

TAXATION LEGISLATION AMENDMENT BILL 2015

Second Reading

Resumed from an earlier stage of the sitting.

HON SUE ELLERY (South Metropolitan — Leader of the Opposition) [5.10 pm]: I do not know whether members were following closely what I was saying before and I wonder whether I should start again!

Hon Kate Doust: I missed what you said.

Hon SUE ELLERY: Did you?

Several members interjected.

The PRESIDENT: Don't start interjecting again.

Hon SUE ELLERY: Earlier I referred to the impact of the government's cuts to schools. I also said that the second reading speech says that one of the motivations of the government to bring the Taxation Legislation Amendment Bill 2015 to the house is to maintain the high-quality services that Western Australians expect. I made the point that in fact Western Australians are getting used to a much lower quality of service as a result of the changes and cuts that this government has made across the board and to schools in particular.

In previous debates I have referred to the material that members of the Western Australian Council of State School Organisations, the peak body for parent groups in public schools, collected from its members when they were asked by WACSSO to advise what government cuts have meant to their schools. I have been through an extensive list of those schools in this house before, and I am not going to repeat the entire list of things that schools said. Instead, I want to refer to a range of schools that represent a mix of regional and metropolitan schools, big schools and small schools, and primary schools and secondary colleges. Westfield Park Primary School said that the cuts to public education meant that that school had had to cut teacher and teacher assistants' full-time equivalent hours and that funding was lost despite the numbers of students at Westfield Park doubling in two years. That school had lost \$130 000 in state funding, and it was worried at that point that it was growing. Wickepin Primary School said that one of the main impacts on its school—this is always the case with country schools, but more pointedly under these cuts —

Teachers who are wanting to work full time have had their FTE reduced due to low student numbers. Sometimes the only option is to apply and move to other schools so that they can work full time. We have been in the position of having staff leave, followed by temporary staff and eventually newly appointed staff—quite disrupting for primary school students to have three teachers in a short space of time! Attracting teachers to work part time in a one school town is difficult—if they are wanting to work full time, they may need to travel great distances to other schools to do so—not much of an incentive!

It went on to talk about the impact on that school of the cut to the school support program resource allocation money, which was a bucket of money available for a range of programs, including assistance for Indigenous kids, behaviour management and a range of other support programs.

Hon Peter Collier: Their funding actually increased by \$26 435.

Hon SUE ELLERY: Good for you, Minister for Education! I am talking about the cuts that school had already experienced. It was saying that as a direct result of the cuts that it had already experienced that school had to reduce a range of things, including school excursions and clinics.

River Valley Primary School said that it lost a mainstream education assistant and part of the time of a level 3 teacher. It also stated —

As a direct result of the loss of Level 3 Teacher Time our School Food Garden no longer has a staff based coordinator. Students, staff and the wider community were proud of the productivity of this garden and the educational opportunities this program provided for students. The connections to environmental sustainability and integration of this program ... provided rich and purposeful learning opportunities. Level 3 funding cuts have resulted in a backwards step in regards to providing a varied and accessible curriculum for all students at our school ...

Ashfield Primary School talked about having its Aboriginal and Islander education officer time reduced from five days a week to two and a half days a week.

Hon Peter Collier: Ashfield increased by \$112 000.

Hon SUE ELLERY: So that we do not have this with each example I am going to give —

Hon Peter Collier: You are asking for it.

Hon SUE ELLERY: No, I am not. I am identifying to the house the changes and the cuts, and the direct impact on schools of the cuts in 2013. If the minister is referring to a set of figures that show an adjusted student-centred funding model under the new arrangements for 2015, he can do that when he makes his contribution. He cannot pretend that the cuts that the government started with in 2013 have been entirely ameliorated by the changes to funding under the student-centred funding role. They have not.

Hon Peter Collier: How do you know that?

Hon SUE ELLERY: I know that because I talk to schools and school communities all the time.

Hon Peter Collier: So you don't listen to the facts?

Hon SUE ELLERY: Mr President, that is provocative and unnecessary. I am well aware of the changes that the government has made to schools under the student-centred funding model, and I was pleased with the additional \$46 million that the government miraculously found to top up school budgets just a matter of a month or so ago, because it realised the impact the new model and the amount put into the new model was having on schools. I welcome that; it was a good thing. However, it is inaccurate to say that as a consequence of the money put into schools for the 2015 school year those things that started occurring in schools in July 2013 somehow did not happen and that schools did not experience genuine cuts to services and programs as a direct result. That is the point I am trying to make.

Hon Peter Collier: You mean the highest funded schools in the nation?

Hon SUE ELLERY: You keep saying that.

Hon Peter Collier: Well, it's true.

Hon SUE ELLERY: I invite the minister to keep saying it, but unfortunately it does not wash with parents who can see the difference.

Hon Peter Collier: Do you deny that they are the highest funded?

Hon SUE ELLERY: If a comparison is done across the states and we take out the territories, that is an accurate analysis, and that is done by comparison through the Report on Government Services.

Hon Peter Collier: Do you acknowledge they are the highest funded?

Hon SUE ELLERY: The point I am trying to make is that the minister would have us believe that the student-centred funding model in 2015 wiped out the cuts that started from 1 July in 2013. That is just not the case.

Hon Peter Collier: They are still the highest funded.

Hon SUE ELLERY: So they should be, because, frankly, that should be the case given the geography and the challenges of delivering services across the state of Western Australia into some of the most remote schools not only in Australia but also the world.

Hon Peter Collier: They weren't under your government; they were amongst the lowest. They were amongst the lowest resourced in the nation, and our teachers were the lowest paid in the nation.

Hon SUE ELLERY: Here I was thinking I would probably wrap up before dinnertime, but I do not think that I am going to do that now.

Hon Peter Collier: It is a fact.

Hon SUE ELLERY: The fact that the minister is choosing to ignore is that his government's decisions, starting from 1 July 2013, have had any negative impact on schools whatsoever. If he believes that is the case, I encourage him to keep pushing that message with parents and see how he goes. It is not working, and if the minister thought it was working, he would not be spending \$1.8 million on an advertising campaign to convince people that it was a fact. The government would not need to spend that money if the minister's lines were working, but his lines are not working.

Hon Peter Collier: The campaign was on the reforms, not the changes.

Hon SUE ELLERY: Why is it that in 2015 P&Cs are saying to me, "We are being asked to raise more money than ever before for programs and support services in our schools that we have never had to fundraise for before"?

Hon Peter Collier: Give me a list of those schools and programs. I challenge you.

Hon SUE ELLERY: The minister does need to challenge me to do anything. I am telling the minister that is what school communities are saying to me.

Hon Peter Collier: Give me some facts.

Hon SUE ELLERY: If the minister thinks that is not the case, I invite him, I challenge him, to ask school bodies—boards or P&Cs—whether they are being asked to consider raising funds for things they have never had to raise money for before.

Hon Peter Collier: You are making the accusation; provide some facts.

Hon SUE ELLERY: The minister should do that, and I challenge him to do that. He will find the same answer I get when I talk to school communities. When I talk to school communities I say, “Some people get a bit anxious that I might be coming to your school, meeting with your P&C or parents or talking to your board or council because I just want to talk about cuts. Some people get a bit anxious about that and think that is maybe what I am here to do.” I say, “That is not what I am here to talk about. I am here so that I can understand the depth and breadth of the portfolio and I am asking you what’s working well in your school and what are some of the challenges that you face.” That is the question I ask every time I meet with school communities. The answer comes back to me in the form that I am giving to the minister—that is, parents are being asked to raise money for things they have never had to raise money for before. If the minister does not believe me, that is his issue; I am just telling him what school communities are saying to me.

I think I had started with Ashfield Primary School, talking about how its Aboriginal and Islander education officer time had been reduced from five days a week to two and a half days. One of the schools in the outer metropolitan area, Butler Primary School, was talking about the loss of education assistants, meaning more disruption in class, especially in the younger years when children really need to focus. One parent said —

The cuts affect our children by taking away specialist teachers and programs ...

As a parent at a public school I am very concerned about the budget cuts. The result of these cuts at our school have been many but the most upsetting for me personally has been the loss of specialist teaching hours which has resulted in science being taught in home class rather than a dedicated science class. This is unacceptable.

Dalyellup Primary School said —

and what do our students miss out on because of it?

- No Play Cafe program. This was a HUGE success in 2013 and supported by our community.
- Less leadership and mentoring for staff with our whole school Mathematics program.

Who misses out??

The most important link in our school chain—THE STUDENTS!!

Broome Primary School talked about the number of employed AIEOs decreasing from 5.6 FTE to 3.95. It said that two people lost their jobs and others were asked to reduce their hours. It also felt the devastating impact of the end of the national partnerships, effectively taking \$400 000 from what it had been able to spend.

Baldivis Secondary College said —

Recent funding constraints from the WA Government have had and will continue to have impacts on the college. Of particular note are the changes to the mechanism by which schools are allocated human resources and the long service leave levy. The result is that schools have less human resources, mainly from the teaching sector.

... we have fewer resources to work with but more students to engage in their learning journey.

Albany Senior High School said —

- 1 — We had to cut spending across all budget areas by 25% and curb expenditure on purchasing equipment, classroom furniture, resources and maintenance of buildings and grounds.
- 2 — A portion of lost FTE was traditionally placed into school salary pool and used for teacher relief whilst staff were away taking students on excursions or camps, the school now has to fund this cost.
- ...
- 4 — The loss of FTE to Level 3 teachers put extra duties and time on staff. These extra duties covered assisting within Year 7 transition, IT, School of Instrumental Music. District wide Maths has ceased.

Pemberton District High School referred to the long service leave reduction in the base allocation of 1.5 teachers’ time, which was the equivalent for them of some \$33 000, the removal of the level 3 teacher allocations and the reduced time and funding to support K–10 students. It said —

- Reduced funding to support professional learning. School finding it harder to provide ongoing professional learning/support. In recent times this has occurred in-school utilising colleagues ... We are stretching resources as far as we can.
- Less funds available to place in 'Reserve' accounts. Replacement of large items will be pushed back.

Karrinyup Primary School said —

... increasing Karrinyup Primary School's reliance on the P&C to fund the basics ... the P&C has funded:

- Time for a teacher's aide to run a literacy program
- The provision of smart boards in class rooms
- A replacement roller door ...

...

- New books for the library
- Shade cloth in the kindergarten playground

...

No longer does our P&C provide the "icing on the cake", we are now in the business of providing the basics.

Huntingdale Primary School said —

- Education Assistant time for Year One & Literacy Support reduced.
 - SPPRA Fund cut to Outdoor Play Behaviour Support cut.
 - Learning Support Co-ordinator Time reduced.
- ...
- Lost Development and Training Funds re Performance Management ...
 - Lost Level Three Teacher Time—120 days ...
 - ... Multi Literacy Program Reduced & Hickey Multi Sensory Program Cut.

Tuart Hill Primary School P&C said —

At our school, these cuts have resulted in reduced Education Assistant hours. The loss of this resource has left teachers with less support in the classroom and now more teacher time is spent in basic planning and preparation tasks (especially in lower primary and early childhood education).

West Morley Primary School said —

We have lost at least one trusted EA—who has been with the school for 16 years.

Long-term, valued teaching staff are thinking of leaving the profession because they feel unsupported. Yet the strength of a school is our teaching staff!

Our P&C has to spend more time and energy raising funds from parents to ensure we continue to have quality resources like reading books.

Guildford Primary School talked about the loss of teachers and education assistant resources, stating —

- Programs have had to be cut
- Our literacy support program has been halved
- Our maintenance budget is limited. There is no money to remove mould in the ceiling of the School Hall.
- Putting extra pressure on P&C. We have to rely heavily on parents to raise money for important resources such as Guided Readers.

I wanted to return to the general economic mismanagement. I touched on it at the start of my contribution. Last year's budget papers showed that families in Western Australia were hit with a massive \$1.1 billion worth of additional taxes and levies and at least an additional \$324 in household charges. There was a land tax increase of 10 per cent, which followed an increase of 12.5 per cent the year before that. The Barnett government collected \$670 million worth of money from additional land tax, with the budget papers showing another \$334 million in

land tax to be collected over the next four years, including an extra \$72 increase in car registration fees in one year. Even though the Barnett government is slugging families with more, it cannot get its budget in order. Standard and Poor's credit rating agency placed WA on a negative credit watch in April this year after stripping it of its AAA credit rating in 2013. The Barnett government has continued to spend the revenue that it wished it had—hence the “fully funded, fully costed”—rather than the revenue it actually had.

The Grattan Institute revealed in its report “Budget pressures on Australian governments 2014” that in the 2013–14 financial year, WA collected more revenue per person than any other state in the nation. The Barnett government took an additional \$200 000 per person more than either New South Wales or Victoria. Despite this, in the budget papers of last year, net debt was expected to be \$25.3 billion in 2014–15, surging to \$30.8 billion by 2017–18. Goodness knows what it will show us in the budget in a week's time. How far beyond are we heading? Families were slugged with a massive \$1.1 billion worth of additional levies and taxes. As well, electricity prices will rise by 4.5 per cent, water bills will rise by six per cent, public transport fees will rise by four per cent and car registration fees will rise by three per cent. The landfill levy, which applies to every WA household, will also double but only 25 per cent of the extra revenue generated will go into initiatives to reduce or re-use waste. Those increases that I just went through are on top of the 48 per cent increase to fees and charges that the Barnett government has imposed since it was elected. Land tax has increased by 10 per cent, following a 12.5 per cent increase in 2013, amounting to an additional \$670 million of additional land tax.

Just a few weeks ago the shadow Treasurer, Ben Wyatt, put out a press release in which he talked about Standard and Poor's placing WA on a negative credit watch after 2013. It stripped us of our AAA credit rating. I did not want to refer to that press release; I wanted to refer to the one in which he spoke about Mr Barnett and his seven deadly Treasurers. I wanted to put that on the record, because before I was asking whether it was six Treasurers in seven years or seven Treasurers in six years; I think it is actually seven Treasurers. Ben Wyatt was making a point about the government spending the revenue it wished it had, rather than the revenue it actually had. The article on Mark McGowan's website continues —

“So despite record revenues, Mr Barnett and his seven Treasurers have lost the State's AAA credit rating, will plunge the State into its first deficit in 15 years and, despite Mr Barnett stating that net debt would not exceed \$20billion —

Remember when he said that a few years ago —

our net debt is now expected to be \$25.3billion in 2014/15 and surging to \$30.8billion by 2017/18.

I suspect it will go beyond that.

The Taxation Legislation Amendment Bill 2015 will make changes to three acts, but the prime generator of money will be the amendments to the Pay-roll Tax Assessment Act 2002 to, over time, reduce the tax-free threshold. That is a broken promise, and another sign of a government that is completely out of control of its own budget process. It is the same government that has said to us that we cannot believe election promises, we cannot believe what the Premier says on FM radio, we cannot believe the budget papers forward estimates, and I was shocked to see that today in the other place the Premier also said that we cannot believe government media releases. Exactly what is it this government says that we are able to believe? It appears to me that it is nothing. This is a broken promise the government made to the electorate about reducing the tax onus on business; it promised to do the opposite of what it has done. It still does not have a plan for getting its budget under control. It has introduced a series of measures that it knows cannot possibly work in an effective way. The best example of that is trying to impose the stupid and poorly-thought-out workforce reform policy in schools by taking the replacement cost of a staff member other than a teacher down to 60 per cent of the rate of the ongoing salary. This legislation is before us today because this government has lost control of its budget process.

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [5.33 pm]: I also rise to make some comments on the Taxation Legislation Amendment Bill 2015. I was just thinking that about this time of year, at least for the last couple of years that I can recall, this government has introduced bills of this nature into this house. Not that long ago, we dealt with a different type of tax bill, and last year there were significant changes in the areas of land tax, payroll tax and others. I must say that I am not the lead speaker on this bill. I do not want to disappoint people, but I am not the lead, so I will take only my 45 minutes today, sadly.

If we think back to 2013, not long after the election we had that very extended debate on the Duties Bill after the government had broken an election promise and had deferred and delayed the removal of a particular tax. That caused quite a degree of angst amongst businesses in Western Australia that had been anticipating the removal of the tax that impacted on issues around goodwill and intellectual property. From the feedback I had, I know they were very disappointed in the way this government had managed that. We are seeing a pattern of behaviour, if you like, in the way this government manages its finances. As I have referred to in the past during other debates, we have seen a great disappointment. A myth in our community is that Liberal governments know how to manage the finances and how to balance the budget. With this particular government, the myth does not meet

reality. This government is the perfect example of a government that has done everything it possibly can to mismanage the dollars. We have been through a period of strong economic growth, we have had enormous opportunities in our resources sector to the north, and I know that our Premier certainly has pinned a lot of his hopes on that growth in the north west. We have since seen a downturn in that area that, coupled with the decline in iron ore prices, has certainly had a significant impact on this government. Members would have thought, given the great economic brains that run this government, that it might have done a bit of modelling and planning and perhaps foreseen that things can go awry. We have seen—Hon Sue Ellery has articulated very clearly tonight a series of great impositions put on the ordinary constituents in Western Australia—that with each successive government, the burden on householders has grown and grown and grown. We will see next week, on 14 May, more imposts and how people will have to tighten their belts even further to pay their bills to keep this government afloat.

The Taxation Legislation Amendment Bill 2015 again looks at ways to squeeze a few more dollars out of the small business sector. It is couched around other changes that perhaps are not so bad, but I suppose the bee in the pot, if you like, is the payroll tax changes. I will go through the detail of some of those changes and might pose some questions to the minister. Unfortunately, given the fact that our lead speaker is not available, there has been a bit of difficulty with briefings; I managed to get about two minutes of a briefing today just to ask a couple of targeted questions. I will say that that is not the government's fault; it is just the way things happened today. I was trying to have a briefing while also trying to manage being in the chamber. I do have some questions that I hope the government is able to provide answers to.

With these types of pieces of legislation, we have to ask ourselves who will benefit from them. If we look at the changes made to payroll tax, we certainly know that it is not the small business sector in Western Australia. In fact, it is not the industry sector in Western Australia; it is only the government. Because this government has mismanaged the finances so badly—it has already been referenced that we lost our AAA credit rating and we know we have ever-increasing levels of debt; I think we are up to something like \$30 billion now—we know that there is a proposal for another bill to come to this place in the near future in which the government will seek an \$8 billion loan. I was reading the other day that Greece is looking for a €7 billion loan. We all know the problems Greece has had and we all know about the issues in Europe, where there have been difficulties in a range of economies such as those of Spain and Greece. Greece is country that has all sorts of issues and it is seeking only €7 billion. We are a state of Australia that has just come out of a very prosperous period of our time, and we have a government that has not been able to manage that and is seeking more money than Greece. We know how badly the issues in Greece have been dealt with. When we get to that legislation, I am sure that we will be able to flesh out those issues a lot more.

Here we are, a week away from our state budget, having to deal with this legislation because the government has realised that it does not have enough money in the coffers. Who is it going to target again? It is going to hit the small business sector. Liberal governments have always purported to be friends of small business. If we go back to the Liberal Party's small business policy that it put out prior to the last state election—Hon Sue Ellery has already made some reference to it—we see that the first sentence on page 2 states —

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.

I think that is actually a pretty solid statement and I think we would probably agree with that. What I plan to do as I go through my speech tonight, and possibly finishing after dinner, is outline the problems that this government is creating for small business. It is not delivering on the commitments it made in this document leading up to the election. In fact, it has run the biggest smoke-and-mirrors campaign that it could with small business, and it has conned those businesses. The government keeps cutting back, and I that know small business is starting to arc up. Later I will refer to the commentary of a significant number of leaders of business in Western Australia who have expressed their disappointment and concern about the mismanagement of this government and the state of our finances in Western Australia. I will go through some of the comments made by each of those individuals because I think they are fairly significant.

I turn to some of the commitments made by this government leading up to the election. Of course, the payroll tax commitment was significant. The government referred in its document to how it would look to grow the economy in WA. One of the commitments made about assisting small business was to reduce the thresholds for payroll tax. We know that is a major issue for small business, and regardless of who is in government, it is something that we are always seeking to have changes made to. Commitments were made that the threshold would be dropped in two tranches. The first commitment has been met, and the second commitment was deferred. However, although the government is saying that the next threshold will be met in 2016, what we are seeing today in this particular legislation is a tweaking of the way in which the threshold will be dealt with. That will mean that if a business is under the \$800 000 limit, it still will not pay payroll tax. However, once a business

starts to expand and increases the number of employees and has a more substantial payroll, the threshold will disappear entirely. So, this is nothing but smoke and mirrors, and the government will reap the benefit. Therefore, the government should not say that it will do the right thing by small business and enable small businesses to put that money back in their pockets and hopefully employ more people—although that is a contentious issue, because I am not sure whether putting payroll tax back into the pockets of business always delivers on the possibility of new employees. But that is a different issue.

The government in the explanatory memorandum, and I think also in the second reading speech, refers to the introduction of a diminishing payroll tax exemption threshold and says this is consistent with the situation in other states. Prior to 2013, there was no reference at all to the possibility that this type of change would be brought in. The only commitments that the government made on payroll tax in that period were for two reductions, to be introduced over a much more limited time period than what we have now. But now the government is changing the arrangements, because it is desperate. This legislation, and the other bill that we will deal with in due course, are all about this government's act of desperation because it cannot manage the finances of the state. We listened very carefully to Hon Sue Ellery tonight when she talked about the significant cuts right across the education system. Cuts are happening across the health system as well. They may not necessarily be cuts in terms of the physical environment, but they are certainly cuts in the manpower environment in terms of the number of employees. Only two or three weeks ago, a group of people in the south metro health region who had been working in the health sector for an extended period of time were pulled into a room and told that their job had gone; they are not going to Fiona Stanley Hospital, as they had thought they would be doing; and that is it. They kept the managers in place, but these people were told that their job no longer exists and they should go and look for another one. I think that next Thursday, when the budget comes out, we will find that this group of people in south metro health are not alone.

Hon Sue Ellery raised the changes to the workforce arrangements in the public sector and the furphy that was put up about how it was about getting rid of recalcitrant workers. That was an absolute furphy. I think that there will be a more widespread rush to cut back on staffing numbers. The example I have used of south metro health is just the tip of the iceberg. Post-14 May next week, when we have the capacity to go through the budget papers, we will see right across the spectrum of government that significant cuts are made to staff, and the government will then start to roll out their replacements at a reduced price, if we like, at a later stage.

Again, this is about a government that cannot manage the books and cannot come up with appropriate solutions to manage the books. What we are seeing happen is that the belt tightening is continuing for families. The government is also seeking to take advantage of ever increasing dividend returns to government, not just from its utilities, but from a range of other agencies. We had a discussion in this place a few weeks ago about changes to the legislation for Landgate and about the potential for government to have a take on the dividends for that agency. We also had legislation pass through the Parliament for the Insurance Commission of Western Australia, which again was all about the government seeking to tap ICWA for a dividend. Today we see that the government will be pursuing Bell Group for the \$1.7 billion that the government is owed through the Insurance Commission of Western Australia. The government is desperately trying to find every possible way in which it can pull in a dollar to cover its losses for its mismanagement of the state's finances.

Hon Helen Morton: So you would leave it, would you?

Hon KATE DOUST: No; if there is money to be found, we should get it. All I am saying is that because the government has not managed the books, it is desperate. I do not know why any government member is still sitting in here. Government members should be embarrassed that for the last seven years, every year our debt has increased, and our families are finding it harder. But they just sit there and think that is perfectly normal. It is not normal. It is bad management. It is setting a bad example to our community. I hate to think of the legacy that will be left for our children and grandchildren in this state in the years to come. The impact upon health and education and other areas will be extremely detrimental, and it is all the government's fault for not being able to manage the books.

Hon Liz Behjat: The highest funded schools, the highest paid teachers and the highest funded hospital system! We are not hanging our heads in shame. We are proud to be part of this government.

The ACTING PRESIDENT (Hon Alanna Clohesy): Order! The honourable member is clearly not taking interjections.

Hon KATE DOUST: This government has gone down the traditional path of expending its dollars on those so-called vanity projects. We have talked about those projects at length and about the money that is being poured into the stadium, the money that is being poured into Elizabeth Quay —

Hon Helen Morton: Creating jobs, jobs, jobs!

Hon KATE DOUST: It is interesting the minister mentions that, because let us come back and talk about how this government deals with small business. I go back to 2012 and to the Building the Education Revolution

project. Building Management and Works failed to manage that project to the extent that it should have, and we had the subcontractor fiasco, where a significant numbers of subcontractors lost money, lost their homes and lost their business. We had an inquiry, and the government paid out some money to those subcontractors. Fourteen recommendations came out of that inquiry, and the government said that it has put all those recommendations in place, because it wants to ensure that this will never happen again, and it is important that we look after small businesses in our state. I thought, great; that is good; the government has acknowledged the problems that happened. I was so pleased to hear the minister talk about how those projects are creating jobs. The minister should read the newspaper. She should talk to Phil Matera, whose company has gone belly-up because of problems on the Elizabeth Quay project. She should talk to the subcontractors working on the new Perth Children's Hospital. I have raised questions in this place of the relevant minister, because the same problems have existed. We would have thought that if the government had acknowledged the difficulty and had addressed the problems and made changes in one government department that dealt with these types of significant projects, that it would replicate that across the whole of government. But, guess what? The government has not done that. What the government has done is shift a group of these special projects into the special projects unit at the Department of Treasury. I think there are probably seven or eight of them—the children's hospital is one, and the stadium and Elizabeth Quay would be others. I dare say there are a couple of others as well, but those are the ones I have been interested in.

For several months now, I have had business people and a wide variety of trades who have been working on these projects come to me, and I have taken up questions and I have written to the relevant ministers, because they thought when they took on these contracts that because it was connected to a government project, they would be paid. It is the same as what happened with the BMW issue. These people tell me that whenever they have taken up the issue and said that the money has not been forthcoming by the head contractor or by the next level of contractor, and therefore the subcontractors are not being paid, the minister's response has basically been, "Not my problem." So, these people are now out of pocket and out of a job, and in some cases out of their home and business. I met recently with one business that has quite a significant staffing level. They have been operating in their area of work for more than 20 years, so they have built up goodwill and a good reputation in the industry. They have the capacity to seek out significant contracts. They have been working on that particular project, and they are owed more than \$900 000. They cannot get their money. When we have taken that up with the government, it has said it is not its problem. It is a government project; the government has a head contractor, and the head contractor is obviously saying that it is paying the next tier down, but these subcontractors on that lower rung are not getting paid.

In Building Management and Works, the government set up a pilot project to make sure that moneys for a project would go into a banking arrangement, so that the subcontractors would be guaranteed of getting their money. If the government can do that under BMW, why can it not be rolled out to larger projects? People like this air-conditioning company, and a significant contracting company, also have not been paid, and are owed hundreds of thousands of dollars. The contracting company has had to reduce its staff from 120 to 30, and has no guarantee of paying its staff. Another man has a tiling business, and he has had to sell his home to pay his staff. He has been in business for over 30 years. A couple of other people have talked to me, but the problem I have is that these people know that if they come out and speak to the media they will not get contracts in the future. It is the same problem we had with BMW. I know that one of the fellows who came out for us on that project is about to shut up shop this week, because he is still owed \$100 000 and can no longer afford to operate his business.

If this government is serious about looking after small business in this state—we have identified problems in the past—why does it think that it is acceptable that Western Australian businesses and Western Australian workers do not get paid on a significant government contract? It is not as if we have slaves building pyramids. I think it is appalling that we get these types of responses, and I am happy to share the formal letters I have had back, although they are not from the Minister for Commerce on this occasion; I have already said the minister's responses on these sorts of things have been very thorough and positive, but some of his colleagues are not as positive in managing these issues. It is really disappointing, and I hope that, rather than just dismissing it out of hand, or saying that it is not its problem, the government will actually take this on board. If it is serious about the commitments it makes in its own document about how important small business is to the growth of our state and the employment of people in our state, why has the government let down people who work in the trades and on construction jobs? Why is the government not putting the proper mechanisms in place across the spectrum of industry to make sure people get paid, that people can actually go home and work out how they are going to tighten their belts to pay their power bills, water bills and licensing fees? That is a significant issue; it is an ongoing concern for me, and I will continue to pursue it, because I know that something needs to be done.

I am hoping that when the Construction Contracts Act review is finalised, we might get some better outcomes for people working in that industry, in the area of improved timeliness of payment mechanisms, and more fairness in the system, so that if a subcontractor has not been paid for his work it will not cost him an arm and a leg to go through the process of trying to retrieve that money, and he will not be placed under the threat of not being able

to get work in the industry as result of pursuing his claim. I know, when we went through the first exercise in 2012, how emotionally exhausted these people were, because they could not pay their bills; they could not get the money that they were owed. A significant number of them had to make such drastic lifestyle changes themselves just to be able to provide for their staff and to pay their bills. It is a real problem, and on this occasion the government has not responded appropriately to the small business sector. I would imagine that the type of change we are dealing with in this bill, with the payroll tax, will be quite a surprise to people working in those sectors.

In the two-minute briefing I had this afternoon, one of the questions asked was: when consideration was given to the payroll tax increase, who was consulted? I was told that no-one was consulted. People might need to have a look at that issue. I would have thought that small business should have been consulted. I know that from some of the media reports of this change. In the *Kalgoorlie Miner* on 1 April, when people first got wind of this change, the CEO of the Kalgoorlie–Boulder Chamber of Commerce and Industry, Hugh Gallagher, was quite forthright in his views on the government’s decision to increase payroll tax by \$418 over the next three years. The Chamber of Commerce and Industry of Western Australia surveyed its members and the results of that survey, stated in this article, show that more than 80 per cent of businesses thought that payroll tax hikes would hurt profitability, curtail new employment, lead to lower pay rises for staff, and hit new capital investment. More than 75 per cent of businesses also said they were unlikely to increase wages because of the deferral in planned payroll tax exemptions in 2016. In the *Joondalup Weekender* on 22 January this year there was a comment from the president of the Joondalup Business Association, Russell Poliwka. He said that the state Liberal government is out of touch with the small and medium-sized business community. He goes on to critique the changes to payroll tax, and he says that governments now need to be vigorously lobbied to give business operators a fair go. There is much rhetoric about business being the engine room of Australia, yet talk about reducing red tape and bringing in an equitable tax system is not transferring into any tangible improvement.

The government was also vocal before the election about reducing red tape for business. There has been some change, but I know that whenever I meet with business people they talk about a range of things that still need to be done. Some of them are relatively simple things, and I offer up from the Civil Contractors Association a call for some sort of uniformity across the whole of government in tendering documents and the mechanism to have the outcomes delivered online, rather than the system that exists at the moment, I understand that someone putting in a tender for Main Roads has to actually turn up at the office where they open up the tenders and read them all out. It is a really archaic, time-wasting practice, and I understand that the tender documents are quite difficult and legalistic, whereas I understand the Public Transport Authority tenders are quite simple. I do not understand why, to make life easier for small business, we do not look at some of those types of changes as well.

The issues around payroll tax will be quite interesting, particularly as there has been significant commentary from chambers of commerce in the rural and regional areas. I note that an annual meeting is held here in the Parliament with the regional chambers, and that meeting is due again for 11 June. With the Leader of the Opposition, Mark McGowan, I look forward to attending that annual event. This year’s meeting should be quite interesting, given what we have to deal with in this legislation with the changes to the payroll tax and land tax, and the types of responses that we will receive on that day. It will be an interesting morning for the Minister for Small Business when he attends, because I am not too sure how he will respond to the criticism of these changes that will be aimed at him.

Sitting suspended from 6.00 to 7.30 pm

Hon KATE DOUST: Prior to dinner I was explaining that I thought the Taxation Legislation Amendment Bill 2015 was in front of us because this government has demonstrated time and again that it is an appallingly bad fiscal manager for the state. I was going through some media providing comment from the small business sector about its views on the impact of aspects of this legislation, particularly payroll tax changes and how they would impact on their area. I had referred to the Regional Chambers of Commerce and Industry of Western Australia, which are due to meet here in June. The president, Ron Mosby, is quoted in *The Kalgoorlie Miner* on 24 December. That is obviously when the midyear review had been presented, so people have been aware for some time this would happen. Mr Mosby said —

“This is going to add another cost, when businesses are quite marginal, even with the small number of employees it is going to make it more difficult in this environment to operate,” ...

He then went on to say the Barnett government is failing to recognise the role of regional WA businesses. When the various ministers roll themselves into that meeting room with a variety of small businesses and representative chambers from across the state, I imagine that payroll tax will be very high on the list for discussion.

There is also comment from the Chamber of Commerce and Industry of Western Australia in a number of media articles. Chief economist John Nicolaou was also quoted in *The West Australian* in December last year. He said —

... the changes would hurt small and medium-sized businesses and further harm business confidence, without making much difference to the State's bottom line.

The CCI has published significant work in recent times in which it has discussed declining interest in areas of small business and consumer confidence in this state, and that is an ongoing concern. Mr Nicolaou went on to say —

“It's a tax on growth and really it's a tax on small business overall,” ...

“The danger is the Government is chasing rats and mice rather than looking at bigger reforms that are needed to really transform the Budget.”

I think he is right. That was also identified in the article in *The Sunday Times* that I referred to in which a significant number of gathered business leaders across the state talked about where they thought things had gone wrong, and I will pick up on some of those quotes later. The article in *The West* I just quoted then goes on to discuss some of the changes that the government has made in relation to the workforce reform legislation and the capacity to serve involuntary redundancies. I will not talk about that, because I do not have a lot of time and I know that Hon Sue Ellery spent time on the subject.

A media statement from the CCI chief executive officer, Deidre Willmott, released on 30 March this year was headed “Payroll tax hike will hurt business”. It states that payroll tax will hurt profitability, impact on employment and lead to lower pay rises. It also states that because of the clawback policy, 84 per cent of businesses are expected to be less profitable, 82 per cent are less likely to increase staff wages and 81 per cent expect to hire fewer new employees. It then mentions a survey that the CCI conducted, which I referred to earlier before dinner. The article states —

“Our survey found the payroll tax increases would hurt businesses, workers and the unemployed at a time when confidence was already low and the Government should be doing everything in its power to encourage investment and jobs growth,” Ms Willmott said.

“Instead of increasing taxes on business, the government must focus on scaling back its spending and making the public sector more efficient to bring the budget back under control.

“The payroll tax hike should be scrapped as soon as possible so people have the confidence to invest in their business, put on new workers and get this State working again.”

I think they are quite strong words coming from the CCI and it has hit the nail on the head. We all know that this government cannot reverse what it is putting through now because it cannot afford to do so. It has spent so large and on such wanton projects, if you like. They are projects that will not necessarily bring ongoing benefit to communities; they will remain as symbols of a failed government in the future.

I want to talk about the problems this government has. In the lead-up to the last election it talked about the significance of small business and we now know that it made a whole range of promises, not just for small businesses, but across a spectrum of portfolios. We now know that there are more than 50-odd broken promises made by this Premier. My colleague has already referred to the capacity for “FM promises” and a range of other things—things that were not serious or real—and that is a concern. We have seen these changes for small business in payroll tax, we have seen promises only partially delivered or not delivered at all and we have seen cutbacks in some of the grants and programs that were available to small businesses; for example, I know that the training vouchers program was removed. I just want to talk a bit about the Small Business Development Corporation and in particular the small business development centres, because the Liberal Party election commitments focused on these centres and there was talk about practical support for small business and what the Liberal Party would do. The Liberal Party talked about small business centres, their importance and how they provide business opportunities, assist with job creation, help to skill up small businesses so they can perform better and provide them with access to a range of specialist advisers. A Liberal Party policy summary states —

Through practical measures of this nature, a Liberal government will give small businesses the help they need so they can continue that play the critical role of creating jobs and stimulating the economy.

That is a fine statement and that would be very good, but we now know that those small business centres are for the jump. We now know that of the 25 that we had in the state that were funded, after the budget is announced next Thursday, there will more than likely not be 25; in fact, there may only be 12. They may not be operated in the traditional way. According to an answer provided by the Minister for Small Business in the other place today, those centres may very well be operated by the Chamber of Commerce and Industry. The question was put to the minister whether he could guarantee that these 25 small business centres would be funded and

continue on for the next 12 months and I understand he could not provide that guarantee. He talked about a review, and he would not specify which ones would go. I imagine that of the 25 small business centres dotted throughout the state, which have been delivering those services to assist small business, somewhere between now and next Thursday they will be waiting with bated breath to find out whether they will survive. I suppose that even after next Thursday they will wonder whether they or the Chamber of Commerce and Industry of Western Australia will still be running their local small business centre. This government is constantly trying to find ways to save money, not necessarily in a positive way; in fact, to the detriment of small business. When we go back to the opening statement of the Liberal Party small business policy, where it refers to recognising the success of small business being crucial to the economic and social wellbeing of all Western Australians and how small business is the heart and soul of creating job opportunities for people in the local communities, I do not think that over the last term and a half this state government has delivered on that opening statement in its policy. In fact, I think it has conned the small business sector. It has offered it a few carrots and been constantly pulling back on it or cutting it out. Small business has had to bear the brunt of it. Not only has small business had to deal with the disappointment of the payroll tax changes, but if this legislation goes through, payroll tax will increase over time so that the government will reap the financial benefit but that will not be to the benefit of small business. Small business will not have access to the same level of support because the small business centres will more than likely disappear. Small businesses do not get any financial support if they want to access opportunities for training. There used to be some vouchers available for health and safety courses, but I do not think they are available any more. If the government is genuine about supporting small business, it should not make blasé statements or put out spin, it should commit to its statement and make sure the dollars are there. When I meet small business people they talk about how tough it is and about the problems they have operating their businesses, competing in the market, attracting and keeping good staff and trying to make sure they can earn enough to make a living for not just themselves but also their employees. It is a really tough environment out there. Legislation like this Taxation Legislation Amendment Bill will make it even harder. Next week when the budget comes in, small businesses will find that it is even tougher to operate in the market place in Western Australia, contrary to what was initially proposed by this state government. There are some real problems here.

The government tells us that this so-called diminishing payroll exemption, provided for in this legislation, will impact only on a certain number of companies. Reference was made to, I think, 17 000 employers that will be affected. I would have thought that was still a fairly significant number of employers in this state. Given there is a downturn in the resources sector and people will come back into the metro area seeking employment, I would have thought it was in the government's best interest to do whatever it can to facilitate employment opportunities. If that means holding back on these sorts of changes to make it easier for those employers, I would have thought that would be more appropriate. As I said at the beginning of my speech, the legislation we are dealing with today—which provides for changes to superannuation because, I understand, the commonwealth has made changes around matters to do with people in private superannuation firms and transfer of property—is probably a relatively straightforward type of change. However, when we go into committee, I will be interested in getting clarification on some aspects of changes as we go through the clauses. On the changes around land tax, probably because I ran out of time when we had a briefing, I will have some quite specific questions for the minister. I raised a matter with the advisers because I was not too sure how aspects of that change would impact on not just caravan parks but also lifestyle-type villages. Those types of changes are probably almost palatable, but it is what is in the middle, the meat in the sandwich, if you like, that I think small businesses will choke on when this legislation goes through. I get back to the fact that the bill is timely; this is the third tranche of legislation we have had to deal with annually on which the government has sought to be creative in seeking to eke back money from either consumers or business to fill its coffers. It comes back to the fact that this government has not managed its finances. It has squandered the opportunities it has had before it in the last two years.

The article I referred to in *The Sunday Times* was a very good article. People such as Stan Perron, Ralph Sarich, Nigel Satterley and Dale Alcock all provided their views on where things had gone wrong. I thought it was quite a good article, dated 26 April this year, headed "How to save the economy". It refers to how they think things are going. Gina Rinehart, a big fan of the Liberal Party, says how most politicians are genuinely surprised when she tells them Roy Hill had to complete 4 000 approval permits and licences. I can recall in previous Parliaments when this government talked about how it would get rid of all the red tape around approvals in that sector. Obviously, that has not been the case. Peter Prendiville talks about how education, agriculture, tourism and technology need to be the cornerstone pillars of our economy moving forward to complement our unique resource asset. That is absolutely on the money. I do not know why the Premier has not picked up on that. In fact, I think he did a couple of weeks ago when he announced his science strategy, but about a week later we heard in the media that this government would not fund the premier medical research facility in Nedlands. How can a government have a science strategy and not fund the most significant research facility in the state? Peter Prendiville is absolutely right; the Premier cannot ride on just digging dirt—iron ore and other metals—

out of mine sites; there must be other diverse industries. That has always been the Labor Party's message, but it has not been picked up by this government. Now that there are problems because the iron ore price has taken a dive and a range of affiliated resource sector jobs have disappeared and the heat has come off, what do people come back to? Because those plans were not put in place by this government, people are finding it difficult. We have not built up a competitive technology or science research area. The Minister for Agriculture and Food is travelling around to a number of interesting places trying to boost our opportunities, but we probably need to do more of that. The government might want to see if any pennies are left in the coffers next week to see whether it can be creative about how it does that.

Hon Sue Ellery talked about the significant cuts to the education budget. If we cannot provide world-class education and diverse opportunities for our children, I do not know what we will do for our future. Education is the cornerstone of opportunity, and the cuts to the budget will impinge on those opportunities for the future. I think these business leaders have got the right idea. They have been watching what has been happening in this state. Nigel Satterley commented that we have become a one-trick pony. To our detriment, the Premier has focused only on the resources sector and we have missed opportunities because of those sorts of decisions and because he has not been able to manage the finances.

My colleague referred to the seven Treasurers who have been in office since the Liberal government has been in power, and one of those Treasurers dotted among the others was the Premier, Mr Colin Barnett. We have to ask ourselves how these so-called qualified people, who should know how to manage a budget bottom line, have failed at every course. Now the state of Western Australia is suffering from that burden, and we now have to deal with these types of bills that are about trying to rake back money from the very people who need it to create jobs and new opportunities for people in our state. I think things will get only worse. I imagine that next Thursday will be a shocker for the community, and when we deal with the Loan Bill, it will be even worse.

HON AMBER-JADE SANDERSON (East Metropolitan) [7.50 pm]: I, too, rise this evening to make some comments on the Taxation Legislation Amendment Bill 2015. Essentially, the bill seeks to amend three pieces of legislation: the Pay-roll Tax Assessment Act 2002, the Duties Act 2008 and the Land Tax Assessment Act 2002. The biggest changes in all these amendments relate to payroll tax, as the speakers before me have outlined. These changes will essentially affect around 17 000 employers who will have the tax-free threshold removed from their payroll tax bills each year. A payroll of \$1 million will mean a payment of an extra \$1 313 under this legislation, a payroll of \$3 million will mean an extra \$14 448, a payroll of \$5 million will mean an extra \$27 582 in tax, and a payroll of \$7.5 million will mean an extra \$44 000 in tax. The upper end of payroll tax of \$7.5 million is getting out of the realm of small businesses and into the realm of medium-sized businesses. It is those businesses at the other end that will be impacted most greatly by this delay in the change to the threshold that was promised. As stated in the second reading speech, overall the bill aims to pull in just under \$400 million in new taxes over the next three years—\$397 million to be exact. The second reading speech read by the Leader of the House outlined a number of issues with the state's finances and how the bill aims to address those issues. One of the glaring understatements was that the state's finances are facing very challenging fiscal conditions, most of which were foreseeable and many of which are of the government's own making. The government is seeking to use these kinds of tax grabs on the small business community to make up for its failings in managing the budget. The second reading speech states —

The revenue outlook is being affected by slower growth in the state's tax base as the economy transitions from growth driven by business investment to export-driven growth, and reductions in goods and services tax revenue. More recently, there has been a dramatic reduction in iron ore and oil prices, which is having a substantial impact on Western Australia's mining revenue.

No-one will argue that the substantial reduction in the iron ore price has impacted on revenue. What is arguable is that the reduction was largely foreseeable—perhaps not completely—as was the reduction in GST revenue. None of these was an unforeseeable event. In fact, I read some of Standard and Poor's credit rating reports, and in 2009, which I will go into a bit later, it highlighted that the government's reliance on the mining sector and any substantial fall in the iron ore price would severely impact the budget. Those warnings have been in place since at least 2009, which is as far back as I went. These are not unexpected events.

The second reading speech goes on to state —

In response to these challenges, the government is making the difficult and necessary decisions required to ensure that the state's finances remain sustainable, while at the same time delivering the high quality services and infrastructure required by the Western Australian community.

I take issue with that, and I will go into more detail about it. The government is not delivering the kind of infrastructure which the community requires and which the business community requires to thrive and develop its economy. The Metro Area Express light rail is probably not going to happen; it looks as though it will be

a bus system. People are seriously wondering whether the airport link will happen and where the business case is. There was no clear and transparent business case for dumping MAX and pivoting to the airport rail link.

The second reading speech goes on to state —

Under the proposed arrangement, the benefit of the tax-free threshold for employers or groups of employers in Australia with annual taxable wages between \$800 000 and \$7.5 million will gradually phase out.

A business with taxable wages of \$800 000 is a very small business. That is not a lot in overall figures when we think of the level of wages in Western Australia, which are relatively high, and the cost of running a business. A business with a payroll bill of \$800 000, including the add-ons for staff, is not a huge business. As I said earlier, the diminishing tax threshold is expected to raise approximately \$400 million over the next three years.

The bill contains amendments to the Duties Act, which are largely sensible, and makes changes to the Land Tax Assessment Act, which again are relatively sensible. The offensive part of the bill is the amendment to the Pay-roll Tax Assessment Act, which will basically gouge \$400 million out of the pockets of small business, out of the pockets of employees and out of the economy to go back into central revenue to plug a hole because the government is losing money hand over fist.

It is worth saying that the drop in the credit rating a number of years ago in and of itself has cost the government \$20 million in interest. That amount of \$20 million is simply paying the interest on the money that the government is borrowing to pay the bills to function as a government. It should not be up to small businesses and their employees to foot the bill for that kind of mismanagement.

When we look at the likely impact and at a picture of the sector, we can see that on a per capita basis, Western Australia now rates as the highest taxing state in the nation, certainly according to a Chamber of Commerce and Industry of Western Australia submission to the Economic Regulation Authority discussion paper on microeconomic reform. The Barnett government has experienced a 40 per cent increase in revenue since it came to government. Debt has ballooned to above \$20 billion, and we will soon see a bill in this place that seeks to borrow another \$8 billion, despite a 40 per cent increase in revenue. According to the CCI, 82 per cent of businesses are less likely to increase staff wages and 81 per cent expect to hire fewer new employees. I am not sure whether it has noticed, but a lot of people are losing their jobs. They are coming off sites and out of sectors that are shutting down and scaling down projects and they are moving back into the city to look for work. Small business makes up about 50 per cent of private employment, so those people will be looking at small business. This government's broken promise of delaying the payroll tax exemption will impact further on the ability of those people to find employment in small business.

We can look at the reasons why we are seeing another broken promise from this government. A government media statement states that from 2014–15, the payroll tax exemption threshold will be raised to \$800 000 and from 2016–17, the threshold will be lifted further to \$850 000, providing tax relief to more than 16 000 employers. The first broken promise was deferring the scheduled increase in the exemption threshold. A media statement of 22 December 2014 refers to a 12-month deferral of the scheduled increase in the payroll tax exemption threshold from 1 July 2016 to 1 July 2017. The decision to defer the lifting of that exemption is costing businesses \$400 million. It was stated in *The West Australian* on 23 December 2014 —

Seventeen-thousand WA businesses will be slugged an extra \$481 million in payroll tax over the next three years as the Barnett Government tries to plug a gaping royalty revenue hole that has sent the State Budget plunging to a record deficit.

These changes were announced as part of the 2014 *Government Mid-year Financial Projections Statement* that was released just before Christmas. The second broken promise is this bill. This is the second broken promise relating to payroll tax. Essentially, the payroll tax threshold will be reduced by \$8 for every \$67 worth of value over \$800 000 and will cost WA businesses nearly \$400 million.

The Barnett government has broken a number of promises to the electorate. It has certainly broken a number of promises related to tax, and financial management and financial commitments. It beggars belief that there is this mythical view that the Liberals manage the economy well. I have heard people say Liberals make the money; Labor spends the money. It is absolutely not true. This government has absolutely demonstrated that that is not true.

Immediately after the 2013 election, despite making a plethora of promises that were fully costed, fully funded and absolutely rock solid—these were not election slogans; they were promises made to the electorate—the government realised it had a problem. When the Liberal Party was returned to government after it had over-promised, it realised it did not have the revenue to keep those promises. What did it do? Immediately after the 2013 election, this government pushed through \$6.8 billion in new taxes and fee increases. The Liberal Party

says that Labor is the taxing party! The \$6.8 billion included a new tax increase of \$527 million over four years and increased land tax rates by 12.5 per cent from 2013–14. This raised \$340 million over four years. It halved the private motor vehicle concession by \$36, raising \$155 million over four years. The government tried to charge 457 visa holders \$4 000 to educate their children, but no-one had actually done the numbers. It realised the projections were vastly wrong and had to backtrack from that. There was a taxation administration package of another \$450 million over four years. That was not quite enough; there was still a gaping hole and a bunch of promises the government wanted to try to keep, particularly in marginal seats.

These measures were followed up with further increases to fees and charges. In July 2014, a \$36 private motor vehicle registration fee concession was abolished. Talk about hurting those who can afford it least. The government increased the Perth parking levy and increased land tax again. First, it increased it by 12.5 per cent. It then increased it again the next financial year by 10 per cent. It took money from interim dividends and increased the landfill levy.

In 2013, there was a \$235 million increase in charges for electricity, water, public transport and car registration. Those are direct takes out of household budgets; that is, the pockets of working people who are providing for their families and who are finding it incredibly hard to pay the water and electricity bills, and now the car rego because the concession has been taken away. In 2014, there were further increases in charges for electricity, water, transport, car registration and the landfill levy, and a new tax for parking at Perth's train stations. If a person cannot afford to use a car anymore because they cannot afford to pay the registration, now they have to pay another tax when catching a train, if they can get a car park!

This year, 2015—two years after the state election—two new taxes are coming. One is the subject of this legislation, the Taxation Legislation Amendment Bill 2015, and the next is the regional improvement tax. The Labor Party will have plenty to say about that when we get to it.

What is the likely impact of this bill on small businesses in Western Australia and the broader economy? The Chamber of Commerce and Industry of Western Australia conducted a survey. It is not often that I read things from the CCI. It went back to its members—all credit to it—to find out directly how this would impact them. The Chamber of Commerce and Industry of Western Australia surveyed 606 of its members about the impact of the state government's decision to increase the payroll tax burden. Because of the clawback policy, 84 per cent of businesses are expected to be less profitable, 82 per cent were less likely to increase staff wages, 81 per cent of businesses expected to hire fewer new employees and three-quarters of businesses also said they were more unlikely to increase wages because of the deferral of a planned increase in the payroll tax exemption. I forgot to mention earlier in my speech that I am not the lead speaker on this bill. I will just say that now. The impact of each of these on the economy and on individuals is significant. Businesses are less likely to be more profitable; that is, less money is available to employ new people and to create jobs, and less money is available to expand and to plough money back into the economy. Businesses were 82 per cent less likely to increase staff wages. Wages are flattening. We have seen a significant rise over the years of wages growth in certain sectors, not all—certainly not the services and retail sectors. Wages are flattening. When wages increase, that money goes into households to pay bills. It also goes into retail. It fuels the economic cycle. There will be less of that, as 50 per cent of our workforce work in the private sector—that is, those who are employed by small business. People will make hard decisions. These businesses will have to make really tough decisions about their staff and about the direction that they take.

The ACTING PRESIDENT (Hon Simon O'Brien): Order! There is a little too much audible conversation coming from my right, which I think might be affecting Hansard and their ability to hear. I ask members to bear that in mind.

Hon AMBER-JADE SANDERSON: The CCI's chief economist, John Nicolaou, in a media statement from the CCI in December last year, said —

“The delay in the election commitment to raise the payroll tax threshold, and increase the tax burden on larger businesses comes at a time when confidence is already low and the economy is in transition.”

Mr Nicolaou said further falls in business confidence would be likely to delay hiring and investment plans.

“Many small businesses were already planning around the increase in the threshold for 2015–16—but this deferral will discourage them from putting on new staff for a further 12 months,” he said.

These are not my words. These are not necessarily the words of the CCI; this comes directly from its members through the CCI. It continues —

WA businesses paid \$3.6 billion to the government in payroll tax ... representing 40 per cent of the State's tax revenue.

They are already contributing significantly to the tax base. The media statement continues —

... the Government must deliver on its promise to return the state to surplus ... and reclaim the AAA credit rating ...

This will further dampen an economy that is already significantly slowing down. It is unfair for small businesses, it is unfair for employees and it is unfair for those people looking for jobs.

By June 2013, there were 209 926 small businesses in Western Australia, making up 96.7 per cent of all businesses in the state. This huge tax rise will slug the major share of the market. WA has the second highest rate of payroll tax, once this bill is passed, and small businesses already make significant contributions to the Western Australian economy, accounting for slightly less than one-half of private sector industry employment and contributing approximately one-third of private sector industry value. That is a huge amount. A total of \$3.6 billion was paid in payroll tax last year and, as I said earlier, it made up 40 per cent of the state's tax revenue. A business in Western Australia can employ only nine workers on full-time average weekly earnings before becoming liable for payroll tax. Nine workers is not a huge number.

The Chamber of Commerce and Industry of Western Australia also made a very thorough submission to the discussion on microeconomic reform in Western Australia by the Economic Regulation Authority. It referred to a number of things, payroll tax obviously being one of them, and tax reform being high on its agenda. I cannot say that I agree with absolutely everything the CCI says, but a number of things are glaringly obvious. One is that if the state is to remain competitive, it has to have a competitive tax environment. Becoming the highest taxing state for small businesses does not encourage investment in Western Australia and therefore job growth; it is pretty simple. The government is therefore working to actively undermine the ability for WA to compete in a national economy where we are already struggling. We should be encouraging investment and expansion by businesses, not making it harder for them. The CCI's paper states —

On a per capital basis, WA now rates as the highest taxing state in the nation ...

While a number of changes could be made to improve WA's tax competitiveness, CCI believes the priority is in relation to payroll tax.

It has such a significant impact because it affects 96 per cent of the businesses in the state. It continues —

In 2011–12, WA had the highest payroll tax per capita at \$1,269.95, compared to the average of \$830.98.

That is, compared with other states and territories. The CCI suggested reform is to reduce the rate of payroll tax payable to the national weighted average. This government promised to do that but it has just ignored that reform and is not doing it. The CCI paper goes on —

... payroll tax is not easily passed on by small business to its customers, resulting in increasing the cost base of business and reducing profitability.

Unlike a lot of other taxes that can be directly passed on, such as GST, payroll tax is not one of those. It continues —

In a 2012 survey conducted by the Australian Chamber of Commerce and Industry, 86 per cent of Western Australian small business respondents who reported paying payroll tax said that if the payroll tax exemption threshold was lifted, or rate of taxation was reduced, they would employ more people.

Therefore, if payroll tax was reduced or lifted, 86 per cent of WA businesses would employ more people. If the government was not breaking this commitment, those businesses would be making a considerable contribution to the economy and would be helping to lift the state out of the slowdown it is currently experiencing.

The other aspect of this bill and of the government's entire fiscal policy is that it claims to be spending money on infrastructure—critical infrastructure for the state—when it is just not true. The government is spending money—that is absolutely true. Whether it is spending it in the right way is debatable. I would certainly debate that it is not. It is spending money on the sports stadium next to Crown Casino, not requiring any contribution from PBL but privatising public hospitals and spending money on Elizabeth Quay. The Metro Area Express light rail has been canned and we are not really sure what will happen with the airport link.

The CCI has some interesting things to say about the infrastructure spend and Western Australia's strategy or lack of strategy for infrastructure, and states —

Infrastructure is a key enabler of economic growth and development and is an important aspect of a vibrant and liveable society.

When the global financial crisis hit and we saw the downturn, the then federal Labor government rapidly ramped up its infrastructure spend by building in schools and increasing infrastructure in roads through the states and

a range of other programs because it creates jobs, employment and pathways for the economy. The paper continues —

Over the last decade, Western Australia has experienced strong economic and population growth. However, investment in infrastructure has not kept up and constraints in key infrastructure such as roads and airports have added to the cost of doing business, while a lack of social infrastructure has reduced amenities for Western Australians.

...

In its 2009 report, the Economic Audit Committee noted that the efficiency and effectiveness of infrastructure delivery in the state has been greatly diminished by a lack of strategic asset planning.

That refers to this government's lack of strategic asset planning. It goes on —

A further concern with infrastructure planning in WA is the lack of a long term infrastructure strategy for the state. The importance of such a plan was reinforced by the ... (COAG) Reform Council, which noted ... while the report *Directions 2031* lays a ... strong foundation for a housing and land strategy ... it does not provide actions to form the basis for a wider planning agenda beyond simply accommodating growth.

The CCI is saying, basically, that it must go beyond the sprawl. It goes on —

To remove politics from infrastructure provision and ensure value for money for taxpayers, projects that involve considerable expenditure or have a significant impact in the community must undergo a thorough and transparent cost-benefit analysis ... Cost-benefit analysis ... is a tool that supports evidence-based policymaking ...

The CCI paper also goes on to say that a cost-benefit analysis conducted after a political announcement is an exercise in ticking the box. That is exactly what has been missing from the MAX light rail and the airport link projects. I am almost certain that if we looked at the business cases for both those projects and the overall impact on the economy, it would be evident that MAX light rail would deliver infinitely more than the airport link. However, it did not fit the government's agenda. It was too expensive, it over-promised and it did not know how to deal with that. It therefore decided to build a link that even now it is reconsidering because of the reduction in the number of fly in, fly out workers. We are therefore not sure now whether we are going to get either of those projects.

The paper goes on —

WA is lagging behind other States such as Victoria, New South Wales and Queensland that have managed infrastructure from a whole of government perspective and have infrastructure strategies around recognising the importance of infrastructure to economic growth. Other States have also established independent bodies to provide advice on infrastructure investment to the Minister and have participants from public and private sectors. These States have developed long term infrastructure plans from 10 to 20 years.

This is what this state desperately needs—a long-term infrastructure plan. If any portfolio has suffered from as much churn as Treasury, the transport portfolio has suffered significant churn in terms of its minister, flip-flops, change of direction and a lack of continuity; and that is impacting on the economy and will continue to impact further. The paper goes on —

Though WA has received some funding for its infrastructure projects through Infrastructure Australia, this is miniscule compared to the funding received in States such as NSW and VIC. In the 2013–14 Commonwealth budget, the Federal Government allocated \$500 million to WA to invest in either the light rail or the train to the airport. However, both projects received a ranking of 'Early Stage' status. In order to receive greater funding from Infrastructure Australia, WA needs to provide more rigorous and robust analysis for infrastructure projects and ensure that they align with Infrastructure Australia principles.

The government had not done the work, basically, to secure significant funding, \$500 million, from the federal government; \$500 million is more than this government is attempting to plug with this tax grab on small business.

Net debt is obviously one of the significant reasons why the government is delaying the introduction of this promise. In 2007–08 net debt to revenue was at 19 per cent. It is now at 70 per cent. In 2013, Colin Barnett, as opposition leader, berated Labor for a ratio that peaked at 44 per cent. The Labor Party spent 87c of each dollar raised in revenue in this state. The Liberal government is spending \$1.04 of every dollar that is raised in revenue. It is spending more than it is getting in, and that leads to debt. Anyone managing a budget, such as a household budget, cannot spend more than they are getting in. No-one can function in that way—no individual, no

household, no business and no unit. Why therefore can the government continue to function in that way if it is going to keep borrowing? In September 2010, the Premier told Parliament —

I would not want to see, in absolute terms, state debt rise above \$20 billion.

We are just about to see a bill finish in the other place and come through this house seeking to borrow another \$8 billion, which will take our state debt closer to \$30 billion. Despite all of this, we still have no proper infrastructure plan, but we do have a number of pet projects such as Elizabeth Quay and the stadium.

Standard and Poor's, in its report of April this year, made some scathing assessments of this government's ability to manage the economy. The report that Standard and Poor's handed down, which basically lowered the state's credit rating to AA+, set out the rationale for this change in the credit rating as follows —

The CreditWatch placement on Western Australia reflects our view of its weakening budgetary performance because of lower mining royalties as a result of steeply falling iron ore prices. Unless the state government undertakes significant corrective measures in its June 2015–June 2016 budget, Western Australia could record average operating deficits of about 1.2% over 2014–to–2018. This sustained level of deficits would make the state's budgetary performance no longer consistent ...

Therefore, if those deficits are a reality in this budget and continue, we will see a further weakening of this state's credit rating. The report goes on to state —

The ratings on Western Australia reflect our view of the extremely predictable and supportive institutional framework benefiting state and territory governments in Australia, —

So, none of the events—the fall in revenue, and the drop in GST—was unpredictable. It was all entirely foreseen. It continues —

combined with its very wealthy although concentrated economy, strong financial management and liquidity ... and low contingent liabilities. Partially offsetting these strengths is Western Australia's "very weak" budgetary performance, and "average" budgetary flexibility and debt burden.

It is the responsibility of the government to manage the debt burden and manage the budget, which it is clearly not doing.

It continues —

In its 2015 budget, the government targeted a reduction in net debt of A\$2 billion by the year ending June 30, 2018 ... Additionally, it announced a further A\$1.8 billion of savings measures ... In our opinion, there will be slippage in achieving these targets as there has been in the past, when a number of Fiscal Action Plan revenue and expenditure measures were revised after the 2014 budget.

So, basically Standard and Poor's is saying that the government does not stick to its own plan. The government had a fiscal action plan and it announced to the world that this is what it was going to do to address debt and the budget issues. Standard and Poor's is saying that the government does not stick to its plan. The government has a plan. Stick to the plan. If the government does not stick to the plan, there is a problem and it is going to find that the state's credit rating is reduced even further.

It continues —

In the absence of implementing significant policy changes, it appears that Western Australia will not achieve these targets and its budgetary performance will substantially weaken.

We forecast Western Australia's average debt burden will rise substantially to 114% of operating revenues in fiscal 2018, due to its weaker budgetary performance. With a sizable capital-expenditure program and operating deficits, Western Australia will need to increase its borrowings substantially unless corrective measures are undertaken.

So, rather than take significant corrective measures over pet projects, the government has decided to borrow some more money to pay the bills.

It continues —

Western Australia's interest expenses are likely to remain under 5% of operating revenues in the medium term.

The government is spending \$20 million just to pay the interest on the loan, basically. These are all the things that we advise people not to do when they are buying a house or buying a car, and getting things on the tick, if we like—going to Harvey Norman and getting 24 months' interest free, and then paying 25 per cent interest when they cannot make the payments. All the things that we advise people not to do are the things that are being done by this government.

I now want to reflect on the Standard and Poor's report in 2008. When we look at the situation that the government inherited versus where we are now, all the things that have occurred over the last few years in terms of the falling iron ore price, the shrinking of the mining sector and the fall in GST revenue, were predicted. They were all very clearly laid out—if not by Standard and Poor's, I am sure the sensible people in Treasury would certainly have this view. The report in 2008, which is when the government took office, states —

The ratings on Western Australia reflect the state's moderately low net financial liabilities, strong cash and accrual operating surpluses, prudent fiscal management, and strong system of government support.

The state's balance sheet is strong compared with peers.

It states also —

The state continues to manage the economic boom within conservative financial parameters. Western Australia's fiscal strategy is expected to ensure that financial results remain strong.

After two terms of a Labor government, the budget is in a good place, and it is a V8 economy, to refer to Eric Ripper's favourite phrases. The report goes on to state —

The most likely scenario leading to a downgrade would involve the abandoning of the state government's debt target and a significant increase in capital spending.

We have seen both of those implemented by this government. So, here we go. In 2008, the two things that are going to make things bad, the government did. It continues —

In the absence of deterioration of other rating metrics, there is likely to be pressure on the state's rating if net financial liabilities exceed 90% of revenue.

Well, we got there pretty quickly under this government. The report goes on to state —

There is some short-term risk of a reversal in the strong mining sector, which would have a large and unexpected shock on revenues. There is also some risk associated with expenditure given the state's historical difficulties with cost control ... The state has forecast large surpluses to fiscal 2011 and has a strong balance sheet that provides the state with some headroom to manage any unexpected shock to revenues.

The previous Labor government left the budget in a very good place. It left a significant surplus. It left enough of a surplus to enable the state to withstand a major retraction in the mining sector and a major retraction in the iron ore price. This government has completely ignored that. It has not put away anything at all. In fact, it has moved to target those areas and those people who can afford it the least.

I will now turn briefly to the goods and services tax and to where we find ourselves with the reduction in GST returns. There is absolutely no doubt that the current return on GST is incredibly unfair and a really bad deal for Western Australia. There is no argument about that. It is absolutely a bad deal for Western Australia. This is a deal that was signed by Colin Barnett. This is a deal that was negotiated by the current Premier. For all the Premier's foot-stamping and temper tantrums, this was the deal that he entered the state into. That deal now finds us locked into a really average deal. I am looking for a word—it is unparliamentary—but it is a very, very bad deal. So, we are locked into the lag in calculations. We are locked into the lack of accounting in the Commonwealth Grants Commission for gambling revenue. It is deeply unfair that WA is penalised for taking a principled stand and not allowing poker machines and not falling into the temptation of a very quick tax grab to increase the state's revenues. That is deeply unfair. But this is a deal that was signed by that government. It was astounding to me that in the lead-up to the last Council of Australian Governments' meeting, when we were going into a negotiation and needed every other person in the room to agree with our position, the Premier thought that the best way to do that was to offend them, ramp up the acrimony, ramp up the rhetoric, call them economic basket cases, and essentially get them all offside before he had even got in the room. I cannot imagine what sort of outcome the Premier expected from that.

Hon Sue Ellery: It's like telling Aboriginal communities that you're going to shut them down and then wonder why they don't want to sit around the table with goodwill. It's the same intemperate behaviour.

Hon AMBER-JADE SANDERSON: The only thing the Premier did not do was hold his breath until he got what he wanted. That was what I was expecting next. We got red-faced, petulant foot-stamping, and he came back empty-handed. That is because he did not go in there and actually negotiate the deal on GST.

Hon Peter Collier: Not at all. You haven't seen tomorrow's *The West Australian*, have you?

Hon AMBER-JADE SANDERSON: On GST? He asked for a two-year fix. How convenient; that takes him to the next election. Good on you, Colin Barnett, but it is not a long-term fix for the economy.

Hon Peter Katsambanis interjected.

The ACTING PRESIDENT (Hon Liz Behjat): Order! Hon Amber-Jade Sanderson has the call.

Hon AMBER-JADE SANDERSON: I know that the public expects more of our politicians. It expects its representatives to stand up for Western Australia; it expects us to stand up for our constituents. It does not expect us to go into meetings behaving like angry, petulant children, offending everyone before we even walk in the door, and then being surprised about not getting what we asked for. He simply positioned himself and blamed everyone else. It was bizarre, I have to say—absolutely bizarre. It was summed up very well in an article by Larry Graham that appeared in *The Age* of 13 April 2015. It is alarming to get out of Western Australia and wonder what the rest of the country thinks! The article sums up the Premier's little performance quite well. It reads —

Past performances give us some context within which to evaluate people in public life and assess their current behaviour.

In a Parliamentary debate way back on November 10, 2004, the then-leader of the opposition Colin Barnett belted Labor treasurer Eric Ripper over his budget projections.

Barnett said: The ability to forecast accurately the financial revenues of this state has been extraordinarily poor.

...

Ripper's crime was estimating a budget surplus of \$80 million and ending up with \$800 million ...

That is the crime that Eric Ripper was being berated for by Colin Barnett: "Oh, you've got an \$800 million surplus, not \$80 million. Bad Treasurer!" The article continues —

Now the Premier, Mr Barnett has presided over most of the biggest boom in the state's history and budgets containing some of the most inaccurate budget forecasts in the state's history.

Following on from the demise of the state's AAA credit rating, the December 2014, mid-year review showed this year's revenue will grow to \$27 billion. Debt has also defied Treasury estimates and is projected to increase to \$30.8 billion in 2017/18; and their projected slim budget surplus has turned into a deficit of around \$1.3 billion.

By the 2004 Barnett standards, that is clearly "not good government".

By Colin Barnett's own standards, this is not good government. The article continues —

The government thought this big boom would go on forever but they were wrong, and now they are lashing out and blaming everyone but themselves for their budgetary difficulties.

That is exactly what we saw: lashing out. The article continues —

The Premier and Treasurer are constantly complaining that WA does not get back all its citizens pay in GST, and while it is excellent parochial politics, it is a fallacious argument—and they know it.

...

The government's budget crisis may prompt some increased funding out of Canberra, however WA's GST share can only increase if Federal Treasurer Joe Hockey is prepared to take money from other states to do it.

And why would anyone agree to such a special deal after Premier Barnett's 2011 ungracious comments that the states that can now help, would not benefit from the boom?

And even if others were thinking about it, their minds would have changed after Nahan chucked a wobbly recently and reversed that position by saying not only are the other states receiving the benefits of the boom, they are also jealous of WA's good luck.

It is true that the GST is a really bad deal for WA, but it is also true that the government has not managed to convince the other states and territories to reassess the Commonwealth Grants Commission's formula through temper tantrums and appalling negotiation skills, so we find ourselves in the same position as before. Instead, the state government is going to shift the burden onto small business through a \$400 million tax grab over the next three years.

Rita Saffioti summed it up well in the other place in her contribution to the second reading debate on the Taxation Legislation Amendment Bill 2015 on 21 April. The Liberal Party has found that its own philosophies of the free market, low taxes, low regulation and the trickle-down effect do not work. She said —

I want to refer to something that the Treasurer said in 2013 about increases in taxes. He said that he was very proud of balancing the books over the four years. He went on to say —

We will not do what the Labor Party did in Queensland, New South Wales and Victoria—when they faced fiscal problems, they just put it on the credit card.

That is what the Treasurer said. This is a person who does not accept reality. He made this statement in 2013 when the Liberal Party had already increased debt by about \$16 billion.

It is going to be \$30 billion by the end of the next financial year. She continued —

He does not accept that the government has increased debt and increased taxes while revenue has gone up. That is what he has overseen. The so-called self-proclaimed economic mastermind on the other side has basically shrunk the WA economy, wrecked the state's finances and increased debt to a level that we could never have contemplated. I saw some net-debt-to-revenue figures in some of the analysis. In 2007–08, net debt to revenue was 19 per cent. It is now 70 per cent. This is a complete deterioration in the finances of the state.

I now want to talk about the former Minister for Finance. In his inaugural speech in 2013, he said —

Our vision for this state must not come at the expense of our fundamental philosophies of lower tax, of leaving businesses with more of their own money and of not burdening future generations with debt to fund expedient policies today.

This government is breaking yet another promise.

HON SALLY TALBOT (South West) [8.36 pm]: I was holding back slightly because I have been waiting for the last four or five hours for someone on the government benches to seek the call. They seemed to have plenty to say when people such as Hon Sue Ellery were on their feet. Hon Sue Ellery gave the most eloquent account of our objections to at least a major component part of this bill, laying out at some length and in great detail exactly what the problem is when the government takes its eyes off the ball of providing decent services to people who consider themselves to be living in very much a first-world state, and instead concentrates on building its trophy projects. Members opposite also had plenty to say when Hon Kate Doust was talking about her concerns about the bill and what the bill signifies about the government's mindset. However, when members opposite get the chance to speak, there is absolute deafening silence from the other side; everyone suddenly has lots of work to do and they all have their eyes down, on their computers, going through their correspondence and playing with their phones.

They have absolutely nothing to say, despite the fact that we are here on what has turned out to be rather a remarkable night for a couple of quite significant reasons. I am sure it has not escaped anyone on this side of the house—although people on the other side, as I have said, clearly have their minds on other things—that it was just about a year ago that we were in this place on a night very much like this when it was too cold to sit out in the courtyard and the hours were ticking by very, very slowly, debating a bill that the government had brought into this place to do—guess what? To make some changes to payroll tax. It was about 11 months ago, to be absolutely precise. Here we are again, just under a year later, making some more changes to payroll tax. I think that is really quite extraordinary. We are just on halfway through this government's term and already it has made two changes to the payroll legislation.

The other reason it is kind of remarkable is a very personal reason, and that is that when I went through my comments on that previous piece of legislation nigh on a year ago, I found that I had laryngitis. I am leaping to conclusions here, and I have decided that the government's legislation is making me sick! Every time the government comes in here with some shonky piece of promise breaking, this is what happens to me: I break out in laryngitis!

Hon Peter Collier: Can we enhance it in any way?

Hon SALLY TALBOT: Keep on coming back in here with this kind of rubbish and I am sure it will go on, but the great thing is —

Several members interjected.

Hon SALLY TALBOT: It is okay because, as Hon Peter Collier may have noticed, nothing will stop me—absolutely nothing!

Hon Peter Collier: You can talk underwater, that's true.

Hon SALLY TALBOT: I can talk under wet cement. If the centenary of Anzac has taught us nothing else, it is the value of semaphore. If members have read the fantastic books by Jillian—whose name I will remember in a minute —

Hon Peter Collier: It must have been a good book.

Hon SALLY TALBOT: They are fantastic books: *Light Horse Boy* and *Lighthouse Girl*. They are absolutely brilliant books. I know Hon Peter Collier will jump in in a minute and tell me I am not speaking about the bill, but it is his fault. Those books mark a very important milestone in the history of Western Australian children's literature. The *Lighthouse Girl* particularly has a very moving part about semaphore. So, nothing will stop me, Hon Peter Collier. The member can come back in this chamber day after day after day with this kind of rubbish and I will still summon up the energy to have a go at him, because that is what he deserves.

Hon Stephen Dawson: It is Dianne Wolfer.

Hon SALLY TALBOT: I thank Hon Stephen Dawson. The author is Dianne Wolfer. She is a magnificent writer. Of course, those books form the basis of the narrative for *The Giants*, one of the great artistic moments in Western Australia's cultural life.

Hon Peter Katsambanis interjected.

Hon SALLY TALBOT: I am talking about Western Australia's cultural life. If the member does not want to listen —

Several members interjected.

The ACTING PRESIDENT (Hon Liz Behjat): Order!

Hon SALLY TALBOT: Would the member like me to —

The ACTING PRESIDENT: Order! Could we have some focus on this matter?

Hon SALLY TALBOT: Hon Alanna Clohesy has just reminded me that Dianne Wolfer won the Western Australian Premier's Award for those books.

I was going to say to Hon Peter Katsambanis that I am happy for him to interrupt my remarks if he is finally ready to make a speech on this bill. In the past, he has had a lot to say about payroll tax, and we listened with great interest when he made his inaugural speech. I know Hon Sue Ellery has already covered the member's remarks, and I have so much to say that I cannot go over them again, but I am looking forward to the member standing up and defending what his government is doing now, because it is an absolute disgrace that completely undermines his philosophical principles about how governments should work. I really hope that Hon Peter Katsambanis will have the courage to stand up and put his comments on the record in this place, because that is why he is here. That is why the Western Australian community pays him to be here—to have the courage to speak up for his convictions. Unfortunately, of course, I doubt that the member actually will.

The government benches are getting very antsy about the fact that they think they might be hearing the same speeches from members on this side of the chamber. Of course, there was a time, when the government side was in opposition, when it had a member who was famous for making the same speech. Indeed, in every speech he made, he used to say, "This is the same speech." That was Hon Ray Halligan. We all remember him very well; he was a remarkably competent contributor to debate in this place. Sadly, I think what is happening at the moment is that we on this side of the house all have to make the same speech because the government has given us only one theme to last a whole long, in fact, interminable four years. One theme was set during the election campaign in 2013 when, as noted by Hon Amber-Jade Sanderson, who preceded me in this debate, the dreaded phrase "fully funded, fully costed" was used. From now on I think we should refer to that as the FFFC. I think that would be less hurtful to the other side, because every time we say "fully funded, fully costed", they get excited because they remember that they said it and they think that we are paying tribute to what they have done. I think: let us change it now to FFFC. I think that will work quite well for everyone in this house. The theme for these four years will for evermore be FFFC.

The tragedy, of course, is that the government has eroded yet more of the confidence base on which governments in western democracies rest. I put it to honourable members, knowing, as I do, that they all have a profound and fundamental driving interest in politics, that they should have a look at what is happening in the United Kingdom at the moment, where the grounds for political confidence have been eroded. That is what government members are doing to the political confidence base in Western Australia. There was a leaders' debate in the UK about four weeks ago, and they had to have six or seven leaders participating in that debate. That is absolutely unprecedented. That happened because no party was polling over 20 per cent in the opinion polls. That is what happens when governments consistently undermine the things that their members believe in. I will make a general comment, which can be taken as a criticism of my own side of politics too. It is a point I often make, and I do not resile from making it because I think it is incumbent on us all to lift our game, but when we see what the Liberal–National government has done in this state over the last six years, we can see what an uphill battle we will have in 2017 to convince the electorate that this is actually a process worth engaging with. I think that that is a very, very sad thing.

My own side of politics, of course, has a profound and fundamental honesty about the way that it approaches these things. Nowhere was that more evident than during the 2013 campaign. It is to the shame of members on the government benches that they belittled and derided what we did during that campaign. For any members who do not know what I am talking about, I just remind them of the debate conducted between the Treasurer at the time—one of the many Treasurers the government has had to roll out over its six years—who I think was Hon Troy Buswell, and Labor shadow Treasurer Ben Wyatt. If my memory serves me right, that debate was conducted by *BusinessNews Western Australia*. During the debate, the Liberal Treasurer, Mr Buswell, announced that if the Liberal Party won the election, it would cut payroll tax. Again, if my memory serves me right, Peter Kennedy was the invigilator and MC of that debate, and he turned directly to Ben Wyatt, the member for Victoria Park, and asked, “Mr Wyatt, will you repeat that promise? If Labor wins government, will you cut payroll tax to match the government’s cuts?” Ben Wyatt, because Labor has never perpetrated that kind of cruel trick on the electorate, said, “No, we won’t. We have had a look at the state’s finances, and as Labor’s prospective Treasurer, I do not believe that the state is in a financial position to make that promise.” At the time, Premier Colin Barnett went absolutely apoplectic because we were playing outside the rule book—outside Colin Barnett’s rule book. It was not the rule book about the decency and honesty of political promises, but the rule book established by the Liberals and by the Nationals and by Colin Barnett. The Premier turned round and said that Labor members had lost the plot and did not know what they are doing anymore. In other words, they were not prepared to stand up and lie to the electorate about what they were going to do if they won the election. They were not prepared to go out and buy votes on the basis of promises that they knew they could not afford to implement.

I am very proud of Ben Wyatt for doing that. I am very proud of the Labor Party for having a shadow Treasurer who knows how to read a set of budget papers and how to conduct himself in an election campaign. Even though all the pressures were on to make those promises, he had the integrity to stand up during the live debate and say that Labor had looked at the books and he knew that this was an unaffordable promise. I am very proud of that and I am very proud of being a member of a party that was able to conduct itself in that way. In fact, we ran the whole of the 2013 campaign on the basis of restraint, because, as Hon Amber-Jade Sanderson pointed out, that was exactly the way that we had conducted ourselves during our seven and a half years in office. As Hon Amber-Jade Sanderson said, back-of-the-envelope calculations during that time, as was pointed out in the debate in the other place, showed that Labor spent about 87c out of every dollar raised in revenue. The other side of that coin is that we saved 13c in every dollar that was raised in revenue. For that Hon Eric Ripper was ridiculed in the other place day after day after day. Opposition Treasury spokespeople stood up and said that it was ridiculous that the government had a surplus, that the government ought to be spending the money and that that was not the way to run the state or service the community. What absolute arrant nonsense. Has that sentiment not come back to wound the Liberal Party now that it is in government? This is the fatal wound that it will carry right through to the second Saturday in March 2017. Its fatal mistake was to carry through that ridiculous rhetoric that ridiculed surpluses when Labor was in government and now it has come back to haunt the government every step of the way to the second Saturday of March 2017 when it will be whipped off the treasury bench faster than its feet can touch the floor. All the white cars will pull up outside the ministerial offices while the ministers get their stuff and frantically shred documents, because that is when responsible, economic and fiscal management will be restored to this state. The second Saturday of March 2017 cannot come soon enough, not for us, but for the people of Western Australia. We are here to represent the people and it is the people who will have the government carted off faster than its feet can touch the floor.

I referred to the fact that we were here having a similar debate just under a year ago. If I have time, which I think I will, I will go into that in a bit of detail, because I want to make a comparison between the two pieces of legislation—the one we are debating tonight and the one we debated 11 months ago. The Taxation Legislation Amendment Bill 2015 will change the threshold for payroll tax exemptions. I should have said at the beginning of my contribution that I am not the lead speaker on this bill. I see that the clerks have picked up on that very ably and have given me 45 minutes to speak. I should have also expressed earlier in my contribution thanks to the advisers who came in this afternoon at extremely short notice to give us a quick briefing about the bill. I should have paid tribute to my colleagues who pretty much got their heads around what we are doing, but I do thank the five advisers who came in just after lunch today to talk to us. One of the things they provided us with was a sliding scale that shows the new charges that will be incurred by something like 17 000 business taxpayers in the state as a result of these measures. We will see changes of up to an additional \$44 000 a year imposed on larger businesses. When I asked the advisers this afternoon what size businesses we are talking about, the answer was that the businesses that will be impacted by this increase in payroll tax—which is what it amounts to even though, technically speaking, it is a tapering of the tax-free threshold—are businesses that employ about 100 people. They are not huge businesses; they are basically small shops, supermarkets and all sorts of service providers, as other members from this side of the house noted in their contributions. That is essentially what we are talking about. We have been given reams of explanation. I have to say at this point that I recall—I am pretty

sure that it was in relation to the Revenue Laws Amendment Bill 11 months ago—that I put on the record my complaint about the explanatory memorandum, which, I pointed out at the time, is supposed to be a reference document that provides clarification about the clauses of the bill. In that case I had noticed that it was more or less a verbatim reproduction of the second reading speech, which, I suggested, was a ridiculous waste of paper. I notice that this explanatory memorandum has gone from what we might colloquially say is the ridiculous to the *cor blimey*! I do not think I have ever seen an EM with algebraic formulae. Mind you, the bill also contains algebraic formulae. I draw members' attention to clause 15, which is really extraordinary. I know the government will be thinking that there is no pleasing this woman; one minute I am saying that the EM does not contain anything of substance and now I sound as though I am saying that there is too much substance in it. Is the EM really the place —

Hon Adele Farina: It is supposed to explain it, though.

Hon SALLY TALBOT: Exactly. Thank you, Hon Adele Farina; that is exactly the point I am making. The explanatory memorandum is, by definition, supposed to explain the clauses of a bill. To repeat formulae is not particularly helpful. What I will say is full marks for effort; keep trying. I think perhaps a narrative form of explanation is something that should be aimed for.

I note, having read the second reading speech, that we are looking at a projected saving—I know Hon Peter Collier will correct me if I am wrong—of \$397 million over three years. He is shaking his head, but I do not think he is shaking his head about what I am saying.

Hon Peter Collier: You never cease to amaze me.

Hon SALLY TALBOT: Me generally?

Hon Peter Collier: We give you what you want in the explanatory memorandum and now you do not want it—give me a break.

Hon SALLY TALBOT: Has Hon Peter Collier looked at clause 15? I mean, seriously!

Hon Peter Collier: Yes, seriously; exactly. Go back and read the speech.

Hon SALLY TALBOT: We will see whether we can find some examples of what an EM used to look like when they were done properly. They are legal documents. What will the government do in years to come when it changes the formulae in the bill? I just shake my head. I am thankful that Hon Peter Collier said that I never cease to amaze him. I think I might put that on my curriculum vitae.

Hon Peter Collier: I wouldn't take that as a compliment.

Hon SALLY TALBOT: No, I will not include that because I am sure that people do respect the Leader of the House's opinion.

We are looking at saving about \$397 million over three years, which is about \$130 million a year. Remember where all this comes from? It does not come from last year's budget, which members will remember was a bit like the sun rising over the mountains. When we read last year's budget, everything was hunky-dory and was going really well. What it did not say was to wait for the midyear review, which is when we got the bad news. This is the crassest kind of politics.

Hon Kate Doust: The bad news is coming next week.

Hon SALLY TALBOT: True. But what I would suggest, Hon Kate Doust, is that the government has a well-established pattern. Remember, the date of the budget has already been changed once. Is it not remarkable that the federal budget will be handed down on Tuesday? Well, golly gee! That means there will be a lot of focus on the state budget on Thursday, does it not? I am sure that that was not a deliberate thing.

Hon Peter Collier: You do know why that is?

Hon SALLY TALBOT: I am absolutely sure that that could not have been more than a coincidence; I absolutely grant that. I was suggesting to Hon Kate Doust —

Hon Peter Collier interjected.

Hon SALLY TALBOT: I am trying to defend Hon Peter Collier. Hon Kate Doust is suggesting that next Thursday is going to be a very depressing day. But I am saying that on the basis of the government's record to date —

Hon Kate Doust: Which is pretty abysmal.

Hon SALLY TALBOT: Oh yes, pretty abysmal. But remember that they are all happy on budget day. They stand and say that everything is great; we live in the best state of Australia, we have fabulous industry and

everything is going so well, and it is all because of how brilliant we are and what we are delivering to you. Then the government waits until a matter of days before Christmas when everyone is focused absolutely on the fiscal bottom line and comes out with something like what we saw on 15 December, I think, 10 days before Christmas, with a document that ought to have had black edges, do members not think so?

Hon Kate Doust: Turtle doves!

Hon SALLY TALBOT: Yes, absolutely. That midyear financial review is an awful document. In that document, released a matter of days before Christmas, the government says, “Terribly sorry, we think we got it a bit wrong; mining is collapsing, investment is being driven away so we have to make more cuts.” That is essentially what happened.

Hon Peter Collier: Isn’t it silly bringing in the midyear review mid year! Seems silly to me!

Several members interjected.

The ACTING PRESIDENT (Hon Liz Behjat): Members, if you want those interjections you are continuing to make to be recorded in *Hansard*, you might like to make them one at a time and not en masse the way you are; and pay some respect to *Hansard*, who do an amazing job.

Hon SALLY TALBOT: Thank you, Madam Deputy President. This is my opportunity while it is nice and quiet to get onto the substantive point I was trying to make, which is that it is worth going back to the Revenue Laws Amendment Bill 2014 in light of Hon Peter Collier’s announcement in his second reading speech that the changes to the payroll tax contemplated tonight will save about \$397 million over three years. When I referred to that debate of 11 months ago, I read the following in the second sentence of the first paragraph —

This Taxation Legislation Amendment Bill also seeks to amend the Pay-roll Tax Assessment Act 2002 to implement the government’s 2013 election commitment to progressively increase the payroll tax exemption threshold to \$850 000.

I will skip a few paragraphs where he talks about the other parts of the bill to just about the last paragraph of the second reading speech, which reads —

The final measure included in this bill is to amend the Pay-roll Tax Assessment Act 2002 to increase the payroll tax exemption threshold from \$750 000 to \$800 000 from 1 July 2014, and from \$800 000 to \$850 000 from 1 July 2016. This honours the 2013 election commitment given by the state government and builds on the tax rebates provided for the 2009–10 and 2012–13 payroll tax years to support small businesses. This measure is estimated to benefit over 16 000 employers at a total cost of about \$121 million over the three years from 2014–15 to 2016–17.

We were in this place just under a year ago talking about the government giving a tax break to businesses that would cost about \$121 million over three years. We are in this place tonight talking about changes to payroll tax whereby the government is increasing payroll tax rates to recoup \$397 million over three years. I am sorry, but members opposite must think people are stupid; they must think people will not notice this. How can they have the gall to come in here within 12 months of granting a \$121 million tax break to seek to take back \$397 million?

Hon Adele Farina: They will stand in front of the media and say, “We delivered on our election promise because we gave it to you initially. The fact that we took it back doesn’t count.”

Hon SALLY TALBOT: Hon Adele Farina is absolutely right; that is what they will say. When we stand tonight and say that this is a broken promise, it falls on deaf ears over that side because they have all ticked off on their little spreadsheets —

Hon Kate Doust: I think they have heard the words “broken promises” so much they think that that is what they do.

Hon SALLY TALBOT: Absolutely! Clearly they are suffering from the syndrome whereby after a while we stop responding, which is why I am suggesting that we change “fully funded, fully costed” to FFFC because that has a nice cut through. I will leave it to someone else on this side of the house to think of some other way that we can stop talking about broken promises. As a political attack mechanism, “broken promises” has been a bit blunted by overuse. It is a terrible thing, is it not? Fancy being in a state like ours, which is very wealthy and affluent and very fortunate—we are the last lucky state in many ways—having to concede that the accusation of broken promises has become blunted through overuse because that is what the government has provoked us into doing. Almost no promise made in 2013 has been delivered by this government. Even this one in which 11 months ago it might have put its hand on its heart and said, “We have delivered on this promise”, it has now broken it. It did not just reverse what it did, but it has taken the whole lot back. This is not a question of having good news and bad news but a question of, “I have a very tiny bit of good news and an awful lot of really bad news.” That is the slogan members opposite should run on in 2017 because that is the only truth they will be able to tell about their administration. There is a little bit of *deja vu* there, but nothing to give any consolation to

people who looked for a bit of integrity in government—dolling out \$120 million last year and taking back near \$400 million this year. What will next year be like?

We heard Hon Sue Ellery talk about education. In this respect, even if in no other, I think Thursday week will be an extraordinarily dark day for the education sector. When I am contributing to these debates, I often remind people that I am not an economist. I think some people on the government benches think that is almost an admission of weakness. I do not see it that way, members will not be surprised to know. I think there can be some benefit in not being an economist. When we are not trained economists, we look for the narrative, the coherence of the narrative, the story that tells non-economists, which after all is the vast bulk of the population, the sense in what we are doing. The sad thing is of course, that we have lost completely the thread or the train of thought, if we ever had one. We now see more gobbledegook rolled out, and the electorate is very much aware of that. I asked myself: Why payroll tax? What is it about payroll tax that presents this irresistible target for governments trying to patch budget disasters? When I made the speech last year on the Revenue Laws Amendment Bill, I discovered this great document on the Treasury website titled “Overview of State Taxes and Royalties 2013–14”. The benefit of doing these speeches is that we find all the updated versions of some of this great material. I have found “Overview of State Taxes and Royalties 2014–15” and draw members’ attention to the summary table on page 2. It contains the answer to the question about why payroll tax is such an irresistible target for governments trying to raise money. It far outstrips every other state tax in its percentage contribution to state revenue. I was particularly interested, for instance, in the fact that the landfill levy, which is something we have discussed at some length in this place and, I seem to remember the other place when we moved down there when this place was being redecorated, raises 0.6 per cent of state taxation revenue—a tiny component. The emergency services levy, a very controversial tax, raises only 2.9 per cent. Motor vehicle licence duty raises 4.7 per cent of state tax revenue and motor vehicle registrations raise 8.8 per cent of state tax revenue, so the rate is gradually creeping up. Payroll tax raises a whopping 40.4 per cent of state tax revenue. Of course, that means that there is a substantial tax base to play with. The dreadful mess that the Liberal–National government has made of the budget and this spiralling state debt, which I will come to in a moment, means that that 40.4 per cent component is, as I say, irresistible. In 2014–15, just over \$3.8 billion was raised from payroll tax. In that regard, we might ask why the government is relatively restrained. It indicates that even the Liberal–National government is aware that a tax on employment is a fundamentally bad thing, particularly when employment is under considerable stress.

I refer anybody who is interested further to pages 4 to 9 of that overview of state taxes and royalties. There is an excellent summary of the way that payroll tax is calculated and, indeed, the history of payroll tax. I note also that we in this place have talked about payroll tax more recently than 11 months ago, because of course payroll tax was the main target of the changes we made to the charity status. Because the government successfully prosecuted the amendments in that bill that saw a number of very wealthy organisations forced back into the payroll tax bucket, I would have thought it could have raised a fair amount of money from that, but we know that it never discounted that money during all the years it was not being paid. That is yet another piece of financial mismanagement to add to the long and ever-growing list that this government has presented us with.

I referred to the context in which these decisions are being made and the fact that last year’s budget paper No 3 is the place to look for what I described as the beautiful scene of the sun rising over the mountains. Page 15 of budget paper No 3 is worth a cursory look at this stage. It was produced on 8 May 2014, which is just on 12 months ago. I will quote a couple of the dot points on page 15, which outlines the highlights of the Western Australian economy. I ask members, when they listen to this, to tell me where the doom and gloom is and where the nasties are in this sort of language. These are the government’s documents. These documents are put together fundamentally by government ministers and are signed off by the government, so members should not come into this place and tell us that they have been misled by Treasury and that these are Treasury calculations, because I know from the seven and a half years that we were in government that every year Treasury walked in and said, “Don’t forget we’re a resource-based economy; don’t forget that gambling on things such as the iron ore price is precisely that—gambling.” Why do members think Eric Ripper decided not to run deficits? It was not as though somebody with Eric Ripper’s record on education, disability services and a range of community sector issues could not find enough things to spend it on. He could have spent a hundred times that, if he had not been aware that the state’s Treasurer cannot gamble and cannot pretend that they are just another stakeholder playing the stock market. I ask members when they listen to these comments on page 15 of budget paper No 3 to tell me where the hidden nasties are. Under the heading “Highlights”, it states —

- The Western Australian economy has grown well above average over the last two years, expanding by a record 7.3% in 2011–12 and 5.1% in 2012–13, fuelled by unprecedented investment in the State’s resources sector. Business investment peaked at a record \$74.7 billion in 2012–13.

I will not read the rest; everyone has these documents in their offices and they can look at page 15.

Then, of course, we get to the *Government Mid-year Financial Projections Statement*, which I think was released on 15 December, and, boy, do we find the nasties here. I cannot recall the original statement, because I printed these pages, but it is quite noticeable that this is all in black. As I said earlier, the *Government Mid-year Financial Projections Statement* should have been edged in black, but I think it is appropriate that this is all shaded in black. Under the heading “Mid-year Review Revenue and Savings Measures”, it states —

On 9 October 2014, the Government announced a \$2 billion package of revenue and savings measures as an initial response to the significant decline in general government revenue projections over the forward estimates period relative to the 2014–15 Budget.

Listen to the change in language between budget paper No 3 produced on 8 May 2014 and the *Government Mid-year Financial Projections Statement* produced only a matter of months later —

Ongoing weakness in the revenue outlook has necessitated additional measures in this Mid-year Review worth a further \$1.8 billion over the period to 2017–18, bringing the total value of revenue and savings measures announced since the 2014–15 Budget to \$3.8 billion.

If I go further into these pages and pages of black writing on black background, I find the additional measures outlined on page 8. It states —

In addition to the October 2014 measures, this Mid-year Review includes changes to the payroll tax scale, and implementation of further public sector reforms focussing on workforce renewal and Information and Communications Technology ... expenditure.

I do note, Hon Peter Collier, that what was flagged in December was that the scheduled increase in the payroll tax exemption threshold to \$850 000 would be pushed out to July 2017, which I gather is now not the case. I wonder whether the Leader of the House could explain to us why that is not being done. It seems to me that if the government is frantically scrabbling for every last dollar, which it clearly is, would it not have gained itself a few more dollars by pushing out that second increase? I am not advocating for that; I am asking why the government changed its mind, given that the announcement had already been made that that would happen.

Let me finish by asking the rhetorical question about the sort of story that will be told about these eight years of the Liberal–National government. I sometimes wonder what has happened in those dark and smoke-free rooms where the government conducts its innermost business. I suspect that what might have happened is that the government got confused between the falling price of iron ore and the falling popularity of the Premier, because they are about the same. The Premier’s popularity rating has crashed through the ground.

Hon Helen Morton: Iron ore prices are on the way back.

Hon SALLY TALBOT: And your point is?

Hon Helen Morton: Iron ore prices are on the way back. Don’t blink; you might miss it!

Hon SALLY TALBOT: I know that the minister has been frantically busy on parliamentary business outside this chamber, but she should not walk in for the last 90 seconds and pretend to know what is going on in here. She clearly does not.

Hon Helen Morton: I can if I wish. I have been listening to some of you, as much as I could bear!

Hon SALLY TALBOT: Just be quiet! The minister will get her chance in a minute.

The ACTING PRESIDENT (Hon Liz Behjat): Order! I think the remarks should be addressed through the Chair rather than personally to other members across the chamber in this one minute and 17 seconds remaining.

Hon SALLY TALBOT: Absolutely. I will, Madam Acting President.

I do not know why we have got it so wrong. I have always seen Western Australia as a state full of experts on the mining industry. I can go anywhere in my electorate and sit down with people over lunch or dinner, in pubs, cafes, or wherever we meet, and talk about the mining industry. Most people in my electorate of the South West either work in the mining industry or have friends and relatives who work in the mining industry. Everybody knows the basic rules. The basic rules are that if production outstrips demand, the price goes down. It is actually not rocket science. It is a plain, simple truth that has totally eluded this government for six long years. When production outstrips demand, the price goes down. That is exactly what has happened. It was with that understanding in mind that Labor ran surpluses for seven and a half years. It was the failure to grasp that fundamental economic reality that has led us into this terrible position and debt is soaring.

HON DARREN WEST (Agricultural) [9.22 pm]: Once again I would like to reiterate the comments made by my colleagues and perhaps add a few new points. I also add at this point that I am not the lead speaker for the opposition on this bill, the Taxation Legislation Amendment Bill 2015.

I have a question, and I think I have the answer as well. The question is: what would be the best way to get a Western Australian Liberal into a small business? I think the answer to that would be to give them a big business first! That is exactly what this government has done with the state of Western Australia. Western Australia lost its AAA credit rating. It had the best set of books in the nation, fantastically run by Treasurer Ripper for eight years. We had a big business and then we put the Liberals in charge—the Liberals and the Nationals are one and the same as far as I am concerned—and now Western Australia is turning into a small business. I know that the Liberal Party likes to think it is the party for small business but it does not mean we have to make the state of Western Australia a small business. We should try to keep making the state of Western Australia a big business. The Labor Party can see it, but I think government members are having a bit of trouble.

I also like to think that I am a bit of a funny guy every now and again and can make a bit of a joke and have a bit of a chuckle along. When I was doing my research today, I had a good little laugh to myself because I found this policy titled “The Liberals’ Small Business Policy”. It was the small business policy by the Liberals and the Nationals, because the Nationals do what the Liberals tell them to do. I will take it as one and the same. “The Liberals–Nationals’ Small Business Policy” states on the front page —

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

Here we are today with a bill that will increase payroll tax for small businesses right across Western Australia; 17 000 businesses that employ as few as nine employees will be slugged extra costs. I will go on in more detail about what they are soon. Fortunately for me, what government members may not realise is that I actually ran a small business before I was elected to Parliament. That business continues and I still have some input into it, but not as much as before, clearly, because I have a lot of other things to do these days, like trying to hold the government to account. Although this bill will not affect me—I am one of the fortunate ones because I do not have a payroll over the required limit—I can tell government members that it is not an easy time to be in business. If government members go into business, they will be able to learn what it is like to be in small business. It is not easy. This is another impost, another tax, another slug, because the government is incapable of running the finances of the state of Western Australia.

Since I have been a member of Parliament, every time I have stood to point out the government’s failings, where it is going wrong economically with the state, how it cannot restrain spending on vanity projects and things that are questionable as to whether they are needed, that is also a view held by much of the electorate. To make things meet, we slug good, hardworking people in businesses. Businesspeople work as hard or harder than anyone else. The government slugs them. It cuts services to the vulnerable to build vanity projects. Some of them are quite silly projects really. For instance, 50 luxury apartments were built in Karratha but no-one is living in them, yet we have a severe shortage of crisis housing. The government’s priorities are all wrong. I have pointed that out before and I will keep pointing it out. I doubt it will listen; maybe someone will have to remove the Liberal–National government from office in 2017. It is not long to go now.

I will quote from the very humorous, I thought, Liberals’ small business policy. The “Policy Summary” states —

The Liberal Party —

And the Nationals —

recognises that the success of small business is crucial to the economic and social well-being of all Western Australians.

I repeat: it is crucial to the economic and social wellbeing of all Western Australians. It continues —

While the resources sector might be the engine of the economy, small business is its heart and soul, ...

I am quoting directly from “The Liberals’ Small Business Policy” —

creating job opportunities for people in their local communities.

That is an important point: creating job opportunities for people in their local communities. An increase in payroll tax will certainly help with that! It will certainly help with that last little part, creating job opportunities for people in their local communities. How will it do that? It will increase payroll tax. The “Policy Summary” continues —

A Liberal Government will reduce the burden of red tape and foster conditions that encourage their growth and viability.

Magnificent—we will increase payroll tax! That will do all of those things. It continues —

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.

That is, increased payroll tax. I note that the increased payroll tax was not mentioned in the preamble. It goes on with a few other nice, cosy, warm statements. Then we get down to the crunch at the bottom —

If re-elected, a Liberal Government —

I will say Liberal–National government because that is what it is —

will focus on practical measures that will make life easier from small business. These measures will include:

So far it has not mentioned increased payroll tax. Hang on, here it is —

- Further tax payroll relief to business worth \$121million.

That is what it says: further tax payroll relief to business worth \$121 million. That is in “The Liberals’ Small Business Policy”. We are seeing a burden on business in the order of, by my calculations and the information I have, \$397 million over three years. That is in direct contradiction to the policy. It is a direct broken promise written in black and white in the Liberals’ own policy document. It goes on to state that there are other benefits and other things the government will do. One of them is that it will stand up for employers by tightening the right of entry by unions. Yes, what a great thing that will be! I think there is a bigger threat, which is increased payroll tax, but nonetheless that is what it says. It talks about retail trading hours and improved opportunities for small business in regional areas to secure government work through an enhanced Buy Local policy. I will come back to that in a little while because it is relevant, not as much to the whole payroll tax debate, but it is the biggest bane in business that I encounter in the Agricultural Region. People are surprised when they hear that there is a state government Buy Local policy because nobody ever gets to access it. There are other factors as well. I will go a bit deeper into this magnificent document sent out for everyone to read, I note, before the election; clearly, it would not have been sent out after the election. It states —

If re-elected the Liberals will:

- Reform the payroll tax system, raising the payroll tax threshold to \$800,000 in 2014–15 and then \$850,000 in 2016–17.

We had a deferral and a few changes to that, which has cost industry significant sums of money. That has been canvassed by my colleagues earlier on this legislation. Time will be against me, I am sure, for my contribution to the debate but I just mention that that was the commitment—another broken promise. I will get to some broken promises in a little while. The document continues —

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.

That is what it says here. It says that the Liberals will free up funds that can be better used to invest, expand, employ and innovate. Now we find that \$397 million of that money that was to be used for investment, expansion, employment and innovation has been grabbed by you: the same Liberals who wrote this document before the election, and the Nationals as well. There is also the \$120 million that the Liberals promised in cuts. The debt is now getting up in the order of half a billion dollars of funds that the Liberals said that small business could better use to invest, expand, employ and innovate. The Liberals are inhibiting investment, inhibiting expansion, inhibiting employment and inhibiting innovation.

A lot of people are losing their jobs. I do not think the Liberals need to inhibit small business to employ people. Small business is Western Australia’s largest employer. With their regressive, backward, poor fiscal management the Liberals are going to inhibit the opportunities of working people to work in those small businesses I hope that in a couple of years quite a lot of people over on the other side of the house will know what it is like to be looking for a job, because I am sure that is what will happen. I am sure that quite a lot of them and their Legislative Assembly colleagues will be out looking for jobs, and they will know how it feels.

The document goes on —

Building on the Liberals’ 2008 election commitment to provide \$250 million in tax relief to small and medium business, ...

We did not see that, did we? We saw quite the opposite. We did not see \$250 million in tax relief to small and medium businesses; we have seen a \$400 million increase in tax to small and medium businesses. It goes on —

... the Liberals will provide further support for Western Australian businesses by raising the payroll tax threshold from the current ...

It refers to figures. We did not quite do that. We are giving that away and now we are increasing payroll tax. It goes on —

This action represents the first step in reform of the payroll tax system, —
It was a great reform for small business, was it not? Fantastic! —

with measures will be delivered in two stages, ...

It goes on to mention the two stages, neither of which has been the case. It goes on —

This decision by the Liberals will see more than 16,000 employers save \$121million, —
What we are really seeing after the fact is 17 000 employers being slugged \$397 million —

recognising the hard work and risks taken by business owners, and their crucial role in providing employment to Western Australians.

If that is recognition, I do not want any, thanks very much. It goes on —

A Liberal Government will continue to grow the State's economy for the benefit of all Western Australians and the reduction in the payroll tax threshold is an important measure in ensuring Western Australia remains the most attractive State for business.

Good luck with that!

The document goes on to refer to some practical support for small businesses; some of that would be good if it actually happened. It refers to supporting employers in unfair dismissal laws; I take that to erode workers' rights. A series of mechanisms are available for people who feel that way. It refers to supporting employers on right of entry laws. It refers to supporting employers with private sector awards, which would be terrific once they paid their extra payroll tax! It refers to ongoing reform of retail trading hours; I know that Hon Phil Edman has some views on that. I do not think we will get a great deal of change on that one, which I think is a good thing. Then there is a bit that interested me, significantly at the back of the document. The Nationals should take note that right at the back of the document, under the heading "A Fair Go for Regional Business", the document states —

If re-elected the Liberals will:

- A Liberal Government will increase the ability of small businesses in regional areas to successfully tender for Government work

I have not seen any evidence of that yet. It goes on —

The Liberal Party recognises that businesses in regional Western Australia can find it hard to compete against metropolitan based businesses when it comes to tendering for Government contracts.

I have talked about things such as \$100 million road maintenance contracts that are getting bigger, not smaller. It goes on —

Higher transport costs and the economies of scale available to metropolitan businesses can put regional businesses at a disadvantage, even when their services are of the same quality as metropolitan based businesses.

There is no evidence of that. I point out to members opposite that when they employ people in regional areas, especially in the far-flung areas of the state, it is actually more expensive per employee; so it is fewer employees that they need to have on their books to make them qualify for these high tax thresholds. It is therefore actually discriminatory against areas of the state where the employees and their on-costs are higher. So much for standing up for regional Western Australia and business in regional Western Australia! The government is actually doing quite the opposite.

Hon Paul Brown: What about your moratorium on GM crops?

Hon DARREN WEST: Oh, here we go!

Hon Paul Brown: You say that you support small business operators in the regions and you are killing small business!

Hon DARREN WEST: Why does Hon Paul Brown not read the legislation at hand? I did not see anything in it about genetically modified crops. I am happy to debate Hon Paul Brown on genetically modified crops any time he likes. If he wants to bring up a bit of backbencher's business, he should bring up the issue of genetically modified crops. We can talk about those all we like, but we are not talking about genetically modified crops today, and I can tell Hon Paul Brown that I know infinitely more, Mr President —

Several members interjected.

The PRESIDENT: Order! I have just come back into the chamber for a bit of peace and quiet!

Hon DARREN WEST: I can tell the honourable member that I know infinitely more about farming, crops of all kinds—conventional, organic and genetically modified crops—than he ever will. But I am happy to have the debate with him because I think it is one that I can win.

I am here today to talk about a fair go for regional business. As I said, we know how to get those guys opposite into a small business—I have already established that—it is to give them a big business first! We have established that. The document goes on —

This will allow a regional business to successfully tender for work, where all other things being equal, the price difference for a tender from a regional business versus a non-regional business is not more than 10 per cent.

This is what the government says, not what it does. It goes on —

This will apply up to a maximum of \$250,000 for goods and services contracts; and \$500,000 on works contracts for building construction and significant land alterations.

The policy document goes on and on and says at the end —

This is an important measure by the Liberals to assist regional small businesses.

Increasing payroll tax does not assist regional and small businesses at all. The government has broken yet another promise because it is incapable of managing the best set of books in Australia that it inherited. The Australian economy still has—although Mr Hockey is doing his best to remove it—a AAA credit rating, yet the most powerful and the strongest state economically in the Federation has long lost its AAA credit rating. There is talk now by some rating agencies that we could even suffer another rating downgrade.

Members will remember from time to time—I am sure those with their laptops open would have looked it up—the website brokenpromises.org.au where they can find Mr Barnett's and the Liberal–National government's broken promises. It is actually becoming a quite weighty document. Members would get through some reams of paper printing off not too many of these. The site has the line —

Premier Barnett has a habit of forgetting his promises to the people of WA.

But we remember.

And we do remember! Right at the top of the list now is this one —

17,000 small business hit as payroll tax exemption deferred

It gives the link there, “What they promised”, that people can go to. To quote that website, the government said —

‘From 2014–15 the payroll tax exemption threshold will be raised to \$800,000 and from 2016–17 the threshold will be lifted further to \$850,000, providing tax relief to more than 16,000 employers’

I discussed that earlier. That came from the Liberals' small business policy. What the government is saying now, to quote the website, is that there will be —

‘A 12 month deferral in the scheduled increase in the payroll tax exemption threshold from July 1, 2016 to July 1, 2017’

That came out in a media statement on 22 December 2014. The website goes on to say —

23 Dec 2014 — The Barnett Government has broken its promise to reduce the payroll tax burden on small business by deferring the lifting of the exemption threshold from \$800,000 to \$850,000 on the 1 July 2016.

It then goes on to provide a link to more information about that.

I did print all of this off so that I could go through a few more of the broken promises that this government has foisted on the people of Western Australia. I am sure the voters of Western Australia will not forget quickly that the Premier said one thing before the election and then said something quite different after the election. I, too, am interested in the contributions by members opposite. It must be a bit daunting for a Liberal to get up and support this piece of legislation. But I am sure someone over there will be brave enough to do so. I was particularly hoping that Hon Peter Katsambanis might get up and point out to everyone in the chamber, and for the benefit of *Hansard* and those who follow the debates in Parliament, why the Liberal government is increasing costs and red tape and the burden for small business. Unfortunately, the honourable member is out of the chamber on urgent parliamentary business, but this debate may well go into subsequent days, and I am sure there will be plenty of time for Hon Peter Katsambanis to put his views. I remember very clearly Hon Peter Katsambanis making allegations that Labor was the party that stood in the way of small business and made life difficult for small business. But now we find in reality that it is the Liberal–National Party that is

getting in the way and increasing the burden on small business with this slug on them in payroll tax, especially when it discriminates against small businesses in country areas, because their costs and their wages are often higher.

So I thought I would refresh people's memory, and I will not go into too much detail on a lot of these broken promises, but there is some interesting reading. Members opposite may have forgotten some of these broken promises, and that would only be natural, because there are so many broken promises that they have made. But I am sure the public has not forgotten. Another broken promise, as quoted on this website, is "Barnett Government to introduce WA's first Toll Road." This does affect regional areas, members. It has been worked out that it costs in the order of 20c a sheep for us to take livestock to the boats. So, we are going to get the first toll road in Western Australia. The government promised in Parliament on 13 June 2012, and I quote —

... we will not introduce toll roads into Western Australia. I think the public needs to know that.

What the government is saying now, to quote the website, is —

‘A Heavy Vehicle User Charge — a per kilometre charge on heavy vehicles only for the freight route between Muchea and Fremantle — is planned to start once the road is finished’

There have been some very unlikely bedfellows out of this broken promise. All kinds of rural groups have wanted to talk to us about this and to find out how we can fight this toll, especially the livestock exporters and the livestock transporters, who are very, very unhappy with this broken promise. So I wanted to put that one back on the record, because we have not forgotten. The website goes on to say —

22 December 2014 — The Barnett government has announced the first toll road for Western Australia. This comes just 2 years after the Premier had emphatically ruled it out prior to the last state election. The toll will apply in the first instance to heavy vehicles using the 'Perth Freight Link' from Muchea in the Wheatbelt to Fremantle.

It goes on to give a link as to how people might get more information about that.

Another broken promise is that there will be no forced local government amalgamations. In a strange twist, that decision was taken away from the government by ratepayers and electors in local government elections. But there certainly is a push by this government to force local government amalgamations. Colin Barnett said on 6 August 2009, to quote from the website —

We are not going to force amalgamations.

However, in a ministerial statement dated 30 July 2013, the government said that the number of metropolitan councils would be reduced from 30 to 14 by July 2015. The website goes on to say —

23 Oct 2014 — In clear contradiction to his previous commitments not to force the amalgamations of local governments, Colin Barnett has now announced that metropolitan councils would be reduced from 30 to 14 by July 2015

That is yet another broken promise that has affected many in our community.

The PRESIDENT: Order! This might be a good opportunity to adjourn the debate until the next sitting of the house.

Debate adjourned, pursuant to standing orders.