being broken by this government—it has a very poor track record. The Premier may have said shortly after the state election that this is a new government and that he is somehow providing a new imprimatur. We can call this a new government or an old government, but the bottom line is that a party does not go to an election and tell the people of Western Australia that it will deliver on a whole range of projects and promises and then, within weeks of being in government, start explaining that these projects cannot be delivered on—projects it said were fully funded and fully costed before the election, which clearly was not the case.

It is a disgrace that we are dealing with this bill so soon. With this government's inability to handle its legislative program in the other place, we now find that the urgency for this government to get this bill through is even greater. The revenue it was expecting to receive as a result of passing the Insurance Commission of Western Australia Amendment Bill 2013 through the Parliament will not be realised because there is no capacity for this place to consider it before 30 June this year. A lot is riding on this piece of legislation. It is a great shame that this government thinks it is okay to come into this place and slug WA businesses \$527 million over four years because it is a poor financial manager. This government cannot manage its budget.

HON DARREN WEST (Agricultural) [8.07 pm]: I am also not the opposition lead speaker on this debate tonight. I rise to oppose the Duties Legislation Amendment Bill 2013, and there are several reasons for this. Like my discussions on the Supply Bill 2013, I have several concerns about this constant slugging of the electorate I represent for more and more tax. There are many unanswered questions. Why are we even debating this bill? This tax was meant to be abolished on 1 July 2013 and yet here I am debating why this legislation is such a bad idea and why it goes against the grain of what my electorate understood would happen before the recent 9 March 2013 election. The fact that we are even talking about this bill tells me that the Liberal Party has set its own priorities on its head. I would have thought that the Liberal Party of Western Australia would be doing all it could to make the job of one of its core constituencies, which is small business, as easy as it possibly can. However, just when small businesses have geared up for the sunset of this tax, the ending of this impost on its very being, the Liberal Party supporters of this tax have popped up in government and said, "Sorry about that everyone. We have changed our position on this tax and we will now slug you about half a billion dollars over the next four years. We are terribly sorry. We know you are our biggest employer in the state, we know that you turn to us when you need help, and we know that we have offered you help and sanctuary in the past from the actions of that nasty Labor government but, nonetheless, we will slug you \$527 million over the next four years." One of the core philosophies of the Liberal Party, as the previous speaker touched on, is free enterprise and small government, yet this government is trying to make itself bigger and make enterprise less free and smaller. Small businesses will be very annoyed that their voice in government has chosen to treat them in such a way.

We often hear those opposite talking in a rather unpleasant manner about the federal government and how nasty the goods and services tax deal is for Western Australia. We hear what a money-hungry, tax-grabbing lot they are, and that they will not share with prosperous states like Western Australia. We hear this especially on issues of taxation, charges, government spending, government thrift and other such subjects. But we have a state government that is taking a blatant tax slug—a blunt tax instrument—to the small business operators who employ various numbers of people across Western Australia, including many in my electorate, which I will talk about some more in a little while.

The government has no shame when it comes to slugging small business and taxing its citizens to prop up its own fiscal irresponsibility. I believe that is what this is. It is fiscal irresponsibility and fiscal incompetence that the government has seen fit to slug small business in this state in this way.

As Hon Adele Farina said in her speech, this tax was supposed to be scrapped after the deal had been struck on the goods and services tax. As I have pointed out, and as I know other members of this house are acutely aware, the GST deal was signed by the then Treasurer, Colin Barnett, now the Premier of Western Australia. There was a lot of angst and a lot of opposition about the GST, as members may recall, particularly those of us who are in business. All we could see from this extra charge was a lot of paperwork. We could not see anything in it for us. We were just going to be the government's tax collectors. Those of us in business had enough on our plate at that time in trying to run our business, employ our staff, and grow and restructure our business. We were, therefore, reluctant to adopt the GST.

But we were heartened by the notion that small business would get some tax relief in return for the adoption of the goods and services tax. The notion of a GST had been bubbling around for years. I remember that the Prime Minister of the day promised us that there would never, ever be a GST. We now have the GST. But business was sold the message that if we accepted the GST, we would be given some tax relief. I think, from the top of my head, that about 10 taxes were proposed to be abolished in return for the GST. I will talk later about some of those taxes.

The date on which the tax that we are dealing with in this bill was supposed to finish was 1 July 2013. We in small business knew that as of 1 July 2013, we could scratch this tax off. Many of us made business decisions in the knowledge that when this day came, we could move our businesses on and there would not be an impost on the non-real assets of our business. People made decisions on the premise that if they were acquiring or selling a business, they would not need to pay this tax, and that the amount of \$527 million that was proposed to be raised through this tax would remain in business and would be able to be used by business to do what business does best. This is a tax slug on people who acquire a business. It is also a tax slug on people who sell a business. Many people have worked very hard throughout their lives to build their business. They have created a superannuation fund in their business for themselves. They have acquired property. They have done well in their business and provided employment for dozens of people. They have turned over income for the government to tax in other ways. They are community leaders. They are often members of local city councils and shire councils. They provide community leadership through organisations and clubs. But these people have now been told by the government, "If you want to get out of your business, there is going to be a tax slug on your non-real assets. We are terribly sorry about that, but that is life; we need the money."

Recently I met with a delegation from the Regional Chambers of Commerce and Industries WA at Parliament House. There was quite a gathering of people at that meeting. I have to say that I went in there as the side that is generally not favoured by such organisations. A number of issues were raised with me by the Regional Chambers of Commerce and Industries and its members from across the state. Many of those people were from my electorate and were people whom I knew. There were also some people from further afield. These people are very unhappy with the government. Business conditions are tough. These people stood up and gave me many anecdotes about how tough business conditions are in regional Western Australia, particularly for businesses that are not related to the mining industry. Some businesses have experienced some good times during the much vaunted mining boom. But other businesses that serve the agricultural industry have experienced a very difficult run of seasons and are finding the going tough.

[Quorum formed.]

Hon DARREN WEST: I will go back to where I was. I was informing the house that I recently met with a delegation of Regional Chambers of Commerce and Industries WA representatives, that they made it very clear to me that they were most unhappy with some of the treatment they had received and that things were very tough in their businesses, especially for those in rural areas, although some of them in mining areas were doing okay. Many issues were raised with me that day. They talked to me about government procurement and how they had issues getting their businesses in front of government. The point I am trying to make here is that the Duties Legislation Amendment Bill 2013 will make their situation even harder. Their businesses will be subjected to these extra taxes and charges, and they are going to need more government procurement to try to keep their businesses running. They are very concerned about local government rates, which are on the rise; they are concerned about electricity and gas prices and other charges; and then, on top of all that, they have this tax slug that they were not expecting. I think they were of the view that this tax had gone away, and they were not expecting to have to deal with such a regressive and restrictive tax on their businesses after 1 July 2013.

Where I grew up, if people said they were going to do something, they did it, and if they were not prepared to do it, they did not say that they would. I really do not know how the government can now tell the business community that the Liberal Party represents business, that it stands for business, that it supports business, that it

will be the arm of business in Parliament and that it will look after business, when it really has no intention of doing so. Every time the government slugs small business, it makes Western Australian businesses less competitive. If Western Australian businesses are less competitive than those in other states, guess what is going to happen? People are going to move back to those states and set up their businesses there, although they will be sluggish by this tax on the way out. I heard Hon Adele Farina say earlier that there was even a notion that business was more competitive in Tasmania than in Western Australia. I would hate to see the day when that became the norm rather than the exception. Western Australian businesses will become less competitive, especially in the tough fiscal times that many of our industries have experienced; most primary production industries are struggling and many small towns are dwindling as there is less demand for their services. Every time someone wants to restructure a business or sell or buy a business, they are going to be sluggish by this tax and I think that is a terrible shame for people who have worked so hard and done so much for the communities of regional Western Australia. It is not only regional businesses either; that is the thing about this tax. It applies to every business. There is not a business in this state, anywhere, that will be totally exempt from this tax, even though they thought they would be after 1 July 2013.

What this also points to, Madam Acting Speaker —

The DEPUTY PRESIDENT (Hon Liz Behjat): Deputy President.

Hon DARREN WEST: Sorry; Madam Deputy President. I was in the wrong house! Thank you for the correction and do not be shy!

It points to yet another broken promise in a litany of broken promises from this government, which we are told is a “new” government. I think it is an old government. It is becoming a bit of a tired government that is unable to keep its word—as it has done with so many other promises. It makes me question where this money may be directed. Can we now expect that this tax, which will raise an extra \$527 million over the next four years, will be directed towards something like the Metro Area Express light rail project? I do not think it will be, because there are some very serious doubts about that promise at this stage. Will this money be directed towards something like the airport rail project? I think that will turn out to be another broken promise. The money raised from this tax will probably not go to a project like that either. What about the Swan Valley bypass? Can we be sure this extra money the government will be slugging small business with will be used on some of the projects promised during the election campaign? The government promised to free up red tape and make life easier for business. That promise has been clearly broken as well. I think we are exposing a change of heart or one broken promise after another. I think business deserves better.

I am told that the Treasurer is a very clever man who has great skill at drafting legislation and budgets and the like, but he has not even drafted a budget this time. We have all these extra promises and tax slugs, with businesses becoming less competitive in Western Australia, and we do not even have a budget, so it makes it very difficult for us. We are not happy with this bill; we are not happy with what the state government is trying to do to small business by slugging every last cent out of it that it can. But we could be sold if the government said, “Look the budget is here and it has some very real points and money is going to some good initiatives.” We could offset our anger about this tax by acknowledging the benefits to which the money is being directed. But we cannot do that because we do not have a budget. I still do not know why we do not have a budget. I wish it could be explained to me why the budget will be delayed in ways other than, “We are a new government”, because that does not cut the mustard with me. As I pointed out, in my short time as a member of the Western Australian Parliament, I have had an inordinate amount of contact from small business operators in my electorate. I suggest that half the number of phone calls my office receives from constituents come from concerned small business owners. One of their concerns is this new tax they are being slugged, which they thought would finish on 1 July.

A lot of other things are going on. Many businesses are calling me saying, “We don’t think we can hang onto our staff; our staff have been loyal and great servants of our business. They have become like family members; we have never had an issue with them, but, sorry, we will have to let them go. Do you know how we can help these people?” I know how we can help them. We can make life for their employers, the small businesses of Western Australia, as easy as we can. This tax will not do that at all. It is a real slight from the government on the good, hardworking people in this state, who are doing the right thing by their bosses and who put in a hard day’s work, and then some, for a fair day’s pay. These people will get the bad news over the next few months that business has tightened because of the tax burden they must keep paying to support government because it does not seem to be able to cut its spending to support itself. Those businesses will therefore have to let some of these people go. I really feel for them. I can only imagine what it must be like to have worked for 20 years for someone they admire and like, whose business they have helped grow, whose family they know and whose community they have been an integral part of and now they have to go for reasons totally outside their employer’s control. When we couple that with the business conditions I talked about earlier, in the non-mining sector, especially in the agricultural and rural sectors of Western Australia in farming and pastoral industries; in fishing industries; in

tourism industries, which are struggling at the moment; and in hospitality in regional Western Australia as well as in Perth, they all have one thing in common; that is, they will be sluggish by this tax after 1 July when they were not expecting to be and do not deserve to be. There will be an impact on the viability of businesses in my electorate and more broadly across the state. I think that is a shame. I hope members opposite consider that when they continue their unwavering support for such a slug as this bill progresses through Parliament.

The electors, who I have already touched on, are important to me. I came to this place to help and represent people whenever I can. The personal cost of having a failed business is significant and it can lead to all kinds of issues, and probably more particularly for men. Men, especially in agricultural businesses, are in a very sad way at the moment. There is a litany of documented examples, which I will not go into in great detail tonight, of people who are at a crossroads in their life and are finding the going really tough. Personally, at a family level, many of them feel that they are a failure because they have not been able to maintain their family business through these difficult times, which leads to a depth of despair that is not healthy. Many of my friends are going through extremely tough times now. These are things that appear small to us but are big to other people. These little issues become big things. From little things big things grow. Sometimes people will react in the strangest ways to what appears to us to be the smallest change to their lives. I do not know how we can keep imposing on businesses more and more government charges, rates and bills. It has to stop; it just cannot keep going.

Another thing that I am struggling with is the Liberal Party's philosophy. The Liberals have introduced a bill that will slug small business. If I were in government and sitting on the other side of the chamber, that would be akin to me introducing the state equivalent of the WorkChoices bill as one of the government's first bills. That makes me feel really strange. I do not think I would have the intestinal fortitude to stand in the house and extol the virtues of a bill like WorkChoices.

Hon Samantha Rowe: You wouldn't be able to sleep at night.

Hon DARREN WEST: I would not be allowed to. The core constituency who I represent are the people who set their alarm for half past five in the morning and toddle off to work and do their eight, 10 or 12 hours a day. If I brought in a bill that would severely adversely affect them, I do not know how I would get out of the electorate alive. I do not know how members opposite can look in the mirror and tell themselves that what they are doing to small business is fine and that because they need to get the money from somewhere, they will get it off these fellas. I do not understand how any Liberals who believe in free enterprise and small government can look themselves in the eye in the mirror and say that this is a great idea, I really do not. I think the late Robert Menzies would turn over in his grave if he knew that a Liberal government in Australia was putting such a regressive tax slug on the free enterprise that he so proudly represented and built in the aftermath of the Second World War. I know a lot about the thoughts and teachings of Menzies because I grew up in regional Victoria and my grandfather was a good friend of Malcolm Fraser. Malcolm Fraser used to come to my grandfather's house, as did Chifley when he was Prime Minister. We would sit around and talk about what made the Liberal Party tick. We never agreed, but I do admire the fact —

Hon Peter Katsambanis: Fraser was about 10 years old when Chifley was Prime Minister.

Hon DARREN WEST: That may be so, but they both visited my grandfather's house, which was the point I made.

Hon Peter Katsambanis: Not at the same time, I imagine.

Hon DARREN WEST: I did not say that; the member said that. The member said that they visited at the same time.

Hon Peter Katsambanis: Okay; I am glad you clarified! I assisted you; I like to help.

Hon DARREN WEST: I encourage the honourable member to give a little thought to what I have said.

I stood to put my point of view on the Duties Legislation Amendment Bill 2013, which may or may not be the same as that of Hon Peter Katsambanis, and I am pointing out to members, whether they visited at the same time or not, that I do understand that Sir Robert Menzies was the founder of the Liberal Party in the early 1940s, and he believed in free enterprise and small government. I do not think there is much doubt about that. But here are with a Liberal government in Western Australia some 70 years or 80 years later that is doing exactly the opposite of what the Liberal Party was set up by Sir Robert Menzies to do. That strikes me as rather odd, and I am sure it strikes members opposite as rather odd, too.

Hon Phil Edman: It is a bigger country now, and a much bigger state, too, than when Sir Robert Menzies was in power. There are a lot more people in Australia —

Hon DARREN WEST: Sir Robert Menzies was the Prime Minister of the whole country though.

Hon Phil Edman: — and Western Australia as well, so do not forget that in your speech.

Hon DARREN WEST: Sir Robert Menzies was never Premier of Western Australia, as far as I recall.

Hon Phil Edman: Prime Minister.

Hon DARREN WEST: He was Prime Minister of Australia—I thank the member, yes. I was aware of that fact, but I thank the honourable member very much for pointing that out.

The DEPUTY PRESIDENT (Hon Simon O'Brien): Order! This is Hon Darren West's speech.

Hon DARREN WEST: Once again, we have a Liberal government that talked things up before the election. It talked about "We will reduce the burden on business; we'll stop business having such a tough time; we'll help business"; it turns out that that was not to be the case. I put it to members that my impression of this Liberal government is that it is a Milli Vanilli government, because before the election —

Hon Donna Faragher: That's a blast from the past!

Hon DARREN WEST: — it had this slick, fantastic marketing campaign, and it spent a small fortune on promoting itself. It was widely reported in the media. The analogies are quite remarkable, Hon Donna Faragher. The media bought it and the public went for it—it was great! They were going to support this government because it was going to be fantastic. But guess what? It was not quite what we expected after we bought the record. Eventually, as happened with Milli Vanilli, everybody realised that it was not Milli Vanilli; it was somebody else.

Several members interjected.

Hon DARREN WEST: This is what I am saying, members. Here we have a Liberal government from which everybody expected one thing, but instead—the old Milli Vanilli—got the other, in that we now have a tax on small business that it said it was going to get rid of. I just find that really quite extraordinary, members. I do not want to labour the point too much—I am sure members have it by now—but I will look for other examples of analogies between this government and Milli Vanilli, because I am sure there are a few. I think I will even sharpen up on a few Milli Vanilli lyrics, because I think they did have a couple of half reasonable —

Several members interjected.

Hon DARREN WEST: I am actually quite a musician, honourable member.

Several members interjected.

Hon DARREN WEST: One day I am going to bring my guitar into the members' lounge and give members a little tune!

Several members interjected.

Hon DARREN WEST: The member will, because I am sure he will know the lyrics to Milli Vanilli songs, too—I am sure most of us do!

Several members interjected.

Hon DARREN WEST: I think I have seen a division in the Liberal Party over whether they want to hear me sing Milli Vanilli songs, and I am sure there is division in the Liberal Party over the retention of this tax slug on small business. I hope those who agree with me that Menzies would not have been a supporter of this and that it goes against the basic Liberal philosophies will have their way in the fullness of time.

I did a little research on this bill because I knew I would be asked to speak on it, and I am not one who is backward in coming forward with my views on things detrimental to my electorate, as members will find over the next four years. It turns out that it is estimated that in the 2013-14 financial year—year one of this tax—the income generated from this tax will be \$125 million. Then, for reasons unknown to me—I am sure those more versed in the theory of economics could tell me—in 2014-15 the tax as proposed by the government that we are reviewing tonight will generate \$122 million; less generation. That would tell me that maybe there will be some reduction in business activity in 2014 and 2015. I would say, "No wonder." If we are going to keep slugging business all the time—every time they move, every time they restructure, every time they transfer something, whether they sell, whether they buy—I am not surprised that at some point business will go, "Enough is enough and we need to slow down." Significantly, and thankfully, in 2015-16 the receipts from this tax will be up to \$133.5 million. It is good news in a way that there is some stimulation of business activity again over 2014-15 to 2015-16. Written here on my piece of paper that I have made from the research that I have done is that the tax will be up to \$147 million in 2016-17.

Hon Phil Edman: What about the carbon tax?

Hon Peter Katsambanis: It is going up again on 1 July—the carbon tax. Why don't we get rid of that and help every small business?

The DEPUTY PRESIDENT (Hon Simon O'Brien): Order!

Hon DARREN WEST: The carbon tax is a —

The DEPUTY PRESIDENT: Order! When the member presiding says “order”, it means everyone else is silent.

Hon DARREN WEST: The other person I had a chat to about this was my accountant, who runs a rather large accountancy firm. He has a lot of businesses—bigger and smaller than my business—on his books. One of the major concerns he had about this—there were several, but I will not go into them all because we do not have all night—is that it is a tax on goodwill. For those who are not aware, goodwill is created when someone who is well versed and very gifted takes a business, shakes it, restructures it, builds it, creates jobs, turns over income, supports the community and then after a while sells it and buys another business. These people move around the state, in both the metropolitan and regional areas, and benefit the business community because they have this skill that not everyone is born with and not everyone can learn; it is an acquired skill to make businesses work better. I hope that a few of those people might join the Liberal Party and get themselves into Parliament because we need some of those people in the government. I digress. The tax on goodwill is a regressive tax on people who are trying to do exactly what I just extolled.

Hon Michael Mischin: You had eight years to get rid of it; why didn't you?

Hon DARREN WEST: It was due to be finished. I am glad the Attorney General brought it up. My research from the last couple of days tells me—I stand to be corrected because, as I pointed out, I am new here—that an act of Parliament was passed in 2007 when Eric Ripper was the Treasurer to provide that on 1 July 2013 this tax will end. If my research is correct, we got rid of it, but we got rid of it at a particular time.

Hon Peter Katsambanis: Outside your forward estimates!

Hon DARREN WEST: That is the difference, honourable members. In 2007 the Labor government said that it would repeal this tax, but it would keep it until 1 July 2013. Small business became relatively unhappy at this because it wanted it ended immediately. The government of the day said that it would not end it immediately because that would be somewhat fiscally irresponsible. The Labor government was a fiscally responsible government. The Gallop and Carpenter governments were some of the most fiscally responsible governments. They built a lot of stuff and did not rack up a lot of debt. Might I add that in those early days the tax did not generate anything like the numbers that I just read out? The Liberal–National government said that we should have got rid of it, when the reality is that the Labor government got rid of it. Now the government says that we should not get rid of it and we should keep it. I do not think that members opposite can walk on both sides of the street. They have to do what is best for the state at the time. Members opposite are telling us that that is what this bill will do. I am telling them that I do not think that is quite the case; I think we have to go a bit easier. I am glad they brought up the point about getting rid of this regressive and nasty tax slug on small business. Former Treasurer Eric Ripper did exactly that; it is just that he did it so that it would not happen for a few years. Members opposite can argue about whether that was a good or a bad thing, but they cannot argue that he did not do it, because it is on the record for all to see.

The other thing that my accountant tells me is that people who apply for a business licence will have to pay this tax. People who will apply for a business licence as of next Monday will no longer get off scot-free from being sluggish for applying for a business licence. What sort of incentive is that for someone to apply for a business licence and go into business?

Hon Peter Katsambanis: Which licence? Name the licence.

Hon DARREN WEST: I cannot do that, honourable member. I have written in my notes “a business licence”. The member could correct me if he wished.

Point of Order

Hon SALLY TALBOT: Mr Deputy President, could I ask, through you, that the Leader of the Government take the gag off the members on his side because they are making such interesting points by way of interjection? It is a shame that we are missing out on that.

Several members interjected.

The DEPUTY PRESIDENT (Hon Simon O'Brien): Order! There is no point of order. I am listening with great interest to the free interchange of interjections, but it needs to be kept to a level so that Hansard can hear the member who has the call, and that of course is Hon Darren West.

Debate Resumed

Hon DARREN WEST: As I have stated previously, I welcome interjections. As the honourable member would have worked out by now, I do not know everything.

Several members interjected.

Hon DARREN WEST: The difference is that I do not profess to know everything, but I can find everything out.

There is a tax on a business licence. There is a slug on what my accountant tells me is a business identity. I had never heard of some of these things until I spoke to my accountant. These are the things that this tax is going to slug—things that most of us have probably never heard of. People who want to acquire a business, sell a business or restructure a business will get the bad news: “You’ll have to pay \$10 000 to the government because there was this tax that was supposed to be repealed, but, sorry, mate; you’ve still got to pay it.” Many business proprietors will not even realise that they are liable for this tax. Many business proprietors do what they do best—run businesses, work hard, employ people, and create growth and jobs, and they do not spend time on the minutiae that I do not know about but clearly the honourable member knows about.

I thank the member for helping me to make my point. This tax will also result in the restraint of trade arrangements. This is interesting; I did not realise this until I did my research. As I have told members before, this tax was due to end on 1 July 2013, thanks to Eric Ripper, the then Treasurer in the Carpenter government. We are now debating why that tax will not finish then, if I can put the honourable member straight.

This tax will also apply to intellectual property. Intellectual property is a growing area in the commercial world. Intellectual property is huge, as we can now store larger databases of information, invent new things and create new ideas such as iPhone apps. I suspect that a lot of money will be generated by the intellectual property that many businesses will sell and pay this tax on.

Rent rolls, client lists and other items are fairly straightforward. In the words of my accountant, who does not share my philosophical views, this bill basically taxes all non-real items, including land and chattels, and it is one of the biggest tax slugs on Western Australians for some time. They are his words, not mine. An accountant told me that, so I will bow to his good judgement.

Several members interjected.

Hon DARREN WEST: Why does the government feel such a need to continue with an indirect and inefficient tax, when it was supposed to be replaced by a direct tax—the GST? That is the GST which we would never have but which we got, and we agreed that, okay, it would be all right; we would get rid of some of these other taxes. I have rabbitied on about this. I do not know how the government can do it, but the hypocrisy is blatant. I will leave that one.

Taxes were to be abolished after the introduction of the GST. I have done some further research, the honourable member will be pleased to know. The most difficult-to-collect and ineffective taxes—once again I am referring to a telephone conversation I had with my accountant, who is well versed in this—would have been abolished. I think my accountant is quite a good accountant, unlike the Treasurer and his budget. I do a budget every year. I make a profitable budget every year, and I do a lot of auditing of last year’s performance of my business. I am pleased to say to those opposite that before I came into the Parliament, over the last 10 years of my stewardship of that business, since the death of my father, we have reduced our debt by about 35 per cent. I have been on a very rigorous pursuit of a reduction in deficit. I have been on a very rigorous pursuit of balanced budgets. There is one way that people make money, and that is to spend less than they earn. I hope that message gets back to the Treasurer, because that is how people can make a budget balance, or even make a small surplus; they can spend less than they earn. People can do one of two things to spend less than they earn. They can reduce spending or they can do what this government has chosen to do with this bill and slug the life out of small business in Western Australia to increase earnings. I just think it is a shame that the government is unable to rein in spending and ease the burden on small business. I am pleased to see that Hon Jim Chown is enjoying my speech as much as he is!

I go back to the bill. In my accountant’s words, this is a back-of-the-couch tax raid; that is what he called it. It is looking for money down the back of every couch of small business just to get through the immediate time. He told me that the tranche 1 taxes identified for abolition on the introduction of the GST were the FID, or the financial institutions duty, which many members would have seen years ago. As a young boy, I remember getting my bank book every year and taking it into the bank every fortnight and putting in my \$2, or whatever it was at the time, until I saved up enough to buy my first car. Every year we got this FID, and there was also a BAD tax—a bank account debits tax. I thought FID was bad as well as BAD was bad, but they are taxes that we no longer have; they were abolished under the GST. There was a debits tax and a quotable marketable securities duty. There was also in New South Wales, for anyone who was in New South Wales at the time, an

accommodation tax, but we did not have that in Western Australia. It was a tax that was abolished under the GST. Under the GST, in tranche 2 the taxes to be abolished were the mortgage duty and a tax called the rental duty. A tax called the lease duty was abolished under the GST. There was a duty on non-quotable marketable securities, and once again I would have to refer to someone wiser than I to tell us the difference between a marketable and a non-quotable marketable security—apart from the fact that only one is quotable and the other is not. There was also a non-real non-residential conveyance duty. The FID and the quotable marketable securities duty were abolished in 2001–02, so they were abolished very early on under the terms of the GST. On 1 January 2004, the non-quotable marketable securities duty, the cheque duty and the lease duty were abolished. In 2005–06, the debits tax went. As members can see, through the life of the Gallop government, the deal was kept. The state kept its end of the deal; it abolished these taxes that it was agreed would be abolished under the GST. In 2007, 50 per cent of the mortgage duty was abolished and, fortunately, on 1 July 2008, before there was a change of government, the then Carpenter government agreed to abolish the other 50 per cent of the mortgage duty.

I understand that the Liberals went to the election in Milli Vanilli mode, promising to cut taxes to small business in the 2008 and 2013 elections. Once again, these were heavily promoted, with glossy pictures all over the media saying what they were going to do for people. “Get out and buy this message and get behind the Liberals”, and people did, as I alluded to earlier. It did not happen. Businesses, rightfully, are most disappointed that it will not happen. They will now be slugged another \$527 million, which, as I pointed out, is unfair.

As I touched on earlier, we have a lot of projects. I meant to say something about where this money might go and how it might give us some solace that the money generated was going to be spent on something useful in our electorates. I can give a lot of examples, such as on our roads. Every day, including today, I regret informing the house, we have some bad news from our community about another young person who has lost their life on our roads. We cannot spend enough money on roads. Could I at least please ask that if this tax is brought into law and business has to pay it, we put in the things that we need? Can we please rein in spending on nice little things and things that we want and spend this money on things that we need such as roads, railway lines and major infrastructure?

I have just about made all the points that I was going to make. Once again, I put on the record that I am not a believer in slugging business any further. I think it is time we went a bit easier on business and on the people who run and work the businesses. They are good people; they contribute a lot and they are important. Their needs are as important as anybody else’s. It is time that we all got a bit serious in here about the things that we do, the changes that we make and the promises that we break and what they mean to the people in our electorates and the people who ultimately employ us. We owe it to them to make good laws and pass good bills that make life better for future generations as well as for those people who are working hard in their community. I do not see how a bill such as this addresses that in any way at all. I do not see how anyone who calls themselves a true blue Liberal could go along with such a tax slug on small business.

HON SALLY TALBOT (South West) [8.52 pm]: It is a case of follow that, really. I have spent a considerable amount of time on very dicey telephone lines to Hon Darren West over the past 10 years or so. Most of the time he would account for the fact that the reception was somewhat dubious by explaining that he was at the top of a wheat silo or at the bottom of a wheat bin. He was clearly working up a real head of steam about how he was going to get into this place and go in to bat for people in his local communities, and he is doing a fine job of that.

I do not know how many other honourable members in this place will have had the experience that I have had in the past couple of weeks. They say that we do not really appreciate the place that we live in until we have visitors and we have to show them around. When we show them around, we see the good bits and the bad bits of the place we live. We see points of interest that perhaps we drive past every day and never remark on. When we are showing a visitor around, we suddenly see something that is really impressive. On the other hand, we drive past places that clearly need a coat of paint and we feel slightly embarrassed. I have had that experience in the past few weeks while sitting in this place with six new members on our side of the chamber, seeing this place through their eyes and thinking how very strange it can be at times. I join the chorus of questions about why on earth we have spent so much time sitting, particularly the other place. As this place is a house of review, a lot of what we do, while we do not reference it directly, is governed by what goes on in the other place. Frankly, there has not been a lot going on. I see the other place has found an awful lot of urgent bills, which it never seemed to occur to the government might be urgent when they were first introduced, such as the Petroleum and Geothermal Energy Legislation Amendment Bill, which I understand was tabled in this place in what this government likes to call the previous government. Suddenly, it has become an urgent bill. We have all these strange things. I do not know why the other place came back to sit so early when there was clearly nothing to do. It is a very odd thing. How do we explain that to people who are new to this process?

Tonight we have another odd thing; that is, the debate on a bill through which the Liberal Party essentially wants to raise tax, and not just raise taxes in general. We would have plenty to say about a general increase in taxes and

charges—we have done in the past and we will continue to make those points; but the government is increasing a cost impost on small businesses in particular, which, after all, are supposed to be the natural constituency of the government. It is not often that members on the Labor opposition benches in this chamber find ourselves arguing the same points as the Chamber of Commerce and Industry of Western Australia. It is a very strange world in which we live.

It gets even stranger than that. When I was preparing for my contribution to this debate, I came across something that the Premier had said. We live and breathe politics, and most of the people in this place have worked very, very hard to get here. I do wonder sometimes whether some members of this house really come here by accident and that maybe their name floated to the top of the list—of course, nobody on this side of the house. But it occurred to me that there were some very surprised looking faces on the other side of the chamber. However, most of us live and breathe politics and it is something that we are involved in for most of our lives, so we collect political quotes. I added one to my arsenal of political quotes this week. It is probably not as good as some of the others. We all know about quotes such as “A week is a long time in politics.” It is very interesting that political quotes —

Hon Kate Doust: A day is a long time in politics!

Hon SALLY TALBOT: As Hon Kate Doust says, there are days when a day feels like a long time in politics!

Hon Peter Collier: I put down 26 June as one!

Hon SALLY TALBOT: But the more commonly used version of that quote is, “A week is a long time in politics.”

It is interesting that political quotes are often misquoted. A bit like anything that gets a bit of overuse, it gets warped and changed in time. I think that Harold Wilson probably said something like, “Forty-eight hours is a long time in politics.” Of course, that is also an unsourced quote to Harold Wilson. I may say in passing that it is not my favourite Harold Wilson quote. My favourite Harold Wilson quote, which at times seems particularly pertinent, is —

Courage is the art of being the only one who knows you’re scared to death.

That is definitely my favourite Harold Wilson quote but, yes, a week is a long time in politics. Another famously misquoted political quote, from the other side of politics, the government side of politics, is Malcolm Fraser’s “Life wasn’t meant to be easy.” Again, it is a misquote; it is actually a George Bernard Shaw quote. The full quote is —

Life is not meant to be easy, my child; but take courage—it can be delightful.

I have always thought we should learn the second part of that quote, because unlike the way it is used today, it was not supposed to mean that life is difficult and we buckle under the pressure. I like Malcolm Fraser much, much better the older he gets, but he was actually talking about the fact that he enjoyed a challenge. He is clearly now relishing the challenge of taking on his own party and trying to point out the error of its ways!

What do we add now to our arsenal of political quotes—“A week is a long time in politics” and “Life wasn’t meant to be sweet”? We can add this one from Premier Colin Barnett who, last month, said —

“We have not increased taxes—we have decided not to reduce taxes ...

Wow! What a smart thing to say. One of the things that I enjoyed about the contribution Hon Darren West made to this debate was the extent to which he drew on advice that he himself has received from his accountant. He really brought home to us the concrete and practical effect of this decision that is at stake with this debate in the chamber tonight. Before I go to that point, the other thing Hon Darren West drew attention to is the deep opposition that we on this side have to this bill. It was indeed the Labor government that legislated to remove these transfer fees. Of course, in the upper house the opposition does not vote against money bills, so it will be with reluctance that we end up in technical support of the bill, but make no mistake about the reservations we have about doing that and the passion we feel in arguing that case. I again draw honourable members’ attention to the fact that it was in the middle of 2008 that Hon Kate Doust took the suite of bills through this chamber, one of the measures of which was to make these changes that are under debate tonight.

Earlier in this debate we heard that anyone operating as a small business person in this state would have now been working for years on the basis that these charges would be lifted as of next Monday. The government claims that it makes no difference because, to quote the words of the government’s own Premier back to its members, “We have not increased taxes—we have decided not to reduce taxes.” Small businesses in this state would have been planning for this reduction for years and suddenly they find out, a matter of days before that reduction was due to take place, that it has been cancelled. If those are not weasel words from the Premier, I do

not know what is. They are not just weasel words; they perpetrate this great deceit on the Western Australian electorate by the Liberal Party, and the National Party, which worked with Liberals to form government. That deceit is based on the fact that people can believe what politicians tell them in an election campaign. Sadly, that deceit has been perpetrated on our community and I will have a bit more to say about that in a moment.

Let us go over the history of what we are dealing with here tonight when I make the point that every small business in the state would have factored this reduction in taxes into its forward planning. As I said before, in 2008 we put the bills waiving these taxes and charges through this place and sent them downstairs. The date we put on that process was 2010, so from 2010 onwards—that is three years ago—people would not have been paying these charges. As part of the 2009–10 budget, again at the eleventh hour, the Treasurer got up in the other place at 12.35 pm on Wednesday, 10 March 2010, to speak. I have the transcript of the debate in front of me. I keep thinking “Premier” because I think that at the time this legislation actually went through the Premier was also the Treasurer. Mr Buswell was not the Treasurer anymore in 2010; he had had one of those lapses of his hold on the Treasury portfolio and had been relegated to the back bench again! But in this case it was the Treasurer, Mr Buswell, the member for Vasse, who rose to his feet at 12.35 pm on Wednesday, 10 March 2010. I will refer to a comment he made, among several other comments, when he was moving amendments to the Duties Act 2008 and the Duties Legislation Amendment Act 2008 to make minor changes to a whole raft of things. We cut to the fourth paragraph, in which he states —

Part 3 of the bill contains amendments to delay the abolition of transfer duty on non-real business assets until 1 July 2013.

This was said in March 2010. The measure was due to come into force about three months after the Treasurer made this statement. He continues —

This measure was announced by the government as part of the midyear review of the 2009–10 budget. It was intended—

He is actually saying it was intended by the previous government, and now funnily enough, that was a legitimate use of the term “previous government” because the previous government was actually the Labor government. Let us just insert that there; “it was intended by the Labor government” —

that duty on non-real business assets such as goodwill and intellectual property would be abolished from 1 July 2010.

I remind honourable members that this statement was made in March 2010 —

Provisions to effect the abolition from this date were previously included in the Duties Act and the Duties Legislation Amendment Act. The proposed abolition date of 1 July 2013 is still consistent with the requirements of the “Intergovernmental Agreement on Federal Financial Relations”, and will result in additional estimated revenue of \$325 million over three years. An explanatory memorandum has been prepared containing further detail on the amendments.

That explanatory memorandum would have been scant consolation to the businesses that already by then had factored in these decreases in levels of taxation. Three months before, Labor had legislated that the taxes would be removed. The Liberal government decided to defer. We go back to that crucial wording here: “delay the abolition of transfer duty on non-real business assets.” In 2010, the Barnett government decided to delay that abolition.

We fast forward now to Wednesday, 15 May 2013, two months after the general election. At 12.02 pm on that day the Treasurer, the member for Vasse, rose to his feet in the other place and said —

I rise to inform the house that the state government intends to take further action to improve the state’s finances by deferring the abolition of transfer duty on non-real business assets —

It sounds like the same speech. He then says —

until budget circumstances allow.

And that is the killer blow in that May 2013 announcement. We are now within a matter of days of the date for those taxes to be abolished. The Labor government did not just set this date, it set a date to two years hence so that people could plan around it, but the Liberal government had already got to its feet and announced that its date was three years after the date set by the previous Labor government. If this is not a broken promise I do not know what is, but remember, the Premier does not deal in broken promises. The Premier says, “We have not increased taxes; we have decided not to reduce taxes.” What an extraordinary turn of events this is. Before I move on, I refer back to what the Treasurer said on 10 March 2010. Honourable members with an ear for these things will have noted that the Treasurer made reference to the Intergovernmental Agreement on Federal Financial Relations. I should have pointed out when I began my contribution to this debate that I too am not the

lead speaker on this bill, but I feel certain that the lead speaker and other speakers wishing to contribute to this debate will have a lot to say about the Intergovernmental Agreement on Federal Financial Relations because, as previous speakers have noted, if this bill gets passed, from Monday we will be in breach of that agreement. If that is not the case, I am sure that Hon Peter Collier, who I understand has carriage of the bill in this place, will put us right on that. But what I can see from all the research that I have done, and what all the people to whom I have spoken have confirmed, is that we will be in breach of the intergovernmental agreement.

I can now move to another quote from somebody much closer, to me anyway, and that is the member for Rockingham, the Leader of the Opposition and leader of WA Labor, who said the other day that never have so many broken promises been made by so few in such a short period. The honourable member for Rockingham does not have all that much in common with Sir Winston Churchill, but I can tell members that when he delivers a line such as that, it is not bad. It carries an air of real gravitas, because he talking about something that is very, very close to the heart of the whole Western Australian community. It is particularly close to the heart of every small business operator in this state.

Why is this such a poor thing to do? On top of the fact that Labor legislated these changes to take place in 2010, and on top of the fact that the Barnett government pushed back that due date by three years to 1 July 2013, the Barnett government went to the last election with a specific promise. I will tell members what that promise did not say. Can members imagine what would have happened if the Premier had got up during the election campaign and —

Hon Kate Doust: Told the truth.

Hon SALLY TALBOT: Yes, told the truth. Thank you, Hon Kate Doust. That is exactly the concept that I needed. That is becoming a remarkably slippery concept to get hold of from this government. If we were three and a half years into the second term of the Barnett Liberal government, we might not be surprised if there was a litany of broken promises, and if a bunch of very tired and jaded people were sitting on the other side of this place. As one of the members in the other place reflected during debate on this bill, we have heard an awful lot from the opposition and we have heard precious little from the government. It looks as though that will be the same in this place. Members opposite are happy to waltz in from whatever urgent business is keeping them out of the chamber during this debate and hurl a few interjections across the chamber —

Hon Kate Doust: It could be worse—the Nats might decide to participate!

Hon SALLY TALBOT: My heart did sink when the quorum was called to try to rustle up a few government members and half the National Party walked in here; but anyway, we can hope.

Several members interjected.

The DEPUTY PRESIDENT (Hon Simon O'Brien): Order! I remind all members that we have a convention in this place that when a member is absent from the chamber, they are presumed to be on urgent parliamentary business.

Hon SALLY TALBOT: Thank you, Mr Deputy President. That is precisely why I used that phrase. The exact phrase that I used was that unfortunately a number of members were out of the chamber on urgent parliamentary business. However, we do not have a convention about saying what we feel when some of them walk back in, which is the point I was making.

We can imagine what would have happened during the election campaign if the Liberal Party had told the truth and said, “We will not increase taxes, but we have decided not to reduce taxes.” I put it to honourable members that that would have put the election result in a remarkably different hue. But of course the Liberal Party did not say that. What the Liberal Party said during the election campaign was this, and it is written in black and white in the Liberal Party’s 2013 election promises: the Liberals are committed to lifting the tax burden on Western Australian businesses, to free up funds that can be better used to invest, expand, employ and innovate. I can tell members that those are magic words to members on this side of the chamber because we harp on all the time about the need to invest and the need to aid expansion, particularly of small businesses and more particularly of small businesses involved in servicing the mining boom. That is what we talk about all the time—to free up funds that can be better used to employ people. For goodness sake, we have already moved a motion on that in this place during the early days of this parliamentary session. We have already debated the need for more employment and local jobs from local resources. The final magic word for us is “innovate”, and I will have more to say about that later in my speech.

That is what the Liberals went to the state election promising, and it sounds pretty good, does it not, if we take that statement on its own? I mean, nothing that any member of the Liberal Party could say would ever persuade me to vote Liberal, but in that one statement we can see a very clear commitment to do a particular thing.

“Commitment”—that was the word used: the Liberals were committed to lifting the tax burden on WA businesses to free up funds that could be better used to invest, expand, employ and innovate.

I can tell members of one person who was clearly excited to hear those words, and that was an honourable member who has unfortunately had to leave the chamber on urgent parliamentary business—Hon Peter Katsambanis. I listened very carefully to what the member said recently in his inaugural speech and I thought, “Golly, how chuffed this man must’ve been to hear his leader make that statement.” He was running as a candidate for election to this place, and during the election campaign he would have heard his leader make that statement about the Liberals being committed to lifting the tax burden on WA businesses. He must have been absolutely buzzing with excitement, and that must have led him to come into this place for his inaugural speech and say things like this —

I believe that governments should live within their means and should endeavour at all times to balance their budgets ...

I will tell members what occurred to me when I heard him say that. I thought, “I guess he was happy when he heard the Premier talking about relieving the tax burden on small businesses,” but I bet he was even happier between the years of 2001 and 2008, because that is when we had a state Labor government that did exactly that to which the honourable member gave the seal of approval. Between 2001 and 2008 we had a government, to paraphrase the honourable member, that lived within its means and endeavoured at all times to balance its budgets. Well, we have not had a balanced budget since then, but we had them every year that Labor was in government, so Hon Peter Katsambanis must have been a happy man during those years.

Further along in his inaugural speech, Hon Peter Katsambanis said —

I firmly belong to the school of thought that believes one can cut taxes ... whilst maintaining both a balanced budget and the provision of a high level of essential services.

I excised some words there; he was talking about cutting the overall size of government, and I think probably what he was talking about was the way in which governments manage debt. Again, if I were to have a conversation with him, I would say, “Go back to the years between 2001 and 2008 for a paradigm of how to govern in that way”. But, golly, he must be a bit down in the mouth now because he has seen his leader and his Treasurer come into this Parliament to move measures that are explicitly and specifically contrary to the sorts of things that Hon Peter Katsambanis has told us he believes in.

I have another nice quote that members can add to their lexicon, to which I hope I am contributing to tonight; not in my own words, but by referring to the wise words of others. Hon Peter Katsambanis also said —

We have some silly taxes here in WA, and some plainly annoying ones.

That is why I was so disappointed that he did not seek the call. He clearly has an enormous amount to say; I suspect he has an enormous amount to say about a lot of things, but he obviously has a lot of things to say about this bill. I wanted to hear Hon Peter Katsambanis speak and say something about “silly taxes” and “plainly annoying taxes” because I would have thought if ever there is an example of silly taxes, they are the taxes we are talking about tonight that the Liberal government has now decided to keep, despite promising to abolish them. I am sure the honourable member would not have been the only person sitting on the government bench whose heart would have given a little flutter when he saw what Labor had done in 2008 to get rid of a couple of taxes that were plainly silly and plainly annoying. I will go further in a minute because I will argue that in keeping these taxes in place, we will hold back our economy, so they are even worse. Even if members opposite do not agree with me on that point, surely they agree that they come under the category of silly and plainly annoying. I am really looking forward to hearing over the days to come what honourable members on the government bench will say about these measures.

I will not recap the substance of the bill because other honourable members have done that perfectly adequately. We are looking at a transfer duty on non-real business assets such as goodwill and intellectual property. They are probably the two terms with which honourable members are fairly familiar. As Hon Darren West noted, there are some fairly obscure things such as restraint of trade agreements, business identities, business licences, a right under an uncompleted agreement to supply goods or services, rent-roll client lists and similar items. That is how they are enumerated in the second reading speech. If we had seen these taxes abolished, as they were due to be abolished in 2010, we would have seen in the region of \$355 million given back to small business. The other side of the coin of what the government did in 2010 was to net the government increased revenue in the order of \$355 million. I remind honourable members that in the other place the Labor opposition opposed the bill very vigorously and vehemently, even at the third reading. In other words, having had the opportunity to make the case during the second reading debate, the government failed to make its case to the satisfaction of the opposition. I notice that an amendment was moved in the other place back in 2010. When the then Treasurer introduced the original deferral, an amendment was moved in the other place to change the name of the bill—at

that stage it was not the bill we are debating tonight; it was the Revenue Laws Amendment Bill 2010—to the “Small Business Tax Slug Amendment Bill 2010”. Surprisingly enough, that was defeated. If an argument was made that the name should have been changed in 2010, how much stronger is that argument now in 2013 when we are seeing not just the deferral of the tax cut but the effective cancellation of the tax cut? I suggest to honourable members in this place tonight that the “Small Business Tax Slug Amendment Bill 2013” is, indeed, a much more appropriate title for the bill. As I said, by postponing the cut from 2010 to 2013, the Barnett government has netted itself about \$355 million. By cancelling the tax cut completely, which is what is proposed in this bill, the government will net itself approximately \$527 million over the next four years—in other words, in this year and the out years of this forthcoming budget, another \$527 million.

I tell members what: that is a lot of money to find down the back of the couch. Hon Darren West indicated that his accountant said that this is one of those little exercises of putting one’s hand down the back of the sofa and seeing what is down there. The government has put its hand down the back of the sofa and has come up with a total of \$882 million. It must be some sofa! That just shows how hard the government looked. I reckon they lifted a few rugs and have gone through a few trouser pockets in the wardrobe and probably all the suitcases in the cupboard. The government must have looked everywhere to find that \$882 million in extra revenue by not implementing these tax cuts. The sad thing is that along with this hollow log the government has found there has not been a commensurate increase in spending in areas of vital importance that the community actually values—far from it. We have seen a series of broken promises about the delivery of services and not cutting jobs. They are the promises that the community cares about very deeply. The government has \$882 million extra going into its coffers, yet there is a whole series of cuts and reductions in spending, jobs, pay increases and a whole lot of things that affect the community on a day-to-day basis. Members would have thought that defied logic and that we would have found this extra money going straight back into those services so that the government could actually deliver on some of those things, but it is the other way around. This bill is aptly described as looking for the small change down the back of the sofa. The government is so desperate to work out which of its elections promises it can pay for because it is willing to do absolutely anything, including upsetting one of its core constituencies, to try to protect its budget position. But it is not working. There have been public sector job cuts in my own portfolio areas. How desperate is the situation when more than 600 of the 4 000 children in this state who are in the care of the director general of the Department for Child Protection and Family Support—in other words, they are wards of the state—do not have a case manager? There has been no increase in the number of child protection workers over the past two years. We are not seeing the money that the government is searching down the back of the sofa and the car seats for going into those kinds of services. We are seeing cuts in a whole range of areas. Electricity prices have increased by 45 per cent more than the consumer price index. There has been a 45 per cent slug on electricity prices while at the same time the Premier announced a 2.75 per cent cost-of-living limit to future public sector pay claims. How can the government sell this to the electorate except by trying to disguise what it is doing? That is what government members do every time they come into this place and listen to the things the Premier is saying such as, “We have not increased taxes; we have decided not to reduce taxes”? How can government members pretend there is any kind of honour or integrity when the Premier makes that kind of statement to the Western Australian community?

What else could have been done with \$882 million? I have a sheaf of paper with examples of where that money could have gone and what the priorities should be. It is not just that these priorities are not being funded; it is that the government is making swinging cuts on this side of the ledger right through the Western Australian economy. I have just talked about public sector job cuts. The Insurance Commission of Western Australia Amendment Bill 2013 will increase third party insurance premiums on cars. We have not got to that bill yet and I do not know when it is coming into this place. There have been huge increases in electricity prices above CPI, this increase in business taxes that we are dealing with tonight and also the Metro Area Express light rail project. I have another absolute gem of a quote I thought I would share with members. What the Premier said about deferring the MAX light rail project, which he had promised by 2018, was, “It’s more complex than we thought.” Well, come in, spinner! “It’s more complex than we thought.”

Hon Darren West: Yes, it was four more train lines.

Hon SALLY TALBOT: Yes, absolutely, four train lines.

The opening of Fiona Stanley Hospital has been delayed, and we know what a mess is being made of that. We have cancer services at the children’s hospital in an absolutely disgraceful state of disrepair—not the actual delivery of services, because I am still convinced that the specialists are working extremely hard. Having had a friend who went through the experience of having a child with cancer recently, no criticism can be made of the doctors, but the facilities are awful. I realised, reading the reports the other day, that the horrible plastic Jason rockers that people are still being asked to sleep on would have been the same ones I used to sleep on when my child was small, and he is about to turn 27. That is a lot of use from a Jason rocker.

Hon Darren West: Hon Norman Moore used them before he entered Parliament.

Hon SALLY TALBOT: I reckon Hon Norman Moore would have taken his children there and slept on the same recliners, yes. We have seen a number of other broken promises, including 24/7 policing in the northern suburbs; that fell in a heap within hours, I think, of the Barnett government winning the election.

What could this money have been spent on? I have a whole list of things, but Hon Darren West reminded me of something tonight during his speech when he spoke about the very real distress caused by this measure of cancelling these tax cuts when he talked about how tough particularly the men in the bush are doing it. I went to a One Life suicide prevention seminar the other day, and one of the reports I listened to was from the rollout of the suicide prevention program in the wheatbelt. A very, very interesting and very moving story was told by the coordinator of the services in the wheatbelt. They go into communities and listen to what the local community wants, which I think is a very good thing. Service delivery in the Kimberley is something I have been arguing about for years; we tend to think one size fits all. I do not know that the government has learned that lesson in the Kimberley, but at least from what I heard the other day the lesson is being learnt in the wheatbelt.

In the wheatbelt it seems that the preferred method of delivery of suicide prevention programs is through the Men's Shed model. In one particular small country town in the wheatbelt a dinner was put on by one of the local service clubs; it was an early tea that was done in the traditional country way of the big sort of buffet nosh-up down at the bowling club or somewhere—I cannot remember the exact location. Everybody in the town came along to that function. The idea was that somewhere around 7.00 or 7.30 pm the men would go off to have a talk about setting up a Men's Shed. The commentary apparently all through the dinner and in the lead-up to the dinner from members of this community was, "Oh, you guys are really going to be pushing it uphill tonight because our blokes are really, really unhappy about what you're proposing; you don't understand the blokes in our town; they don't want to sit and talk about all this stuff," and, "I wouldn't like to be in your shoes, trying to run this Men's Shed meeting later tonight." Then the story continued that after the meal wound down and the Men's Shed meeting started it went on for a very long time. Everybody was expecting it to wind up within about half an hour, and for the coordinators of the One Life suicide prevention program to not exactly be driven out of town—because I am sure the country folk are very friendly—but to be sent away saying, "We don't really want your sort around here." In fact, the meeting went on for several hours, and the leaders of that meeting told us at this forum that it was one of the most intense sessions they had run ever since that program started. Every man in that community was desperate to talk about their experiences of trying to run their operations in a small country town. This was not just farmers; it would have been all the small business people in the town, all the shopkeepers, all the other service providers, and all the fitters and mechanics who were keeping these industries going through the wheatbelt. This Men's Shed has been running for several months and it is one of the most well supported enterprises of its kind in the whole state. If we could have seen some of this money that the government is saving itself going into an expansion of that program, maybe the people who have the grassroots experience of seeing the stress caused to small business would have been willing to come into this house and openheartedly support these measures. However, it is not true, because we know that every aspect of the budget is under pressure and we know, because we read both sides of this ledger, that everywhere the government is saving itself money, it is not going out and spending that money on the programs that our community so desperately needs. It is trying to shore up its own budgetary position. That budgetary position is looking very, very bleak. The reason it is looking very bleak has absolutely nothing to do with any of the reasons that the government gives us. Government members walk into this place and talk about added pressures on the budget in May and June 2013. We had a general election on 9 March, yet they have the gall to walk into this place and talk about our changing financial situation. They talk about the goods and services tax despite the fact that they were the ones who signed off on the GST. What a disappointment the federal budget must have been this year, because it confirmed the buoyancy of the Western Australian economy. Gareth Parker, Daniel Emerson and Beatrice Thomas wrote in *The West Australian* of 16 May —

The Treasurer and the Premier blamed WA's declining GST share for the move to again defer stamp duty relief but Tuesday's Federal Budget showed no material change to WA Treasury's predicted returns.

What an absolute joke —

Mr Barnett claimed WA's share of the GST might fall from \$2.8 billion this year to \$1 billion within three years, at which point the tax would be "unimportant to WA".

But Federal Budget papers show that WA's GST share is expected to be \$2.46 billion, \$2.06 billion, \$2.3 billion and \$2.58 billion over the next four years.

This government has been exposed as the fraud that it is. It is perpetrating a gigantic untruth on the Western Australian community and we will not stand for it.

Debate adjourned, on motion by **Hon Peter Collier (Leader of the House)**.