bit of notice to deal with urgent matters. We are endeavouring to be cooperative, as always. I cannot let it go unnoted that this matter just dropped onto the notice paper today. We are still required to give it scrutiny and to at least have read the bare bones of the report that recommends the passage of this particular message. Having said that, we will not oppose the motion.

Question put and passed.

REVENUE LAWS AMENDMENT (TAXATION) BILL 2007
REVENUE LAWS AMENDMENT (ASSESSMENT) BILL 2007

Second Reading - Cognate Debate

Resumed from 20 June.

HON GEORGE CASH (North Metropolitan) [8.55 pm]: The other day I dealt with the Revenue Laws Amendment (Assessment) Bill 2007, and started discussing the Revenue Laws Amendment (Taxation) Bill 2007, but the time for debate expired and I was not able to make a great deal of progress on the taxation bill. The Revenue Laws Amendment (Taxation) Bill 2007, which the opposition supports, proposes to amend the Land Tax Act 2002, the Land Tax Assessment Act 2002, the Metropolitan Region Improvement Tax Act 1959 and the Stamp Act 1921. The Land Tax Act 2002 is to be amended to adjust the rates for 2007-08; the amendment to the Land Tax Assessment Act 2002 relates to aged care facilities; the Metropolitan Region Improvement Tax Act 1959 is to be amended to reduce the rate of the tax; and the amendments to the Stamp Act 1921 reduce the stamp duty payable by first home buyers, and significantly reduce the stamp duty payable on motor vehicles. The matters in the Revenue Laws Amendment (Taxation) Bill 2007 are set out in budget paper No 3, 2007-08 *Economic and Fiscal Outlook*, which is part of the budget presented to this house on 10 May 2007 by the parliamentary secretary representing the Treasurer. The document sets out the taxation relief measures that the government announced during the budget. In general terms, the changes brought about by this bill will amount to forgone tax of $433.4 million for the financial year 2007-08. That follows through in the three out years to 2010-11, with a four-year total estimated in excess of $2 billion.

The government is very keen to talk about tax savings; that is, that it is giving some special discount to the community. However, it has become very obvious that stamp duty on the purchase of homes and land in Western Australia is almost out of control. Stamp duty is now imposing a very significant burden on anybody who wants to buy a house or land in Western Australia. The price of houses and land in Western Australia has dramatically increased over the past three years. We have spoken in this house on a number of occasions about the economic and social impact of those significant increases. I have made the point on a number of occasions that, on a house bought for $5 million in Western Australia, stamp duty is one of the minor problems the buyer will encounter. However, if the house is priced at $250 000, stamp duty is a significant factor in the purchase price. The problems encountered by first home buyers in Western Australia, make it obvious that the government's inaction on conveyance duties over a long period - that is, the continual bleeding of people's finances - has put first home buyers in a very difficult position. Some potential first home buyers have remained in the rental market, and will stay there for a very long time as a result of this government's inaction. After the opposition and other Western Australian groups agitated for a reduction in conveyance duty, particularly for first home buyers, the government decided at long last that the first home buyer exemption threshold would be doubled from $250 000, with a phase out at $350 000, to $500 000 with a phase out at $600. The government claims that it will cost $80 million -

Hon Kate Doust: It will phase out at $600 000, not $600.

Hon GEORGE CASH: What did I say?

Hon Kate Doust: You said $600.

Hon GEORGE CASH: If the government were given half a chance, it would make it $600! Fortunately, it is $600 000. I am obliged to the parliamentary secretary for pointing that out. We have pleaded with Hon Kate Doust for a very long time about the government's need to reduce these rates. It is obvious that Hon Kate Doust was listening to us. No doubt she had some input into the decision that the phasing-out threshold for first home buyers would be increased to $600 000.

The *Budget Statements,* which were published on 10 May 2007, suggest that, as a result of a strong growth in house prices, median house prices in Perth are the second highest of all the capital cities after Sydney. Currently, Perth beats Sydney in that regard. Members will recall that only a few weeks ago I talked about the fact that, in some areas in the residential market, Perth prices have outstripped New York prices. That emphasises what is happening in Western Australia, particularly the pressure felt by first home buyers. It is also proposed that first home purchasers be given a concession for purchasing vacant land. That exemption will be doubled from a $150 000 threshold that phases out at $200 000 to a $300 000 threshold that phases out at $400 000. The opposition supports the reduction in the rate for first home buyers. We are critical that the government's reductions in conveyance duty have not flowed right through the market to assist other home purchasers across the state. The government has done some work on the impact on first home buyers and it is

believed that about 94 per cent of first home buyers will receive a full rebate, with 88 per cent receiving a partial rebate. That will obviously change as we work through the system.

Previously, stamp duty payable on a home worth $500 000 was $20 700. That was revised to nil at midnight on 9 May 2007. The stamp duty payable on a $575 000 home would normally be $24 750. However, for a first home buyer it will now be $19 575. A first home buyer who purchases a home worth $600 000 will have to pay the same stamp duty as before, because that is the cut-off point.

Before my time on this matter expired the other night, I indicated that there will be general land tax relief. There will be a reduction or a flattening out of those rates. This matter was discussed by the State Tax Review Reference Group, which made recommendations to the Treasurer. Members will recall that I indicated that many of those recommendations were not adopted by the Treasurer. Recently, the chairman of the State Tax Review Reference Group was critical of the government's failure to act on those recommendations.

The metropolitan region improvement tax is also to be reduced. The reduction for 2007-08 for MRIT is estimated to be about $36 million. I should indicate again that these are not reductions as such; they are a recognition of the fact that land prices have increased dramatically in Western Australia in the past 12 months. In fact, the Valuer General's Office, as is noted in budget paper No 3, has provided preliminary advice to the government that unimproved land values for the 2007-08 land tax assessment year will increase by an average of 49 per cent on 2006-07 values. Quite clearly, if there were no change to the tax scale, the resulting estimated increase in land tax and MRIT would be 82 per cent for land tax and 61 per cent for MRIT. That is, clearly, an unacceptable situation. The proposed reduction in rate in recognition of the increased values will cost the government, so it says, $280 million on the land tax side and $36 million for MRIT. I again say that it is no real cost to the government, and it is just recognition of the increase in the price of land in Western Australia.

There is also to be a land tax exemption for private aged care providers. That exemption currently applies in respect of some other organisations. The proposal before Parliament in this bill is to introduce equity between the treatment of private and not-for-profit aged care providers, which are obviously competing in the same industry.

The government has also recognised, as the opposition has stated for a very long period, that stamp duty on motor vehicles in Western Australia is out of kilter with that applied in most other states. In fact, it is not unusual for people purchasing heavy vehicles - semi-trailers and very heavy trucks, in particular - to fly to Queensland, purchase a vehicle, and then drive it back to Western Australia and make a massive saving in the process.

Hon Nigel Hallett: And with four-wheel drives.

Hon GEORGE CASH: Yes, and with four-wheel drives. I have discussed this with Hon Nigel Hallett on a number of occasions. Presentations have been made to him by people in the south west region, in particular, but also in the agricultural region. He has advised me on a number of occasions of the very significant savings that Western Australian owners have made by purchasing heavy trucks and four-wheel drives in Queensland rather than in Western Australia. Obviously, that is not only costing the state money from lost stamp duty, but also costing business opportunities in Western Australia. Some changes are to be made in that area. The motor vehicle stamp duty scale threshold will be increased by $5 000 from 1 July 2007, and a further $5 000 from 1 January 2009. Obviously, this involves a cost to the government. When I refer to $5 000, I mean that it is $5 000 more than the current threshold rate available. For instance, as of 1 July 2007, total stamp duty for a Holden Commodore will be in the order of $820. In New South Wales, it will be $935; in Victoria, $713; in Queensland, $733; in South Australia, $893; in Tasmania, $753; in the Australian Capital Territory, $1 013; and in the Northern Territory it will be $793. Some states or territories will still pay slightly less stamp duty than that paid in Western Australia, but there will not be the significant difference that currently exists. I mentioned the intention to adjust the stamp duty rate for heavy-duty vehicles. That is certainly welcomed by people in the industry. There is also a proposal for caravans and camper trailers to be exempt from stamp duty from 1 July 2007. The government claims that the revenue forgone as a result of that particular adjustment will be $7 million in 2007-08.

Given that we are under some time constraints with these revenue bills, and the opposition has already made it very clear that it does not oppose the measures contained in the bill, I will not say a lot more at this stage, save to say that when I last spoke, I indicated that the annual report of the general government finances, which is available from the Department of Treasury and Finance, indicates that when the budget was brought down on 10 May, the government was suggesting that the surplus for 2007-08 would be about $1.85 billion. I note that some seven weeks later, the government surplus is now $240 million more than was projected by the parliamentary secretary when she read the budget speech on 10 May 2007, and that the estimated surplus for 2006-07, the current year, is now likely to be in excess of $2 billion. It is money for jam. If we sit around long enough, another $240 million will come out of nowhere, so to speak. As has been suggested in the press in recent times, we might get a new stadium for nothing. The way we are going, there will be enough money to cover the cost of the new stadium.

Hon Paul Llewellyn: And probably to send those police officers up north.

Hon GEORGE CASH: We could probably send some police officers up north. Hon Paul Llewellyn is right. However, the bottom line is that first we should deal with the problems we have in Western Australia. There are very significant problems on Aboriginal reserves and in Aboriginal communities in Western Australia. If we have enough police officers to deal with the north west, that will be a plus, and if there are any left over, we can think about sending them across to the Northern Territory. I note with great interest that Mr Beattie in Queensland did not rush forward to send his 10 police officers straight to the Northern Territory. He managed to extract another $10 million out of the federal government for some new police stations. It seems to me that there is a great opportunity for Western Australia to talk to the federal government and see whether we cannot extract something out of the federal government, which I know also has a massive surplus for 2006-07.

I know that Hon Paul Llewellyn wants to speak on the metropolitan region improvement tax. When we spoke yesterday - we did not talk privately, so I am entitled to raise it - Hon Paul Llewellyn said that we should be aware that the Auditor General was due to release a report today and that these bills should not be rushed through until we knew what was in the Auditor General's report. At that stage, I certainly did not know what was in the Auditor General's report, and I do not know that Hon Paul Llewellyn could have known either, but he hit the bullseye on the dartboard, because today the Auditor General released the "Third Public Sector Performance Report 2007". The report obviously considers legislative compliance, financial management and control issues. The report focused on three areas. One was the management of land tax and the metropolitan region improvement tax, another was in the area of legal aid in Western Australia and the other was the administration of grants. In respect of the management of land tax and the metropolitan improvement region tax, the report notes -

> Land Tax and Metropolitan Region Improvement Tax (MRIT) account for 16 per cent of the $2.38 billion in property taxes collected in 2005-06.

Obviously the Auditor General is looking at the previous financial year. The report also notes that -

> The Office of State Revenue (OSR), which is part of the Department of Treasury and Finance (DTF), is responsible for administering these taxes. Latest OSR estimates are that these taxes will collect $462 million from 127 000 taxpayers in 2006-07. This represents eight per cent of total estimated State taxation revenue in 2006-07.

It is interesting to note that the Auditor General found in his examination that -

- Approximately 10 per cent of land tax assessments issued for the 2006-07 assessment year had to be re-assessed. This high rate is principally caused by data inaccuracies in the Revenue Collection Information System (RCIS) database used to generate assessments.
- In addition to the above, in 2006-07, OSR issued 2 159 adjusted assessments for prior tax years. The net impact was a reduction of $1.7 million in tax raised. In 2005-06 OSR issued 6 109 adjusted assessments for prior tax years with a net increase in tax raised of $1.2 million.

The report notes that the adjusted assessments principally arose from correcting data inaccuracies in the revenue collection information system. The Auditor General's report also mentioned that -

- Addressing the data inaccuracies is a slow process. OSR estimates clearance of the current backlog will take 18 months.
- Audit testing identified a three per cent error rate in the granting of exemptions from land tax.

Obviously that was a significant loss to revenue with respect to unissued land tax assessments. The Auditor General made some recommendations as to how this might be improved and the OSR has responded to some propositions that have been put forward. I indicate that the key findings were that -

> Approximately 10 per cent of land tax assessments issued for the 2006-07 assessment year had to be re-assessed. This high rate is principally caused by data inaccuracies . . .

The OSR intends to get on top of the backlog. The Auditor General recommends that the backlog be cleared in much less time than the OSR's suggestion of 18 months.

I should indicate that the report states -

> DTF supports some of the findings and recognises that its land database for land tax assessment purposes is not fully accurate for various reasons at any point in time. Nevertheless, the DTF considers that the impact of any discrepancies is minimal in the overall context of the operation of the land tax scheme.

That is an interesting comment. The other day I was complimentary of the Office of State Revenue in respect of the explanatory memorandums it produces and the briefings it provides members of Parliament. I was critical, however, of the Department of Treasury and Finance. It seems to me that the last statement I read in respect of

the DTF is typical of DTF. It has a number of senior management people who are extremely arrogant and are not required to manage the DTF in the way that they require other agencies to manage their particular financial affairs. I propose to look at that over the next 12 months because it seems to me that significant work must be done by the Department of Treasury and Finance. I make it clear that I am referring to DTF and not the Office of State Revenue. In my view, the very senior management in the DTF needs a significant shake-up. I spoke at length some weeks ago in this chamber about the inaccurate forecasting that is being done by the DTF. It has done some work to try to improve its revenue forecasting but it is very clear that it is still failing badly in that area. The Under Treasurer, who parades around the town setting himself up to be a guru of various financial issues and who told me 18 months ago at a committee meeting that the revenue forecasting was a matter that the department would solve, certainly has a lot of work to do in that area. He has a lot of work to do also in the Office of Shared Services. He has taken over the running of that office and will now be required to accept the responsibility for the failure or otherwise of that organisation. It is okay to be the Under Treasurer in Western Australia and be the highest paid public servant, but with that comes some responsibility. We will look very closely at the way in which he is discharging his duties, because some very senior public servants in other agencies in Western Australia have drawn to the attention of members of Parliament the way in which certain people within DTF are operating. That is a matter of concern. In the meantime, we support these two bills. Obviously we are keen that the first home buyer reduction in conveyance duty be assented to as soon as possible.

HON PAUL LLEWELLYN (South West) [9.22 pm]: I thank Hon George Cash for giving a good run down of the two bills that we will be dealing with tonight. I understand that these bills need to be dealt with in a short time because of certain time constraints. I will not go over the details of the bills except to say that they are the product of the most recent state budget and they seek to amend the Land Tax Act 2002, the Land Tax Assessment Act 2002, the Metropolitan Region Improvement Tax Act 1959 and the Stamp Act 1921 to implement tax measures as part of the state budget. I note also that the apparent value of the tax relief provided in this package is $433 million and is projected to be more than $2.1 billion over four years, which is interesting. It is not a reflection of tax savings; it is relief for taxpayers. When we impose tax relief, we have an opportunity cost to the state. The Greens (WA) are most interested in the opportunity cost to the state with regard to how the taxation and revenue raising arrangements are managed. Without going into the merits and details of the proposed changes, I note from the explanatory memorandum and so on that, if no adjustment is made to the scale, the land tax revenue will have soared by around 80 per cent in 2007-08, and that will reflect the combination of an average of 49 per cent increase in land values and bracket creep. I took some interest in the increasing cost of land not because it impacts on only private landowners and first home buyers and so on but because it impacts on the acquisition programs the state undertakes under the metropolitan region scheme to acquire land for public purposes. Such land is for roads, railways and, I imagine, other purposes, but in particular I am referring to land that is acquired for the Bush Forever programs and so on. The interesting thing I noted and calculated independently was that the acquisition of land for Bush Forever has increased over the past four years by 49 per cent. I will go into that in a moment.

With reference to land tax exemption arrangements, obviously changing the threshold arrangements shifts the revenue base of liable entities or liable landowners from which tax can be raised. If the rate at which we are taxing is shifted, the overall taxation-raising capacity is reduced. I note that these arrangements and the flattening of the land tax scale have come out of the state tax review, and, to some extent, that is a fair thing. I notice that the bill also provides exemptions for land tax for aged care providers and so on. The Greens (WA) can see the logic in public policy that makes sure those entities are excluded from unnecessary tax burdens.

I turn now to the metropolitan region improvement tax, and note in brief that under the new scheme, around 90 per cent of the metropolitan region improvement tax payers will pay less tax. The problem with the metropolitan region improvement tax is that it is linked to an acquisition program. It is one thing to say that we can reduce the land tax base for general revenue-raising purposes; that is, to raise revenue that is spent on a range of public purposes. However, the metropolitan region improvement tax money is passed over to the WA Planning Commission for a specific purpose; namely, to acquire land for public purposes, including for the Bush Forever program in the metropolitan region scheme. Therein lies a problem when a revenue-raising instrument that is tied to a certain purpose is adjusted. When we adjust the revenue-raising instrument and reduce the quantum, we are impacting on the capacity to fulfil that purpose, in this case the acquisition program.

I will briefly refer to some of the issues that arise out of making this kind of taxation-based adjustment. As I said, funds from the metropolitan region tax improvement go into the metropolitan region improvement fund to be used for the purposes connected to the metropolitan region scheme, including acquiring urban bushland and, indeed, road, rail and other easements. This would result in an approximately $36 million decrease in the revenue from that source. Questions were asked in the other place in February 2007 by Dr Elizabeth Constable, who was inquiring about the application of the metropolitan region scheme, the acquisition program and the management of the improvement fund. She asked a number of questions, such as how many hectares of privately owned bush had been purchased, what was the cost, and so on. There was an array of questions. The interesting thing that came out of it was that in 2000-01, 20 properties comprising 194.36 hectares were

purchased at a cost of $9.416 million. I notice from a calculation I did prior to reading this that that worked out at $48 446 per hectare. The answer then goes on to list all acquisitions until 2005-06 - a period of five years. In 2005-06, 13 properties were purchased comprising 102.594 hectares at a cost of $7 402 774. That is $72 158 per hectare. It so happens that that is a 48.9 per cent increase over the five-year period, and it accords well with the explanatory memorandum, which talks about an approximate 49 per cent increase in the cost of land and housing. If there is a 49 per cent increase in prices over that time, the last thing we want to be doing with a linked revenue base is to start eroding that base. In spite of the fact that the revenue-raising capacity is linked to the value of the land, the net effect of this initiative is to reduce the amount of money available for these things.

Another extraordinary member of Parliament, Hon Giz Watson, asked another question of the Minister for Planning and Infrastructure in relation to the Bush Forever plan. As is normal in this place, if one asks a number of questions the government lumps them all together to try to avoid giving a straight rundown. Hon Giz Watson asked whether, given the recent increase in land values and prices, the funding of $100 million initially allocated to Bush Forever would be increased to ensure that the purchasing power remained at the same level as was intended. It was almost as though she asked the question with this particular bill in mind. I am amazed at the insight of Hon Giz Watson. The answer was that in adopting the Bush Forever program, the Western Australian Planning Commission indicated that $100 million would be allocated over the first 10 years, that WAPC was responsible for meeting the contingent liability of the purchase of reserve land generally and that it would adjust the acquisition program for Bush Forever to meet the general increases in land value. I do not know what that says, because it did not answer the question.

I then went to a number of other sources, including the Urban Bushland Council of WA, that are also interested in the metropolitan region scheme and the metropolitan region improvement tax, which is the revenue base for acquisition of urban bushland. Having spoken to people involved in that organisation, they said that the $100 million allocated to the acquisition program in 2000 was not enough then and it was nowhere near enough now.

I do not know the source of this information, but I will mention it, because I think it is probably reasonably well founded. The chairman of the bushland advisory group stated in 2000 that it was estimated that between $500 million and $700 million would be required to fulfil the group's acquisition program, yet only $100 million had been allocated for that program. She made the comment that if that was not enough money in 2002, it sure is not enough money today.

I refer now to a newsletter titled "Perth's bushland - a case of unknown identity?", by Mary Gray. The newsletter states, under the heading "Wake-up Call for Bush Forever", that the Urban Bushland Council calls for urgent government attention to accelerate the implementation of Bush Forever as a positive conservation priority. It then lists a number of points that should be included as part of that priority. Two of those points are: greatly increased state government funding to secure all sites for conservation in some way, and introduction of the promised revolving fund to secure suitable rural and other sites for ongoing private ownership. The message from this community-based council is that more money, not less money, is required to secure urban bushland in Perth. We therefore need to look more closely at this matter.

Only two members of this house attended the Auditor General's briefing today on the public sector performance report. Those two members were the hard working Hon Giz Watson and the hard working Hon Paul Llewellyn. I found that extraordinary, because there were a lot of sandwiches there! They probably should have audited the Parliament before they came, because then they would have known that they only needed to provide enough sandwiches for two! I do not know whether we should call the Auditor General in on that one! Nevertheless, I am told Hansard does not pick up jokes. Actually, that was not even a joke.

Hon Giz Watson: Don't stop now!

Hon PAUL LLEWELLYN: Okay!

Hon Ken Travers: That is probably the point at which Hansard needs to record that there was much mirth around the chamber!

Hon PAUL LLEWELLYN: I have made that point about the Auditor General's report. Hon George Cash has also outlined the concerns that have been raised in that report. That report looked primarily at the machinery of the revenue raising arrangements within government, and not at any of the substantive issues. The question that must be asked about this budget arrangement is why would the government seek to prey on the metropolitan region improvement tax fund to make small savings, when there is a great need in the community for this fund?

I turn now to stamp duty for first home owners. Under the new thresholds, 88 per cent of first home owners will receive a full stamp duty exemption, and a further six per cent will receive a concessional rate. The Greens (WA) are in favour of stamp duty relief in the budget because of the rampant prices and the overheating economy. We need to address the crisis that is emerging. However, as an instrument for government policy, it seems that the government has missed an opportunity. I will give an example. Stamp duty relief could be tied to other outcomes that will help first home owners to save more over the period of ownership of the house. For

example, stamp duty relief could be tied to a baseline requirement to achieve certain energy and water efficiency standards in the house. Rather than handing out stamp duty relief to first home owners, tax relief could be tied to outcomes that actually set them up for life. This would not only give them stamp duty relief at the outset but it would also set them up to have lower household running costs during the lifetime of their assets through improved efficiency of energy, water and so on. A similar provision applies under the stamp duty arrangements in the ACT. For example, when a home owner transfers a house, he or she can achieve certain energy efficiency star ratings for that house. If that house does not meet desired star ratings of energy, water, efficiency and so on, there is a two-year period of grace to make good those provisions. That is intelligent design of stamp duty relief, to build in not just immediate financial relief for first home owners but to set them up with ongoing savings in a more concerted way.

I will move very briefly to motor vehicle stamp duty relief. Again, this is a blunt instrument. We are using our stamp duty and taxation arrangements as a blunt instrument to give relief to people. There is a social agenda that says that these measures provide relief for vehicles valued between $15 000 and $50 000, which account for 30 per cent of the annual new vehicle transfers and include typical family vehicles such as Commodores and Falcons. This stamp duty relief is aimed at increasing the market share for Commodores and Falcons. I am reading the budget statements here about decisions for the future. We know from global car trading figures that Holden and Ford are doing worse on a global level because they are building the most inefficient cars. The companies that are performing the best are the ones that are producing smaller and more efficient cars. Why then is this stamp duty relief not tied to vehicle efficiency so that two things are achieved? In that way not only would a person receive lump sum stamp duty relief but also he would be set up for the future, because he would achieve energy savings across the use of the vehicle. This is good social planning. This is good use of taxation as an instrument for achieving multiple outcomes. The Greens are not complaining that there should have been some stamp duty relief in this instance but it is not targeted. It could have been targeted much more intelligently. I notice that it was targeted nicely for caravans and heavy duty vehicles. There are obviously interstate trading relationships.

Hon Kim Chance: We wanted to finish this tonight.

Hon PAUL LLEWELLYN: We will finish this tonight.

Hon Kim Chance: We want to do the third reading tonight.

Hon PAUL LLEWELLYN: We have an agreement that this will be read a third time and done like a dinner, apparently. The Leader of the House should reduce his heart rate and breathe easily. The government should not have brought this in so late; it should have given us more notice, and it could have organised things better. All sorts of things could have happened to make this a whole lot easier, and I am working towards getting this done.

However, the point I am making is that relief from taxation and stamp duty, as the state's primary revenue-raising instruments, should be used to achieve more intelligent economic and social outcomes than this budget has delivered. That is a fair and necessary comment in the context of the Greens being the only people who have any concerns about the way these arrangements have been set up. The intention was to provide a thoughtful basis for saying that we needed to have a serious think about our metropolitan region improvement tax and thoughtful consideration about our stamp duty and land tax amendments and arrangements as budget instruments. We give notice that the Greens will not support part 4 of the Revenue Laws Amendment (Taxation) Bill 2007, which seeks to amend the Metropolitan Region Improvement Tax Act 1959. We can now go into committee, having made those points.

HON KATE DOUST (South Metropolitan - Parliamentary Secretary) [9.47 pm]: I thank Hon George Cash and Hon Paul Llewellyn for the comments they have made tonight on the Revenue Laws Amendment (Taxation) Bill 2007 and the Revenue Laws Amendment (Assessment) Bill 2007. I particularly thank Hon George Cash for his very detailed analysis of both bills. As usual, he has provided excellent information for members, and I thank him for his support of these bills. The government is very keen to get these bills through their third reading tonight so that royal assent can be provided and the bills can come into effect over the weekend, providing relief for Western Australian taxpayers and home buyers, particularly first home buyers; therefore, my comments will be brief. In relation to the comments by Hon Paul Llewellyn about the metropolitan region improvement tax threshold changes, the government notes his views, but is of the view that the system is working well. This has been vindicated today by the Auditor General, who said in his report that the MRIT is being used for the purposes intended in the Planning and Development Act 2005. However, I assure Hon Paul Llewellyn that the government is happy to discuss these concerns with him in the future. Given the time, I thank members for their contributions and commend the bills to the house.

Questions put and passed.

Bills read a second time.

As to Committee Stage

Hon KIM CHANCE: I seek your advice, Mr Deputy President. It seems to me that it will be an impossibility to complete the committee stage of this bill tonight.

The DEPUTY PRESIDENT (Hon George Cash): It depends whether we are going into committee. I am not sure whether we are.

Hon PAUL LLEWELLYN: We will not need to go into committee. I am happy for the bills to be third read.

Leave granted to proceed forthwith to third reading.

Third Reading

Bills read a third time, on motion by **Hon Kate Doust (Parliamentary Secretary)**, and passed.

ADJOURNMENT OF THE HOUSE

HON KIM CHANCE (Agricultural - Leader of the House) [9.50 pm]: I move -

> That the house do now adjourn.

Minister for Health and Neale Fong - Adjournment Debate

HON HELEN MORTON (East Metropolitan) [9.51 pm]: I agree with the editor of *The West Australian* who believes that accountability has been treated like a joke by Minister McGinty and the Director General of the Department of Health, Neale Fong. He wrote -

> Once again, Western Australians have cause for believing public accountability has been treated as an optional extra, if not a joke.

Hon Paul Omodei, the Leader of the Opposition, believes that both the Minister for Health and Dr Fong have lied. I do not disagree. I believe that they have colluded to obstruct the accountability and transparency of government. I do not care too much about what is contained in the emails between Dr Fong and Brian Burke. They are of no interest to me, although the content of the emails might become interesting when it becomes known. I am more interested in what motivated Dr Fong to lie to, or for, his minister in a parliamentary estimates hearing. Why is Mr McGinty going to such lengths to protect this director general when other chief executive officers have been pushed aside and silenced without too much concern? I have known Dr Fong really well for a long period, and his actions are out of character. Unfortunately, Dr Fong's ability to act independently from the minister was compromised from day one, when the independent legislative process for chief executive officer recruitment and selection advocated by the WA Inc royal commission was circumvented. The Commissioner for Public Sector Standards raised concerns about this situation in August last year and likened it to the practices identified by the WA Inc royal commission. Interestingly, so does reporter Keryn McKinnon, who wrote -

> Ironically, it was these actions by Mr Burke and his government's lack of transparency exposed by the WA Inc royal commission that led to the two pieces of legislation which have landed Mr Burke, Health boss Neale Fong and the State Government in hot water once again. The Freedom of Information Act and State Records Act, introduced to keep governments accountable and ensure the integrity of the public record keeping systems of government agencies, have now both been shown to be failing the people of WA.

I remind members that in the middle of last year, the commissioner released a discussion paper entitled "CEO recruitment and selection in the WA public sector". The review itemised, month by month, the steps taken to get Dr Fong into his current position. He applied for the position of, and was appointed, chief executive officer of the North Metropolitan Health Service in August of that year. His salary was determined at the minister's discretion. Dr Fong was taken on to become the health reform task force chief. In November 2004, Mike Daube, the then director general, resigned and Neale Fong was brought into the department as the acting director general. In December 2004, the Commissioner for Public Sector Standards was asked to advertise the position but, because she knew that Dr Fong was already getting a salary well above the $237 000 to $288 000 determination made by the Salaries and Allowances Tribunal for that position, she asked what she should do about the salary when advertising the position. She was told that the position would be removed from the Salaries and Allowances Tribunal determination, and it subsequently was.

Dr Fong was selected from a field of two. In September 2005 he was appointed after the gazettal of amended Public Sector Management (General) Regulations. Before the amendment went through in September 2005, the regulation in place allowed for a non-Salaries and Allowances Tribunal CEO to receive an allowance from the employing authority that would bring the remuneration up to the level payable to a person were he or she to be employed outside the public sector to perform similar functions. In other words, if a person could do a similar job outside the public service, it was okay to pay to the level of that similar job. The amendment that went through in September 2005 repealed that regulation and replaced it with a new regulation that permits the