

## **ESTIMATES OF REVENUE AND EXPENDITURE**

### *Consideration of Tabled Papers*

Resumed from 1 November on the following motion moved by Hon Stephen Dawson (Minister for Environment) —

That pursuant to standing order 69(1), the Legislative Council take note of tabled papers 469A–D (budget papers 2017–18) laid upon the table of the house on Thursday, 7 September 2017.

**HON COLIN TINCKNELL (South West)** [12.42 pm ]: Last night I started my budget reply speech by touching on matters concerning the debt, the goods and services tax share and economic recovery. I put on the record that we at One Nation WA respectfully disagree with the Treasurer about how to repay the debt and kickstart the economy. We do not recommend that the government radically reduce all spending and start paying off the debt in instalments, but a good start would be to make sure we do not spend more than we have. The government believes that the best-case scenario is that we should be happy to start to return to a surplus in three or four years. We have heard that before from previous governments. It sounds great, that within three or four years we will stop piling on debt and start paying it back, but guess what? In three years it will be about time for another election, and the government can go to the people and say, “We told you all about this three years ago, so stick with us because we are at the point of being due to be back in the black.” That has been happening over the last decade or so.

The people of Western Australia can no longer afford any government with the attitude, “We’ll pay for it tomorrow.” Tomorrow never comes, and will never come for the people of WA because it is their debt. They own that debt. We need to start paying off the debt from year 1. Even if it is \$1 million, that is \$1 million less than in the last year and it is certainly not \$2.3 billion more. The only way this can be done is to come to the realisation that we cannot afford all these new things that the government has wrongfully promised. The people of Western Australia understand that we are in financial difficulty. No-one begrudges the government having to tighten the purse strings when reasonable, but instead we are trying to squeeze more out of our mining companies, big and small businesses and the banks.

On the surface, that sounds fine. Those three areas seem like they could afford to shell out a little more. That may be true in some circumstances, but it is not as simple as it seems. It never usually is in life. Increasing the gold royalty would have meant the loss of thousands of jobs and stifled the creation of new mines and the preceding exploration. The economic and fiscal experts at the Chamber of Commerce and Industry of Western Australia forecast that a reduction of the payroll tax would stimulate economic growth, yet the government—apparently now with the help of the opposition—is planning to do the exact opposite and hit certain businesses with an increase in the payroll tax. That will have a negative effect on business and the economy because Western Australian businesses already pay the highest rate of payroll tax in the country, excluding the Australian Capital Territory which relies on payroll tax because it has very few forms of revenue. We in WA have an abundance of resources, but still the government cannot make it work.

We have heard that the government is thinking about introducing a bank tax; I think it has been thinking about it the whole time. It sounds like a great idea to hit the banks with a bigger tax bill. After all, year after year they make record profits and, yes, I agree that it would be a fantastic solution if we could find a way for the banks to not pass the cost onto the customer. The men and women who run banking institutions have been very smart people for many years and they know how to manage finances—certainly better than most of the people in this chamber. Believe me when I say that any increase in bank taxes will only result in higher banking charges or fewer services to Western Australian families, households and businesses.

Let us get real. This government needs to learn to rein in its spending. It is that simple. WA should not have the highest spending any of state per capita while we are in the financial position we currently find ourselves. We are willing to support the government’s revenue-raising methods but we want to cut spending and we fundamentally disagree with how the government wants to do it. We do not agree with simply taxing and charging people for more goods and services; we believe in stimulating investment and growth by creating new and exciting opportunities for new businesses and industries here in Western Australia. This will raise revenue, but at the same time it will create jobs, new businesses and industries. WA is the highest spending state in Australia and we need to be asking ourselves why. Yes, WA is the largest state, but we do not have population to justify this kind of spending. Why has the state government not approached the federal government about underwriting a loan on our behalf in an effort to reduce our interest payments on our debts as has been done in Queensland and New South Wales—as One Nation has suggested on several occasions? If the federal government is going to help WA gain more revenue, the least it can do is sign off on a loan that will save us money. Why is the government committing to new and expensive projects and programs when the cost of delivering them contributes to an ever-increasing debt? Surely the government has not started pork-barrelling already. From what I have observed, the Labor Party has a bad habit of making promises that it cannot realistically keep. We have seen this over and again in previous governments of both parties. This is the type of planning and spending that is not sustainable and it needs to change. The simple fact of the matter is that despite these worrying fiscal times we face, the government is spending more

and more, and we just do not have the money. The simple fact is that the deficit is still there. The government does not need to spend billions in creating jobs for people; it needs to create the right economic conditions for business, and business will create those jobs, the economy will grow and the government will earn more in revenue.

I want to touch on the sale of Western Power. One Nation was against the sale of Western Power not only because it is a state-owned utility providing a vital service to the people of Western Australia, but also because we did not want to see an increase in prices to customers, putting more financial stress on already struggling WA families and businesses. We held this position only to watch the Labor Party become the government and directly put up prices more than 10 per cent and promising to increase them further in the near future.

I turn to increases to household expenditure and the cost of living. Western Australians are paying more for gas, electricity, water, fuel, car registration and a range of other fees and charges in a variety of areas. The cost of living has never been higher. This high cost deters people from moving to WA to create new opportunities for themselves and others. It has in fact encouraged many to leave WA and does not encourage spending or stimulation of the economy. House price increases have slowed, but mortgage payments and rents are on average a significantly higher percentage of the weekly household budget than ever before. More than half of the \$20 million allocated to the hardship utility grant scheme has been distributed already during the first quarter of the financial year. Almost 20 000 applications were received between July and the end of September. Compare this with a total of 27 000 applications for the entire 2016–17 financial year. The figure of 27 000 was three times the rate of the year before that. These increases in costs have put pressure on the household finances of ordinary Western Australians and are causing irreparable damage, not only to Western Australia's, but also the national economy.

All this time we wonder why we are spending more on mental health issues. Financial stress creates social issues for many. Be it family, work or personal, financial distress can cause social problems of all descriptions—crime, drug abuse, alcoholism, domestic violence and strained relationships that can lead to divorce, causing more financial distress. The list of the effects of financial stress is immeasurable, yet this government is seeking to make regular Western Australian families and households pay for its spending measures. Western Australians understand the predicament we find ourselves in and the lack of help we receive from the federal government in this regard, but they cannot stomach being asked to pay more for essentials and utilities because this government cannot rein in its spending to avoid the deficit. As I have previously stated, the key to economic growth is to allow those at the bottom some breathing room—to allow them that little extra to spend in the economy. With the cost of living in Perth being driven up by government increases in charges in nearly every area of daily life and wages at a record low, how is a Western Australian family expected to grow and get ahead? It is fine for all those negatively gearing their third house, but what about those struggling to pay rent while trying to save for their first house? This government needs to reduce capital expenditure to a more modest and manageable level during this economically difficult time.

We commend the government for freezing the wages of the state's top public servants. Although they are important, their remuneration must be reflective of a society that is currently struggling, with ordinary workers experiencing wage freezes of their own. We believe that the government has not gone far enough in this regard. We at One Nation have long advocated for a further reduction in the number of politicians representing in Parliament by 20 per cent and also reducing salaries by 20 per cent. This would have a more significant impact on the cost of the public service and would also help the public's faith in those who reside in this chamber. If we are serious about tackling the reckless expenditure of the past and fixing the current debt deficit crisis, we should start with ourselves. I note that the government has put a wage freeze on the public service and we will support it.

I turn to some of the good things in the budget, although they are bad if they cannot be afforded. I mention tourism. The government has pledged a spend of over \$300 million to promote Western Australia to the rest of the nation and the world. This is a great investment in an industry in which Western Australia should be a world leader. We have some of the most beautiful beaches in the world. Our flora and fauna are unique and some of the most spectacular on the planet, and we continually find new species of wildlife and insects in Western Australia every year. We have some of the friendliest and most hospitable people in the world. We should be welcoming and encouraging people from all over the world to visit us and our globally recognised quokka, which would make a perfect mascot for any tourism campaign throughout the Asian region, a market we are keen to engage in, especially India, with hundreds of millions of people coming out of poverty. When we talk about tourism, we cannot forget Busselton–Margaret River Regional Airport. We are very pleased to see that the government has seen the value in pushing forward with the expansion of the Busselton airport, with no planned cuts in funding or reductions to facilities in the budget. This upgrade is extremely important to the whole south west region and will have great benefits for the people of Western Australia in general, not just those in and around Busselton and the south west. With this new, upgraded airport, the businesses and industries in the south west will be able to export their world-class produce directly to customers interstate, with flights going directly to and from the south west region resulting in less heavy traffic, trucks and transport vehicles on the roads between Perth, Busselton and the south west. People from Perth and around the state will be able to fly directly to the south west, as will those

coming from interstate, and in the future potentially those on international flights. They will be able to fly directly to the south west and not have to fly into Perth and then spend several hours reaching their destination, as they currently do.

I turn to some of the bad things in the budget. I could not start anywhere worse than the increase in the gold royalty. What an impact that would have on remote communities due to job losses. It would have a massive impact on Indigenous communities due to service losses and also an impact on micro-communities. The National Party has said that it has an alternative to the gold royalty increase; however, we all know that this is nothing more than a re-implementation of its failed increase in iron ore royalties. It is still an attack on WA miners—an increase that would see most of the revenue going to other states at a rate of 88 per cent. What is the point? One Nation has already provided specific alternatives that do not lay the boot into the mining industry. Just increasing taxes is not the answer to fixing the economic problem, but One Nation has been calling for a royalty to be placed on gas production, because the industry is paying nothing.

*Sitting suspended from 1.00 pm to 2.00 pm*

**Hon COLIN TINCKNELL:** Before I restart, I would like to correct a mistake I made earlier in the day about the Busselton–Margaret River Regional Airport. I said that no cuts have been made to the budget but there have been. There was a \$1.4 million cut and there is also a contingency fund and any sorts of savings that can be made. These cuts are only minor and I still support the government in backing the Busselton–Margaret River Regional Airport.

Before the break, I was talking about gas. No royalties are being paid for gas in federal waters off Western Australia. We would like the WA government to work with the federal government to change that. We say use it or lose it. A lot of areas in the north west are in federal waters. We know that the only way we can get this done is by having bipartisan support. I believe Australia is the only nation that allows companies to take gas without paying for it. That is a very unusual thing. No royalties are paid for gas in federal waters.

A 10 per cent across-the-board royalty on gas production would help sort out WA's budget woes. That is one of the main measures we could look at, and we should work with the federal government to achieve that end. Many licences have been issued but they have been stagnant for more than 30 years, not even getting to the production phase. I do not see that as being of any benefit to Western Australia or Australia. The Japanese get gas that cheaply from us that they now sell it back to the eastern states. I would like to know more about that, because it just seems ludicrous. Many local Western Australian companies would jump at the chance to take over those licences and develop those resources. I call on all sides of Parliament to seriously look at this and see what we can do about it. We know that we could be waiting forever on the GST. This is something we could probably change very quickly if we were committed to it.

Currently, gas companies are not compelled to pay a royalty or income tax. That is just crazy madness, as I mentioned before. We currently receive \$650 million in royalties a year from just two of the existing gas licences in Western Australian territory, but this does not apply to new projects in commonwealth waters such as Pluto, Gorgon, Wheatstone, Ichthys or Prelude. This is crazy. We are not against mining companies paying their fair share of taxes and royalties, but we are against them paying an amount that would have a negative effect on growth and prosperity. The gas industry does not pay its fair share. It is an industry that does not pull its weight in the greater community compared with those in regional and remote mining areas. Only eight out of 149 companies or projects—that is only five per cent—pay the petroleum resource rent tax. That is crazy and it needs to change. Compared with Australia, Norway applies a 78 per cent tax on the sale of its gas. We must do something.

I see pork-barrelling in this budget, even in my seat of the South West Region. People could say that, as a member for South West Region, I should be quiet about that, but I am also a member for Western Australia, and the state is more important to me than anything. When something is wrong, I like to call it out. Where could we save money? What are we wasting money on? What is not necessary? I could give members just a few examples and they are all in the south west: the proposed indoor pool in Collie, the car parks in Mandurah and the wave energy project in Albany. I think these things should happen one day. They are good things and I think they would be good to have, but right now we cannot afford them. I do not believe they are necessary right now, especially in these times of major budget repair.

Small business employs nearly half of all jobs in WA. According to the Chamber of Commerce and Industry of Western Australia, if small business were considered an industry unto itself, it would be the second largest contributor to the WA economy after mining, with a contribution of \$39.7 billion in 2014–15, making up nearly 20 per cent of Western Australia's gross state product. When small business prospers, society prospers. When small businesses do well, they grow their businesses, provide more services and products to society, pay more tax, employ more people and apprentices, start to invest in other small businesses and then start the whole process all over again. Yet we are looking at adding more to the payroll tax of other businesses. This is the very fabric of commerce and is the capital investment that we need to grow the economy, if government would just get out of the way and allow it to do so. Get rid of some of the red and green tape and make things a bit easier for small

business. As a regional member, I know that right now it is very hard to run a small business in regional areas. It is getting near on impossible. This would be helped by government creating more favourable conditions for small business. This is how to repay debt—to make things easier for small business.

One of the best economic stimuli of recent years was the Abbott government's measure to allow the immediate depreciation of purchases under \$20 000 by small businesses. This has been such a great success that it has been extended year after year and is still in place today. This has been a resounding success because it helps stimulate small business. When small business does well, the economy does well. These are the sorts of initiatives we are asking our state government to look at.

Another occasion when we saw the proven success of stimulating the bottom end of the economy to kickstart the rest was during the Asian economic crisis in 1997 and the global financial crisis in 2007. On both occasions, the Prime Ministers of the day injected money into the economy by giving people on lower incomes an extra \$1 000 to spend. In some cases, people got it twice. This measure helped to stave off recession not once but twice in two of the most significant economic periods in modern times. Another way would be to adopt the Chamber of Commerce and Industry of Western Australia's recommendation to increase the payroll tax threshold by \$100 000—from \$850 000 to \$950 000. Small business would be the major winner and thus the economy at large. Chamber of Commerce and Industry figures estimate that increasing the payroll tax threshold from \$850 000 to \$950 000 would reduce the government's tax revenue by only \$47 million, but would generate \$280 million in economic benefit, most of which would be seen in small business. I believe that the government will continue to look at this, and, hopefully, it will consider changing that threshold in the future. It makes economic sense. This is a compromise between watching the government bleed big business dry to help stem the tide of debt accumulated by the state by allowing small business to help stimulate our economy in another fashion. We in One Nation would like to see this amendment put forward, but the rest of the opposition is willing to support the government's burden on big business at this stage. We are yet to debate that bill, and we hope that some amendments are possible.

Consumer confidence in the state needs to be lifted even more. This can be done by helping with the cost of living. When I was approaching the state election nine months ago, a poll in the paper indicated fairly clearly what the Western Australian public voted as the three most important things. I am not too sure of the order, but I think that jobs and employment came first, fighting crime came second and the cost of living came in third. We have been calling for action in all three areas from the day we walked into this chamber. We will not stop. That is what our electorate elected us to do. They are still the three most important things in this state according to the people of Western Australia.

As I mentioned, consumer confidence needs to be lifted. We can help with the cost of living by not increasing the cost of household utilities and by contributing to house prices falling. Interest rates look as though they may rise in the near future and this will not build consumer confidence and spending. The government needs to help by increasing the payroll tax threshold by \$100 000, as I just mentioned. That will make a big difference. Further, One Nation does not support any increase in the payroll tax. Only a day before the budget was released we moved a motion calling for payroll taxes in regional areas to be reduced. Figures released by the CCIWA show that this would give the government a small increase in tax revenue but would also stifle growth in investment in this state at a time when the economy needs stimulating. It seems self-defeating. I know that the Premier and the government wants the economy in this state to grow, but an increase in payroll tax will stifle that growth.

Estimated figures also suggest that this benefit could continue if the threshold was lifted by an additional \$100 000 to a base of \$1.05 million. Raising that threshold past the \$950 000 to \$1.05 million would provide further benefits. The economic benefits of the proposal far outweigh the costs, yet the government's plan would hinder business growth, not stimulate it, from the second largest contributing industry in the state—small business. The threshold increase could be applied only to regional businesses. Many other options are needed to help those in rural and regional areas. If the government wants decentralisation, it should provide some incentives to help people and small business to move, not disincentives to stay. Western Australia already has the highest rate of payroll tax, as I mentioned. This does nothing to encourage new enterprise in Western Australia; it creates another incentive for business to set up in another state.

I refer to the goods and services tax. WA has finally been vindicated in its complaints about the disproportionate distribution of GST revenue. This is an outdated, unfair and counterproductive system that rewards states that do not develop their own resources and revenue streams by feeding off those that do. Essentially, this is socialism at its worst. Those that work hard and progress are kept down by the stragglers that do not work as hard. Eighty-eight per cent of all iron ore royalties from WA are redistributed to other states, meaning that WA gets barely one-eighth of its royalties. WA gets 34c back for every GST dollar raised in this state; Tasmania, \$1.80; and the Northern Territory, \$4.66. But forget that; another way to look at it is that WA gets \$878 a person from GST revenue distribution. The ACT gets \$3 046 a person. We may all have to move to the Northern Territory, as it gets \$11 881 a person of our GST.

WA was plundered in the past and we have returned to those days. Many say that other states propped up WA in the past, but I ask members: when? When we really look at that, we see that that is a bit of rubbish. WA has only ever received more than \$1 a person from GST distribution over a three-year period, and it never went past \$1.05. This could hardly be called “propping up”. The previous Liberal government would not go head to head with the federal government in any serious way because its Liberal counterparts held office. Julie Bishop and Christian Porter have much to answer for, as do cabinet ministers who have the ear of the Prime Minister and the Treasurer. Mathias Cormann has the most to answer for. He is the Minister for Finance and as such he should have a greater understanding of WA’s finances and getting a better deal than anyone, yet he has not stood up for WA in this unfair deal. This is having a tremendous negative impact on WA’s finances and future economic prospects, but not with One Nation WA. We will fight for a better and fairer deal for Western Australians. We will call out and hold to account every Western Australian politician who does not say to Canberra that we demand a change in the GST distribution for all Western Australians.

Although the GST revenue distribution takes into account WA’s ability to generate revenue, it also takes into account WA’s expenditure based only on its population size and not its vast area. The vast area needs to be taken into account. I think that would also apply to Queensland in many cases. WA has more far-flung locations to accommodate and provide services for than any other state by far. We comprise one-third of this nation’s land area. Remote communities all require a base level of services to accommodate the population. This is especially true for Indigenous communities. Many facilities are provided by mining companies, including goldmines, in an effort to create better relationships with local communities.

Federal Treasurer Scott Morrison has stated that the problems that have plagued WA can no longer be ignored because of the damage being done to the national economy. It is in not only WA’s interests but also the nation’s interests to fix the GST. The rest of the nation is happy to live off the GST revenue that they receive from prosperous Western Australians. But how will the nation’s economy be affected if Western Australia is left barren and destitute and bled dry as a cash cow?

Instead of being nurtured and allowed to grow and benefit all, by taking too much advantage of Western Australia’s good fortune, Western Australia has been virtually crippled by the federal government in an effort to support the other states. In this deflated state, WA will not be able to withstand another economic downturn. If Western Australia’s economy continues to be hindered and not allowed to rebuild, the rest of the nation will suffer and in the long run, the drain on WA as a source of revenue will not end there.

I would like to mention the petrol excise distribution. According to the RAC, in 2015–16 WA retained only 48 per cent of the petrol excise. This excise has been ignored because of the GST outrage. We retain 48 per cent that the excise generates and this is not about to change soon from what I hear. Why? It is calculated on population due to road usage. This money is meant to be spent on road maintenance and construction. WA has more land to cover with roads than anywhere else in the nation. WA has over one-third of Australia’s total area—34.39 per cent—yet this is not a contributing factor when calculating what we must spend on roads. It is crazy. A good example is Albany Highway. It is 400 kilometres long, while the entire state of Tasmania is only 320 kilometres wide. WA has half of its road funding taken away. I do not know how the commonwealth can do that, but that is the way it works. This is just another way WA is propping up the rest of an ungrateful nation. Unfortunately, as we have heard from the Premier and in many other forums, the other states just do not give a damn. It is another badly administered cash grab by the commonwealth at the expense of Western Australian taxpayers. WA is the engine room of the nation. The GST distribution and the fact that we are propping up and subsidising much of the rest of the nation is proof of this. To stall and kill off the possibility for WA’s great prosperity for growth and jobs will have an impact on the rest of the nation in years to come. These consequences will not be seen right away but in the future it will affect investment and development. It is down and has gone to other destinations. We will ask why they have gone overseas and it will be because of this government’s bad policies. Who else will supplement the other states? WA has been the golden goose for many years and we keep on laying, but the commonwealth is happy to watch WA’s golden goose starve, and that will have an effect on productivity. WA is not an endless supply of resources that keeps on giving. The commonwealth needs support to encourage development to make WA as productive as possible. Ridiculous, job-destroying taxes and inconsistent, bad and unfair policies are driving investment overseas and interstate all because the Labor and Liberal Parties have a bad overspending habit. That is not sustainable.

I will speak a little on gambling. Wagering is an area in which the government is fast losing money due to overseas and interstate betting agencies. State governments should be lobbying the federal government to put an end to the loophole that allows foreign betting agencies to acquire a licence to operate in Australia while sending all profits overseas. If we are going to allow a pariah industry to operate in our nation, a few benefits should be garnered in Australia, not overseas. Alternatively, reform to impose taxation on betting with foreign agencies is welcome, but that should not see local companies that currently pay their fair share of tax penalised with higher taxes. Instead, we should focus on creating a system that generates roughly the same amount of income from these local

businesses as they currently pay and then apply that same standard and formula to all other betting agencies. The revenue generated would be significant.

More things need to happen and I will go into them before I make my closing statement. WA's coastline makes up a significant amount of the nation's international border and an even larger amount of its defensible coastline. The west coast of WA is exposed to more people and foreign nations than anywhere else. If a threat to Australia is to come, the northwest and the western coastline, where most of this nation's wealth comes from, is extremely vulnerable to attack. State and federal governments should be looking to raise the profile of the Defence Force in WA. Recent defence contracts worth an estimated \$89 billion—that is a lot of money—were assigned by the commonwealth government, which saw South Australia gain \$86 billion worth of these contracts, or in other words, 96 per cent of total contract value. This was achieved by politicians in South Australia standing up for South Australia, while Western Australia's federal members just toed the party line and did not go into bat for Western Australians or the jobs that would come from those industries.

In conclusion, Mr Acting President, I would like to once again thank you for this opportunity to respond to the budget in this chamber in an orderly and respectful fashion. The ability to disagree, negotiate and compromise in this house of discussion is a fundamental characteristic of our society and a way of government. Although I disagree with the Premier and the Treasurer about how we are attempting to get Western Australia out of debt, we do so with respect and acknowledge that they respect our position to disagree with them. But be assured, we are keen to work with the government on areas in which we can find common ground. We are not here to impede this government from achieving its goals; we are here to help it stay on the correct path in a fashion that we believe is best for the people and future of Western Australia. One of the main ways we believe the state government can do this is to stop spending more than it has. It is that simple. We, like all Western Australians, and anyone else who is truly objective when looking at the GST distribution, believe that WA gets a dud deal and that it needs to be changed fast. But the solution to that is not to spend the money anyway and then complain about the debt. We would be complaining about the GST if we did or did not have the debt. We need to change our habits. We cannot complain about the GST and then just keep on spending, because we do not have the money. It is no good just complaining. The other states will not change the system; that is just the way it is. The other states benefit from it so that is the way it will stay but we need to make the commonwealth and other states understand that those knock-on benefits that they happily enjoy from WA will dry up if WA does not get its economy back on track. Even if WA's share of the GST were greater, we would still have a government with a mentality that it is okay to increase debt. We are worried that that mentality would lead more spending. Even if a lot more revenue were available, the government would just spend it. It would not balance the books. The state debt is just that: the debt of the government of Western Australia. As such, the people of Western Australia carry that debt. Those who have sat before us in this Parliament over consecutive governments—some more than others—have recklessly increased the debt levels of this state, and thus the people. Those who are responsible for the debt are not beholden or bound to that debt in any way. It is the people of Western Australia and future generations who carry that debt. Previous governments have created the fiscal problem in this state that was in the throes of an economic boom. The current government is actively trying to get some answers about how and why this happened, but we know how this happened. The previous government overspent. The current government is now engaging in hypocrisy by holding inquiries into that while planning to overspend itself. That will not help. This bad joke gets even worse when we find out that the prospect of returning to a surplus is three or four years away. We should be planning on returning to a surplus now or as soon as we can. The people of Western Australia understand that we need to carefully consider how and what we spend our money on. They do not understand why the government is raising the cost of living for ordinary Western Australians in nearly every area while still promising to fund big, bold projects and plans, many of which could certainly wait a few years. As I said before, some things are needed and other things are nice to have. This government cannot tell the people of Western Australia that every single project and plan on its agenda is priority number one. Priority number one is the Labor Party making sure that it does not break any promises. With the way things are at the moment, that was always bound to happen. This government needs to rein in unnecessary expenditure, even if it means breaking promises. I will say it again: even if it means breaking promises. We know that promises are sometimes made in haste and not well thought out. The government should not be fearful of the opposition calling it out. After all, it is trying to fix a problem that the opposition created the majority of. But if it happens, it is in those times that it will find our support. At this time in which it is needed, I believe that the public would prefer to see strong leadership rather than a cheerleader pandering to the crowds and offering them big, shiny new toys and pork-barrelling in seats it hopes to keep when members of Parliament retire at the next election. Instead, in this budget we have seen this government trying to milk the last few dollars of disposable income from Western Australian taxpayers—both individuals and businesses—in an effort to maximise revenue. We can handle the government attempting to raise revenue levels, but not at the expense of jobs and certainly not at the expense of mums and dads who provide financial stability to their families. It astounds me that the first place the Labor Party went to fund its overextended promises were the households of Western Australia. We believe—we are certainly not alone in this—that revenue should be maximised by

freeing up red tape and creating opportunistic environments for people wanting to make money by creating new jobs and industries.

Western Australians voted out the last government and voted in those of us here today. We sit here in this honoured and privileged position and it is our duty and responsibility to do better by the people of Western Australia. It should not start in three or four years' time. It should start today. It should start right now.

**HON ROBIN SCOTT (Mining and Pastoral)** [2.33 pm]: The Labor government had nine years to prepare for this budget. The general public knew the condition of the state finances before the election. For the government to howl and scream about what it has inherited is an indication that it intends to use this as an excuse for its own failings over the next three and a half years. The general public are no doubt concerned about the state coffers but their main concern is having a job, saving a deposit for a house, being able to pay their mortgage, educate their children, have a holiday every one or two years and plan for their retirement. They want to manage their income as best they can. They have put their trust in the Labor government to do the same with managing the state finances. So far, the proposed budget is hell-bent on reducing the number of jobs in Western Australia. The first casualty could have been the goldmining industry, which was asked to pay an increase of 50 per cent on the gold royalty rate. The larger goldminers would have soldiered on, but the smaller shows would have been devastated. Many people would have thought that nothing had changed because the result would not have been seen for some years. Fortunately, this tax grab was squashed by a disallowance motion.

Now, after committing to the exploration incentive scheme, the government is hinting that it may have to revisit that government income stream to help prop up the promises it made to the metropolitan electorates. This government has broken more promises in the last six months than any previous government. There is no quick fix or single solution. Are the Department of Treasury or the Treasurer so lacking in fiscal skills that they believe that the only way back from the brink is to punish the people of the state by shutting down industries and putting up utility costs? This budget was supposed to lay the foundation to return the state to a position of financial strength. It may do that, but only at the misery and expense of the people of Western Australia. The people did not have a say in how the previous government spent the royalties or taxes. We assumed that it knew what it was doing. That goes to show that you should never assume anything in life. I have no experience in big finance, but as a small business owner I had to learn the fundamentals of budgets and managing finances to enable my business to prosper. We have listened to all the jargon about underlying expense growth, operating deficits, strong growth, rapid growth, gross state profits, seasonally adjusted figures and all the figures and percentages that go with it. They mean nothing to a man or woman who loses their job because of a bad government decision. It would be sheer misery to be forced into the ranks of the unemployed because the current government wants to repay the deficit by making a huge mistake of killing the resource industry, which is our bread and butter in this state.

Hon Diane Evers surprised me in her comments on the budget. She stated —

We are lucky that this state is filled with so many resources. We have endless opportunities to sell those resources ...

The honourable member went on to say that without those resources we would be “stuffed”. That is all very true. I am a great believer in renewable energy such as solar and wave power technology but I know that for the rest of my life, for Australia to compete in the world market, we will have to continue to have coal-fired and gas-fired power stations to handle all our baseload requirements. I do not want coal-fired power stations, but the truth is that we cannot afford to build the solar arrays and windfarms to handle our baseload requirements. The Mercedes-Benz car is one of the safest cars on the road. It has sonar to stop drivers running into the car in front. It will tell them when they are about to cross over the road markings and correct them back on track, which is a bit of a nuisance when they want to cross over the lines. The only reason everyone does not drive a Mercedes is the cost. It would be great to get rid of vehicles that do not have the safety features of the Mercedes-Benz, but that would disadvantage many people who cannot afford such a vehicle. The same applies to power generation. Most people could afford electricity bills before renewables became popular but, sadly, the average person on the street is having to pay the price for the misguided wants of a few who, I am sure, do not understand the fundamentals of power generation. I remind the chamber that if it were not for coal there would be no trees standing in Europe or Great Britain. The trees would have been used to feed boilers and furnaces for power generation. While we are discussing coal, I also mention oil, which saved the whales from extinction. Whale oil was used for heating fuel and lighting in many homes.

Western Australia has been persecuted and plundered. Western Australians are entitled to feel peeved and provoked. Here are six examples. First, for decades, federal tariff policies greatly increased for Western Australians the cost of vehicles, whitegoods and a host of manufactured products, or for the benefit of industries in the eastern states. Second, on top of tariffs, Western Australia has had to contribute to subsidies paid to industries in the eastern states. I will quote former chairman of the Australian Competition and Consumer Commission, Graeme Samuel, from *Business Insider Australia* on 11 December 2013. He states —

The car industry is estimated to have received a total of \$12 billion in direct subsidies and protections over the past 20 years, including \$1.8 billion to Holden in the 11 years to 2012.

Treasury has committed to spending \$1 billion on assistance to car manufacturers as part of the existing Automotive Transformation Scheme, with a further \$1 billion on the table between 2015 and 2020.

Despite all the subsidies, the eastern states no longer make cars.

Third, in his assessment of Pilbara iron ore from the 1890 “Annual General Report of the Government Geologist”, Harry Page Woodward wrote, at the age of 32 —

... this is essentially an iron ore country. There is enough iron ore to supply the whole world, should the present sources be worked out.”

Despite this assurance from an expert and using as an excuse the false assertion that Australia had only 350 million tonnes of iron ore in total, the federal government banned exports of Western Australian iron ore from 1938 to 1961, permanently and massively handicapping the state. The first shipment left the Pilbara from Utah’s Goldsworthy mine on only 1 June 1966. At a minimum, Western Australia could have exported one billion tonnes of iron ore in the 20 years from 1945 to 1965. The lowest possible royalty figure on that lost billion tonnes has been estimated at £750 million or \$1.5 billion. We can add to that all the missed job opportunities and lost infrastructure development.

Fourth, horizontal fiscal equalisation has, by my interpretation of commonwealth Treasury figures, ripped \$28 billion out of Western Australia since 2000. Pauline Hanson’s One Nation’s submission to the Productivity Commission makes clear that there is no legislative or contractual basis for HFE. Horizontal fiscal equalisation is a bad habit. HFE is a con job. Compared with Western Australia, the Australian Capital Territory has tiny obligations for roads. It has no remote communities that require help and no ports or harbours; yet, the undeserving, unproductive ACT gets more than three times as much GST money per head compared with the productive, purposeful and prolific Western Australia. The long established policy of Pauline Hanson’s One Nation is that each state should receive not less than 70 per cent of its proportionate share of GST. That wise policy is gaining traction. I call on government and opposition members to persuade their federal allies to endorse and implement that policy without delay.

Fifth, there is more to the persecution and pillage of Western Australia. Uranium mining was banned from 1984 to 2008 and the immense loss of royalty income and tragic loss of job opportunities in that time would be hard to compute.

Sixth, I will move to defence contracts. The excellence of Western Australian shipbuilding has been devalued by the decision-making process flagrantly intended to buy votes in other states for the federal government of the day. The WA government has acknowledged the problem by appointing Rear Admiral Raydon Gates as WA Defence Advocate to spearhead Western Australia’s efforts to secure defence contracts from the federal government. Pauline Hanson’s One Nation recommends that the rear admiral’s mandate be extended to seek overseas customers for the skills of Western Australia’s defence industry.

This is a good time for me to invite the support of this house in protecting Western Australia from more potential plunder, pillage and persecution. The national broadband network is a financial disaster. Western Australia should not have to pay one dollar to subsidise the ghastly expense of its rollout in the eastern states. I call on honourable members in this house to generate the momentum for unanimity in insisting that the NBN in WA be isolated and protected from the gigantic financial calamity now unfolding. If we fail to act, some lobbyist will tell the federal government that, once again, it can solve its problems by ripping off Western Australia.

Next, I acknowledge that the defeat of the gold royalty increase leaves a revenue gap. In the full knowledge of the existence of more appropriate sources of revenue to meet the government’s needs, I am very proud of my colleagues on the crossbench: my leader, Hon Colin Tincknell, and Hon Charles Smith, both of Pauline Hanson’s One Nation; Hon Rick Mazza of the Shooters, Fishers and Farmers Party; and Hon Aaron Stonehouse of the Liberal Democrats. Each one of these honourable members, from the beginning, was rock solid in their determination to stand up for the gold industry and protect Western Australian jobs. It was rumoured that the Liberal Party was looking for a sign that would show it what public opinion wanted it to do. Even when Dr Nahan addressed as many as a thousand friends of the gold industry from the steps of Parliament House on the morning of Tuesday, 10 October, the closest he came to commitment was his undertaking to put the case for disallowance to the party meeting that day. Full credit to the Treasurer for his willingness to appear before the crowd on Tuesday, 10 October and plead his case as a true son of Kalgoorlie, which, of course, he is. The Treasurer accepted with good grace the unpleasant fact that not one person applauded him, not even his own staff. This may have been the first applause-free speech of the Treasurer’s political career and I have no desire that he should have to repeat the experience. The absence of applause for the Treasurer, together with the enthusiastic cheering earned by other opponents of the tax hike, was an important lesson for the Liberal Party room. It voted unanimously to



support the disallowance motion. The gold tax hike has gone and some of the damage has been undone. Newcrest Mining's Telfer mine was threatened with closure by the tax increase. It has announced a major investment to extend the life of Telfer. Not all the damage can be undone. Western Australia's credibility has been shaken and the confidence and morale of the goldmining community has been undermined. We must now all do our best to ensure that more mines are approved to employ more Western Australians and produce more gold, and pay more royalties to the state government.

We now face the urgent need to beat the payroll tax hike. Someone has given the Treasurer ill-founded advice that budget problems can be ameliorated by jacking up a tax on employment, a proposition for which there is no evidence in logic or history. Fortunately, Pauline Hanson's One Nation Party does take notice of logic and history. On 6 September 2017, the day before the budget, we gave notice of a motion calling for the reduction of payroll tax for small businesses located 100 kilometres or more from Perth. We recognise that budget repair involves promoting employment and boosting economic activity. We also recognise that the continuation of population growth in Perth, at the expense of the regions, will push up costs for government and intensify the budget problems.

I now need to direct my remarks to the Leader of the Opposition in the other place. True political leadership does not involve blowing in the wind of public opinion. We knew that the gold royalty increase was wrong and we committed immediately to defeat it. Dr Nahan knew that the gold royalty increase was wrong and, instead of immediately committing to defeat it, he waited to see what way the wind of public opinion would blow. Senator Pauline Hanson is the most admired parliamentarian in Australia and she has earned that status by acting in accordance with her conscience. She has never shied away from expressing a viewpoint on the grounds that it may be unpopular. There is now a raft of viewpoints, which, when first expressed by Pauline Hanson, were unconventional and even unpopular. Without the massive seven decades' old nationwide political organisation that Dr Nahan has behind him, Pauline Hanson proved herself to be a leader and not a follower. Dr Nahan was wrong to delay committing to defeat the gold tax increase and Dr Nahan is very wrong in not having committed to defeat the payroll tax increase. Dr Nahan has not even had the fortitude and the initiative to say to the government, "Make your job-taxing bill valid for three years instead of five years." Why would that be a problem? Why is the opposition watching public opinion instead of doing what is right? The following is an extract from a 21 October article by ABC journalist, Jacob Kagi, and I quote —

When he announced this week the Liberal Party would not oppose the payroll tax hike, Opposition Leader Mike Nahan admitted the different responses to the two policies were a factor in that decision.

"The firms impacted have not come to us in large number or argued the case very strongly," Dr Nahan said.

The schoolchildren who happily come to the Parliament in their hundreds expect political leaders to make decisions based on what is right, not based on how many firms have made representation or how strongly. Perhaps Dr Nahan was wrongly quoted. If he was quoted correctly, he should be ashamed. If Dr Nahan aspires to ever be Premier, he needs to lift his game and he needs to lift it now. My speech is about strengthening the political morality of the Liberal Party and raising the standards of its legislative members to the level displayed by Liberal honourable members in this chamber.

My next step is to make it easier for everyone by showing that the government does not need the extra revenue it proposes to extract by jacking up a tax on jobs. I shall raise seven potential sources of revenue totalling \$549 million a year to fill the revenue gap caused by the defeat of the proposed gold royalty increase and, as my colleagues and I would hope, the defeat of the payroll tax increase. Another matter I shall raise relates to a possible saving of \$100 million a year for corrective services in the Department of Justice.

First, in 2015, the Western Australian government introduced a tuition fee for families on 457 visas whose children attended public schools in this state. The fee is \$4 000 per family each year, regardless of the number of children a family has enrolled in public schools. In 2014, it was estimated that 3 300 families earning less than \$75 000 were exempt and more than 2 600 families would pay the fee, contributing to Treasury at least \$10.4 million per annum. Only \$5.98 million was received in 2015–16 and the forward estimates now show only \$5 million a year, perhaps because very many families claim hardship exemption. Hardship exemption on this scale appears to be ridiculous because, according to the Australian Bureau of Statistics, for 457 visa holders, the average wage in Western Australia is the highest in the country at \$103 000 a year. According to the Australian Capital Territory government website, the ACT charges per student, per year \$10 400 for kindergarten to year 6, \$13 600 for years 7 to 10, and \$15 200 for years 11 and 12. Western Australia's 457 visa families, plus other foreign residents with school-age children, may total 6 000, with an average of 1.75 children attending school. I invite the Treasurer and the Minister for Education and Training to accept that those families could be charged at an average rate of \$10 600 per year, per child, which they can well afford. This would neutralise the present subsidy for the children of foreign workers by the WA public school system. If some 457 visa families prefer not to pay but instead choose private schools or even specialist schools for their children, that would create new opportunities for WA educators.

The revenue would be notionally \$111.3 million, which comfortably exceeds the probable revenue from current arrangements by \$100 million.

Second, I ask the WA government to now introduce state work permits that employers will be required to purchase for the right to employ non-citizens, regardless of whether they have a 457 visa. The cost of the state work permit would be a legitimate deduction from the employer's company or personal tax. According to ABC News, in November 2016 there were across Australia 95 758 holders of 457 visas, and 45 400 of the 457 visas had been issued in that financial year. The Australian Bureau of Statistics tells us that 13.1 per cent of 457 visa holders are in Western Australia. A study by the Centre for Innovative Practice at Edith Cowan University puts the compliance cost to industry of employing each worker on a 457 visa at between \$7 000 and \$65 000. We can expect that 12 500 state work permits could be purchased by employers in Western Australia at a figure as high as \$10 000 a year each. That is \$125 million a year.

Third, the WA government should insist that the federal government apply without delay a Canadian-style flowthrough share system for both private and public companies. By allowing a company to pass to its investors the right to claim tax deductions for exploration and mine development, the scheme greatly assists junior explorers to raise capital. We ask the Western Australian government to insist that the smallest of our mining companies and the most junior of our prospectors are all able to benefit from this unexpectedly wise move already foreshadowed by the federal government. Treasury estimates of current WA state royalty income are around the \$5 billion a year mark. Immediate application of a flowthrough share scheme should boost WA royalties within two or three years by at least two per cent, which is a deliberately cautious estimate. That is \$100 million a year and could swiftly become very much more.

Fourth, will the government cease to turn its back on a substantial source of additional royalty revenue—uranium? Nuclear energy reliably supplies 75 per cent of the electricity requirements of France and is one of the ways for the poor and disadvantaged of the world to share in all the wondrous benefits that we receive from access to electricity. We are advised that if uranium mining and new exploration is allowed to proceed with appropriate guarantees that the rules will not be changed, within three years the additional royalty income for the Western Australian Treasury from uranium exports for peaceful purposes should be around \$50 million a year.

Fifth, presently, the WA government receives the benefit of a 25c a tonne levy, which applies to around 78 per cent of the state's iron ore production. My colleagues and I helped defeat the ill-advised plan to increase that levy to \$A5 a tonne. Criticism has been made of the present government's alleged broken promises. In fairness to the government there has been no attempt to reverse the decision made while in opposition to not support the Grylls iron ore levy proposal. At current production levels, the A25c a tonne levy brings into the WA Treasury around \$150 million a year. The Pauline Hanson's One Nation proposal is that the WA government invite the relevant companies to accept US25c instead of A25c with no increase for, say, 20 years. The collateral benefit is that a revenue stream calculated in US dollars is more appropriate for a useful purpose that I shall mention later in this speech. The 21 October 2017 exchange rate of \$US1 was equal to \$A1.28, the change would amount to an increase of A7c a tonne. Such an arrangement would boost investor confidence with the knowledge that the Brendon Grylls syndrome will not return. Treasury's gain is around \$42 million a year.

Sixth, if I have correctly interpreted the Landgate website of the Western Australian Land Information Authority, each month in Western Australia around 900 homes are sold at or above a price of \$500 000. A flat surcharge of \$3 000 could be added to each of these property transfers and it would be cheaper to sell a \$500 000 house or a \$1 million house in Western Australia than in South Australia, Victoria or the Northern Territory. Treasury may prefer to adjust the surcharge so that it bears more heavily on the more expensive homes, as long as the average surcharge could be targeted at \$3 000. The extra revenue would be \$32 million a year.

Seventh, on 11 October 2017 my federal leader, Senator Pauline Hanson, and Western Australia's own Senator Peter Georgiou made a policy announcement of a 10 per cent royalty on gas from the North West Shelf. We asked Treasury to calculate the outcome in terms of revenue for Western Australia. Honourable members may be confident that the Pauline Hanson's One Nation Senate team will always do its very best for all Australians, including the people of Western Australia. We invite the state government to encourage its Australian Labor Party colleagues in the federal Parliament to support this Pauline Hanson's One Nation initiative. If this gas royalty proposal is accepted, wholly or in part, by the federal government, we expect that the royalty benefit for Western Australia would not, under any circumstances, be less than \$100 million per year.

There we have it, with our compliments to the Treasurer: seven revenue items, worth a total of \$549 million a year. I thank the Treasurer for leaving the gold tax alone. We ask him to also leave the tax on jobs alone.

In respect of expenditure, I now turn to the possibility of saving the government \$100 million a year for corrective services in the Department of Justice. Western Australia should reserve the right of the banishment and transportation of specified categories of criminal, especially violent criminals, drug criminals and criminals who are not Australian citizens. We have learnt from the Australian Bureau of Statistics that as at 30 June 2016, the

number of adult prisoners in Western Australia was 6 329—an increase of 14 per cent from the figure for 2015. This was the highest percentage increase in prisoner numbers of all states and territories. Ninety per cent of incarcerated criminals in Western Australia are male. The most common offence is an act intended to cause injury, at 20 per cent, or 1 258 prisoners. That was followed by unlawful entry with intent at 16 per cent, or 1 037 prisoners. Third was illicit drug offences at 13 per cent, or 800 prisoners. The budget has committed \$83.5 million to the establishment of a meth border force to reduce the supply of methamphetamine coming into the state, and a further \$48.2 million for a coordinated and targeted methamphetamine action plan.

The banishment and convict transportation concept will help the war on drugs and contribute to funding the war on drugs. Adding violent criminals to drug-related criminals, we have a figure of around 2 000 male criminals who should be considered suitable for banishment and transportation to serve their sentences outside the jurisdiction. Criminals who are not Australian citizens should be at the top of the list. It is understood that the cost of maintaining a prisoner in a Western Australian jail is between \$100 000 and \$400 000 a year. The WA government should invite tenders from interested international parties for the humane internment of 2 000 WA prisoners. We could expect to receive tenders from jurisdictions where costs are significantly lower than they are in Western Australia. As an example, we could expect that the Fijian Army could tender for the humane care of prisoners at a rate that may save the Western Australian government \$50 000 per prisoner, per year. Would the Treasurer and the Minister for Corrective Services agree to issuing invitations to tender that could lead to the banishment and transportation of 2 000 prisoners to achieve a possible saving of \$100 million a year?

The total budget benefit of the measures proposed is \$649 million a year, so there is no need for the government to jack up the tax on jobs, and there is no possible excuse for the Liberal Party, the National Party or the Greens to encourage the government's proposed attack on jobs. I mention that only Tasmania and the ACT have payroll tax rates of six per cent or higher, and they have thresholds of \$1.25 million and \$2 million respectively. We compete for investment directly with Queensland, which has a threshold of \$1.1 million and a payroll tax rate of 4.75 per cent. Perhaps this government wants to jack up the tax on jobs here to make the ALP government in Queensland look better as it approaches an election.

I thank honourable members for listening to proposals that would take a useful step towards budget repair. As a small business owner, I had to learn the fundamentals of budgets and managing finances to enable my business to prosper, and I know that any hike in the tax on jobs is a very bad decision.

The chief executive officer of the Chamber of Commerce and Industry of Western Australia, Deidre Willmott, issued a media release on 17 October in which it was noted that the CCI had modelled the impact of the government's payroll tax hike. The modelling showed that between 1 334 and 5 297 WA jobs would be lost in the first year, and that at least \$510 million would be wiped from economic output. There is clearly no need for this chamber to pass the Pay-roll Tax Amendment (Debt and Deficit Remediation) Bill 2017 and the Pay-roll Tax Assessment Amendment (Debt and Deficit Remediation) Bill 2017, and there can be no valid excuse for the Liberals, the Nationals or the Greens to support these bills, other than a desire to join with the Labor government in mindlessly taxing Western Australian jobs.

It is now crunch time for the Liberal Party and the National Party. If these partners in the former government encourage this government to make a really bad decision, they will be doubly condemned. As for our friends the Greens, they missed their opportunity to stand up for Western Australian jobs in the gold industry. Here is another chance, perhaps their last chance, to establish credibility as a pro-jobs party by voting against an increase in the tax on jobs. The Greens' support will be welcomed and sincerely appreciated by Western Australian workers.

I turn now to infrastructure. There are infrastructure issues that emphatically deserve attention in this budget; I shall mention just eight of them. First, the budget should make provision for the upgrading of Laverton Hospital at a cost of not less than \$19 500 000. Second, the budget should make provision for sealing the Meekatharra–Wiluna road at an estimated cost of \$60 million. The people of Meekatharra and Wiluna have been waiting for nearly 60 years for this road to be sealed. Third, the budget should make provision for completing the sealing of the Karratha–Tom Price road. If this cannot be achieved, 700 local drive-in, drive-out jobs at the proposed Flinders mine site will be at risk.

**Hon Kyle McGinn** interjected.

**Hon ROBIN SCOTT:** Doing the next stage? What is the next stage? That could be one kilometre.

**Hon Kyle McGinn** interjected.

**Hon ROBIN SCOTT:** Not many.

Fourth, honourable members will be aware of the importance of the Gibb River Road to the people of the Kimberley and to the tourism industry. Significant improvements have been made and these improvements, especially in extending the sealed component and upgrading bridges, should continue unabated. Fifth,

Kalgoorlie Regional Hospital urgently needs an MRI machine. This will save the stress and expense of air travel for patients. Sixth, the budget should ensure no cutbacks in road funding for the South West Region, the Agricultural Region and the Mining and Pastoral Region. Any reduction in road funding would be counterproductive and would impose unacceptable costs and dangers upon the mining industry, primary producers and the tourism industry. State, local and federal instrumentalities will also suffer from any cutback in road funding. Seventh, the government should waive the royalty charge for stone donated for building up the Norseman Airport. The demand for a royalty payment of \$225 000 is delaying the upgrade, which is necessary for the Royal Flying Doctor Service to operate in all weathers. Eighth, Western Australians deserve an end to the exploitative internal airfares to which we have been sadly accustomed for far too long. I ask the WA government to seek from the federal government upgrades to Kalgoorlie airport and Karratha airport to full international airport status. The aims include encouraging international carriers to provide competitive fares on international legs of new international routes such as Singapore–Broome–Newman–Kalgoorlie–Adelaide or Perth–Karratha–Denpasar or Hong Kong–Karratha–Kalgoorlie–Melbourne. Competition within Western Australia from international airlines, including Qantas and Virgin, is likely to put downward pressure on airfares and develop new routes so that travellers are not forced always to transit through Perth.

Having worked as a contractor to the mining industry in the Mining and Pastoral Region for more than three decades, I am in awe of the work ethic, enterprise, fortitude and courage of the thousands of people who directly or indirectly contribute to the mining industry. I have nine points to make. First, here is a recommendation that will help encourage community participation in mining and also be a benefit to the whole state. The budget should make provision to begin a program of promoting apprenticeships by subsidising 75 per cent in the first year, 50 per cent in the second year and 25 per cent in the third year. It would be acceptable initially to confine the benefits of this measure to apprentices deployed within the three non-metropolitan regions. My enthusiasm for apprenticeships is well known. Youngsters who will especially benefit from apprenticeships are Indigenous girls and boys living in remote settlements where far too commonly it is very difficult for a young person to see an upward path. In many cases, potential apprentices do not come up to the necessary minimum education standards for acceptance into an apprenticeship. These youngsters deserve every educational assistance required. The cost of this educational assistance would be richly repaid to Treasury. There would be benefits on the revenue side and measurable cost savings. Let us have youngsters learn to be great contributors to this state instead of being potential participants in the correctional system.

Second, I invite honourable members to join me in congratulating the Treasurer and the government on the decision to continue the exploration incentive scheme. This is a cost-effective means for building future royalty income for the state government.

**The PRESIDENT:** Order! Hon Robin Scott, I am just going to stop you for a moment. You appear to be reading your speech. I must admit that I have been observing you from outside the chamber. I remind you about our standing orders, which you may not be aware of. Standing order 36 is about the reading of speeches and states —

Except when introducing a Bill or by leave of the President, a Member shall not read a speech.

I know that members like to have in front of them notes or dot points as guidance and that is understandable, but it is not the practice of this place for members to read a speech directly into *Hansard*. I just hope that gives you some guidance.

**Hon ROBIN SCOTT:** If I had enough resources, I would have been able to get somebody to do this for me and I would have had time to study it, but everything that is written here I have had to write myself, so I apologise. I will do my best to fill in the gaps.

Under the EIS system, the government co-funds up to 50 per cent of WA greenfield drilling, with up to \$200 000 for companies and \$30 000 for prospectors. I hope it does not have a change of heart about this decision.

To assist with accelerating the momentum of our mining industry and to help maximise the royalty income, I ask the government to restore the use-it-or-lose-it principle as its cornerstone of the Mining Act. Expenditure listed on form 5 should relate only to costs genuinely incurred in on-the-ground exploration. Also, to assist with accelerating the momentum of our mining industry and to help maximise royalty income, all companies, whether local or international or private or public, should be required to publish their drill results. I ask the government to effect the reversal of the growing tendency of the environment department to employ inspectors with limited or nil experience of mining whose motivation and training appears directed at impeding and delaying mining.

Sixth, I invite the government to give favourable consideration to vesting in the environment department full and exclusive responsibilities for all environmental issues associated with mining; in other words, a major saving can be achieved by shutting off the Environmental Protection Authority. By obsessing about intergenerational equity and troglifauna, the EPA has revealed itself as a handicap to mining in Western Australia.

*Point of Order*

**Hon Dr SALLY TALBOT:** Madam President, you did draw the honourable member's attention to standing order 36. I have every sympathy for a new member for whom it is very intimidating to come into this place and make a speech that could go for up to 60 minutes, or even longer were we to grant the honourable member an extension. I crave a slight amount of indulgence here, but I will make a point of order. The very real difficulty for every member of this chamber, if a member is reading a speech, is that we cannot distinguish between the words of the member and some words that he might be quoting from somebody else. I was out of the chamber on urgent parliamentary business for the first part of the honourable member's speech, but when I came into the chamber, I heard him refer to his federal leader. I have been listening very carefully. It is very hard for members to work out, especially when he is going through numbered points, whether the words are somebody else's words or his words. I again draw standing order 36 to your attention, Madam President.

**Hon COLIN TINCKNELL:** He has already stated that he is going through the notes that he has prepared. Last night I watched Hon Darren West read notes from his desk. I point out that I have noticed that it has been fairly common.

**The PRESIDENT:** Hon Colin Tincknell, that is not a point of order; it is an observation. I have noticed that there has been a tendency of late for some members to read pretty much verbatim from documents in front of them. I appreciate that it can be difficult for other members to distinguish between a direct quote from a document and the comments that the member is making about the matter they are discussing. When I observed Hon Robin Scott earlier, I believed that he was reading straight from a document. As some guidance to a new member, I referred to standing order 36, which provides that members are not supposed to read from a document unless they are given permission to do so or are making a formal statement. I appreciate how difficult it is for new members to get into the rhythm and pattern, if you like, of delivering a speech without extensive notes and that is why I said earlier that quite often members refer to some notes or dot points. It is unusual, other than in a first speech, for members to read directly from that document. I appreciate the difficulties, but as guidance, I say to Hon Robin Scott and to others please try not to read directly from a document. It is your speech. If you have written it, I would hope that you would feel more comfortable in your delivery without having to read it. I know that the member has only 19 minutes left. Perhaps this is a discussion that everyone in the chamber needs to think about for the future: when you are preparing your speech and before you get to your feet, how are you going to present it?

*Debate Resumed*

**Hon ROBIN SCOTT:** Thank you, Madam President. I will do my best to comply. For the benefit of Hon Dr Sally Talbot, if I am going to quote anybody, I will let her know beforehand.

I was talking about the EPA and its choke on the mining industry. I am sure that the pastoral industry also would be quite happy for the EPA to leave its mob alone. Every dollar that Treasury can save by defunding the EPA, which happens to be about \$250 million a year, would generously be multiplied by the accelerated approvals and the increase in production in the pastoral industry. With the aim of boosting royalties for Treasury, I ask the government to amend the Environmental Protection Act to delete the second principle in the table in section 4A, therefore removing the reference to the principle of intergenerational equity. This political slogan has no place in any scientific document, and serves only as a pretext to disallow exploration and mining. This so-called principle has a delay and deny effect upon royalty income and jobs. For the sake of the enterprising and amazingly resilient prospectors and junior miners, I ask that the government commit to retaining a manual lodgement option for all mining, exploration and environmental applications. There should be no closure of regional Department of Mines, Industry Regulation and Safety offices. If I am correct that the government has agreed to retain the Pay-roll Tax (Indigenous Wages) Rebate, I unreservedly congratulate the government.

I refer to additional contributions to budget repair. Treasury has not publicly reacted to the helpful suggestions made by Hon Colin Tincknell in his speech on the Loan Bill 2017. These helpful suggestions included that the WA government should negotiate for the federal government to borrow \$11 billion, then grant the \$11 billion to Western Australia in partial compensation for the \$28 billion ripped out of Western Australia since the year 2000 by the goods and services tax misdirection scam or, at least, on-lend the \$11 billion to Western Australia at zero interest. The government should negotiate for a federal guarantee of WA borrowings as enjoyed by two other states—Queensland and New South Wales—with consequent lower interest rates. The government could sell the cash flow from its 25c a tonne levy on around 78 per cent of the state's iron ore exports. Let us not interfere with the first four years of the revenue stream, which is already incorporated into the forward estimates. The net present value of \$149.75 million for 30 years commencing four years hence at a discount rate of four per cent is \$2.2124 billion. As I foreshadowed earlier, such a transaction would be facilitated by the government renegotiating the levy with the miners so that the levy is calculated in US dollars rather than in Australian dollars.

As the Treasurer has observed, a sale of cash flow transaction would require an assurance that the proceeds would remain in the hands of Western Australia rather than be filched by horizontal fiscal equalisation. Will the Treasurer

seek that assurance? The government could extend the sale of cash flow principle to part of its regular royalty income. As an example, production of the Roy Hill mine is now 55 million tonnes of iron ore a year for a mine life of 30 years. The net present value at four per cent discount of the 7.5 per cent royalty on the Roy Hill mine alone is \$5.35 billion at a price of \$A75 a tonne. The government can sell its revenue stream for the probable life of just one mine for more than \$5 billion. The elegance of selling the royalty cash flow from one mine is that the cash flow can be replaced, simply by approving an additional mine.

Pauline Hanson's One Nation is not in favour of selling public assets. The Liberal Party continues to talk about the sale of Western Power. Our attitude is that the assets of Western Power belong to the people of Western Australia rather than the government. Accordingly, we oppose the privatisation of Western Power.

In conclusion, I want to speak about the demographics. The discovery of gold doubled the population of Western Australia in the decade from 1893 to 1903. This proves that people move to where they can make a living. We face the prospect of a dangerous acceleration in two harmful population movements that have already begun. The first is the movement from the regions to Perth. Among other bad effects, this exerts pressure through the reduction of Legislative Assembly representation for the regions. The second dangerous population movement is the movement of people from Western Australia to other states and to other countries. Any proportionate reduction in the population of Western Australia reduces the already pitiful share of GST revenue that we receive and threatens to reduce our parliamentary representation in the House of Representatives.

My concern about population was endorsed on 23 October 2017 by Heather McNeill in a WAtoday news article headed "WA is losing residents to eastern states, Census data reveals". The article makes clear that with migration happening in both directions, 10 000 more people a year are heading east than are heading west. I trust all honourable members join me in wanting that reversed. Knocking back the hike in the jobs tax will be a good start. Instead of taxing jobs to evaporate out of the state, all honourable members should focus on encouraging investment, and upon attracting and keeping good Western Australian citizens. The eyes of the world are upon the Leader of the Opposition in the other place. He should reject the option of shame, disgrace and ignominy and instead select the option of honour by knocking back the increase in the tax on jobs.

**HON COLIN HOLT (South West)** [3.27 pm]: I rise to add to the debate. I want to make some clear views on this budget, which is about choices and priorities of the new government. That is its choice. That is its priority. It got into power and now it is dealing with a budget to show the community of Western Australia the way forward and how it will manage the state's finances into the future. It is clearly about the government's choices and priorities, and I will highlight some of those in my speech. Clearly, it is not about priorities in regional Western Australia or about revenue. It is more about redirecting expenditure to fulfil the Labor Party's election commitments. The greatest example of that is the shifting of \$983 million of royalties for regions funds into, basically, consolidated revenue. The government has shifted funding so that \$983 million of normal services for the state is now being paid for by royalties for regions. I will return to some of that stuff in the future.

I am glad that the minister representing the Treasurer is in the house because I want to raise an issue around some of the revenue assumptions. In the estimates hearings, I raised some of the assumptions with the gambling taxes. I think that the government has a serious issue with raising revenue from gambling taxes. I asked some questions of Treasury when it was here for the Standing Committee on Estimates and Financial Operations hearings. I am quoting now from the transcript of the hearings; it is probably an uncorrected copy so I apologise, but I think it is fairly accurate from my viewpoint. I asked the question of the minister —

You have a figure of 2.9 per cent gambling taxes as a total share of all taxes. What is the monetary value of that 2.9 per cent?

After we found the reference I was talking about, the Under Treasurer said to me —

If I can take you to budget paper No 3, page 260, —

People might be interested to look at this —

there is an appendix 2 on general government operating revenue. About two-thirds down the table there, there is an italicised line for total taxes on gambling. In 2017–18, our budget estimate for total taxes on gambling is \$275 million.

That answered my first question. I want to go through this in some detail because I think that the minister representing the Treasurer in this place will need to go back and see what I am talking about, because I think the government has a serious issue with its budget and finances. The uncorrected transcript of the estimates hearings continues —

**Hon COLIN HOLT:** Thank you ... Back to page 84, you are forecasting your growth of 11.4 per cent in 2017–18 after a decrease of 8.8 per cent in 2016–17. That is a turnaround of over 20 per cent. Can you explain how you have come to that conclusion? It is quite an incredible turnaround.

The minister deferred to the Under Treasurer, Mr Barnes, who said —

We might need to take that one on notice. What we do is we compile the gambling tax estimates based on information provided to us by the individual gambling entities—the TAB, the Lotteries Commission and the Department of Racing, Gaming and Liquor or whatever they are called now under the machinery-of-government changes. We compile the individual information from those agencies and then we consolidate it to come up with the gambling tax revenue estimates in the budget. We are basing our estimates on their own assessment—their forecasts. What the explanation for that turnaround is, I do not know off the top of my head. We would need to take that on notice and go back to the information we received from those agencies and provide the explanation to you.

I can completely understand that. Treasury has a broad overview of it. I raised the issue because I was really concerned about the underlying assumptions of a potential 20 per cent turnaround in two years of gaming revenue or the gaming tax. I asked this question of Racing and Wagering WA when it came before estimates, but its response was I should ask Treasury because it had put it together. There is a bit of disconnect. I assume that someone from Racing and Wagering WA and the TAB told Treasury what they expect and I was sent there, but the Under Treasurer said to go back to Racing and Wagering WA. The minister offered to provide supplementary information, to which I said thanks a lot. I have not got that information yet. It is a little premature to know what it all means but I am raising this issue because I have serious concerns.

**Hon Stephen Dawson:** I think it's due next week.

**Hon COLIN HOLT:** I think it is due next week, but it would be a great opportunity for me and the minister potentially, I would have thought.

I referred to a paragraph in the budget papers that states that the gambling tax would have an average growth over the forward estimates of 7.4 per cent, which is five to six times the consumer price index. This year's CPI is estimated to be one per cent, and right out in the out years it goes up to 2.5 per cent, with about half a per cent increase each time. The growth of 7.4 per cent is five to six times greater than CPI. The uncorrected estimates transcript continues —

While I was just talking about one year's turnaround, that is into the forward estimates, so assumptions on how continues to grow at 7.4 per cent into the out years would be useful too.

There was an estimate of a 20 per cent turnaround and then it averaged at 7.4 per cent in the out years, which is way above CPI. I look forward to reading answers to my questions on notice. I will get into the detail for the minister because I think it is important to do so. I will try to describe this as best as I can. It is best presented in tabular form, but this is a speech in Parliament so I will try to make my language as clear as possible.

If members turn to page 260 of volume 3 of the budget papers, they will find a list of the total taxes from gambling. In 2015–16, the actual money raised was \$270 million; in 2016–17, the estimated actual was \$246 million, and that is where the decrease of 8.9 per cent comes from, which I spoke about earlier. This is where it gets interesting. In 2017–18, it climbs to \$275 million to make up for all the losses, and jumps above it. The next year, 2017–18, the figure is \$310 million; in 2019–20, it is \$336 million; and, finally in 2020–21, it is \$340 million. It goes from \$246 million in 2016–17 and climbs to \$340 million, which is where the 7.4 per cent average over the years comes from. That is remarkable. I was pretty good at maths at school, but as I get older I have lost some of that capacity. I think that adds up to \$1 261 million in the out years of revenue raised by gambling taxes. If members look at 2016–17 and 2017–18, they will see that is an extra \$29 million raised through this tax, which is growth of 11.8 per cent, as I talked about earlier. We have seen a drop again of \$24 million or 8.9 per cent from 2015–16 to 2016–17. It turns around and one has to look at underlying assumptions.

Members should not just take my word for it. I refer to an article on PerthNow on Friday, 15 September, written by Dan Mercer, which is headed, "Casino takings slump as high rollers stay away". As suggested on page 260 of the budget papers, this gambling tax comprises Lotteries Commission funding, casino tax and a betting tax; so what is recorded by the Lotteries Commission, the Department of Racing, Gaming and Liquor's casino tax and what is reported from the TAB. They are the three components of this tax. The article reads —

CHINESE high rollers are deserting James Packer's Perth casino in droves, putting at risk one of the key strategies behind Crown's \$650 million redevelopment.

Gaming and Wagering Commission of WA figures tabled in State Parliament yesterday showed revenue from baccarat—a game favoured by wealthy Chinese gamblers—plummeted by more than one-third last financial year.

In the 12 months to 30 June, baccarat takings at Crown slumped to \$212 million, compared with almost \$330 million in 2015–16.

The plunge dragged down overall gaming revenue at Crown, from \$742 million in 2015–16 to \$622 million last financial year.

This accounts for the reduction between 2015–16 and 2016–17. Part of it was due to fewer receipts, fewer people and fewer high rollers going to the casino. The article continues —

Crown’s troubles, which were outlined in the commission’s annual report, came as a separate report showed Lotterywest’s sales had also gone backwards last year, ending years of steady growth.

Sales to the State-owned lottery operator were down 7.7 per cent, or \$62 million, to \$827 million in 2016–17 as a sluggish economy weighed on punters’ demand.

But in a warning about structural changes facing Lotterywest, chairwoman Heather Zampatti said the rise of online sports betting and lotto providers was having an effect on earnings.

“As a result, Lotterywest sales were down 7 per cent on the previous financial year ...

At the racetrack, the commission said punters shelled out \$314.6 million on thoroughbred, harness and greyhound races.

Crown did not comment.

I do not think it would be a surprise to anyone in this place that when economies become sluggish that has an effect on discretionary spending. Discretionary spending shows up in things such as playing lotto, going to the casino or having a punt at the Western Australian TAB. I do not mind the reality that between 2015–16 and 2016–17 there was a plunge of 8.9 per cent in gaming tax revenue. How does it turn around by 11.7 per cent growth in the next year and 7.4 per cent on average in the out years? The government has got me stumped because I am not sure that our economy is growing that much. In fact, our CPI has grown by only one per cent to 2.5 per cent in the out years. To me it is an incredible assumption, which is why I asked the questions in estimates and why I think the answers will reveal some interesting results.

Just to labour the point a bit more about the pressure on those agencies in this current climate, I dug out Racing and Wagering Western Australia’s 2016–17 annual report, which was tabled not long ago.

The chairman and the CEO report on the financial performance of Racing and Wagering Western Australia. It states —

Total revenue of \$337.9M was 4.14% lower than last year due to a reduction in wagering turnover.

...

The wagering trend reported in 2016 continued throughout 2017, with overall retail and account based betting volume up 3% with a reduction in value of 6% contributing significantly to the overall decline in wagering revenue.

The state collects a tax based on that wagering and revenue turnover. When it is declining, less is returned to the state. That is why we see in the budget papers that reduction from 2015–16 to 2016–17. It appears to me that the economy has not turned the corner. There is a bit of talk that we have hit the bottom and we are starting to come out of it and will return to more prosperous times, but I still cannot get how the government can turn around wagering figures that are under incredible pressure—including from the Western Australian TAB, which continues to struggle with its market share—from \$246 million in 2016–17 to \$340 million in 2020–21.

**Hon Jim Chown:** You are saying the government has blown its budget.

**Hon COLIN HOLT:** The question has to be asked. I have some figures based on applying those increases to the wagering tax and gambling tax on the CPI. If we applied CPI increases to the gambling tax in 2016–17 and 2017–18, the budget estimate is \$275 million, based on 11.6 per cent. If we add the budget estimate CPI rate of one per cent, it raises \$248.5 million, which is well short of \$275 million. In 2018–19, if we applied 1.5 per cent CPI, as defined in the budget papers, to the estimated lower amount collected, \$252.2 million would be collected that year instead of \$310 million. If we apply to 2019–20 the two per cent CPI increase, as predicted in the budget papers, to the \$252.2 million collected based on CPI increases only, we get \$257.2 million. If in the last year we apply the 2.5 per cent CPI to that lower amount, we get to \$263.6 million. If we add all those up, we get to about \$1.025 billion. The budget states that we are going to raise \$1.261 billion. I am going by the CPI estimate, because that is what is defined in the budget papers. We are waiting for the assumptions to come out, but we have to ask these questions of the Treasurer. That is a difference of \$240 million over the forward estimates. We have argued about a whole heap of expenditure but this has nothing to do with what decisions are being made in this Parliament, this side of the house or the other chamber; this is the government’s own assumptions in its own budget papers. We have to say that the government has to go back and look at that. I would like to see the midyear review because I think the government will have bigger problems than getting some legislation through for new revenue sources, because its own papers are going to find a massive black hole. I am glad that the minister responsible is in here. I have tried to explain it as best I can. I have not seen the assumptions that have come out and maybe I am jumping the gun



here, but this is the time for the debate. When they come out, I am sure more questions will arise from it. That is where I wanted to start, because I have some serious concerns that the government can meet the budget expenditure without even raising any new revenue when it has some potentially big black holes in its own budget papers.

I want to talk about the choices and priorities of this government. I have no problem with that; it was elected and is implementing its commitments and what it wants to see the Western Australian community look like. The government's job is to then defend those decisions and our job is to hold them up to scrutiny and criticise it when the time is right. Firstly, I want to talk about some of the decisions around royalties for regions funding. As a regional and Nationals member, that is what I will concentrate on. I want to talk about the 40 per cent cut to community resource centres. We all know in this place, especially regional members—although we do not have to be a regional member to understand their importance—that they are absolutely critical parts of the community in regional Western Australia.

**Hon Alannah MacTiernan:** Why are there so few in the Pilbara and the Kimberley?

**Hon COLIN HOLT:** I do not know; the member would have to ask them. Where would the member like to put them?

**Hon Alannah MacTiernan:** I just want your explanation about why is there such an uneven distribution around Western Australia. Have you given thought to that?

**Hon COLIN HOLT:** If we look at how they were developed in the early stages and how they evolved, we can see that it was about the communities themselves coming together to take up the opportunity. I think we will see that where they were started and some of the spread may be where there were more active communities. I would have thought that is part of the reason. If we go back to the Hedy Cowan days when they were started as telecentres, I would have thought the more active communities took up the opportunities in the first instance and maintained it because of the local value they provided. They maintained it because as communities they have invested in including local governments. Why that opportunity never got taken up in the Pilbara, I do not know. I was not around at the time. Maybe it has to do with some of the representation at that level and time in this house. I do not know. I know that we expanded it into the Kimberley quite extensively after some consultation, but I cannot answer all those questions. My observation is that they were mostly driven by local communities themselves who took up the local leadership and the opportunity. I want to talk about the importance of them.

Several members interjected.

**The ACTING PRESIDENT:** Members!

**Hon COLIN HOLT:** I just gave my insight. We all know that they are important hubs that provide a range of services across all the communities and that they are all very, very different. They respond to local community needs. I think everyone in Parliament knows about that. I want to quote from an article from Wednesday, 25 October in the *Kalgoorlie Miner* written by Joanna Delalande. The headline reads, "Resource centre grant for site upgrades". I will read some selective quotes. It states —

One of WA's most remote Aboriginal communities has received a sizeable grant to upgrade its community resource centre, facilitating connections with the rest of the State.

The ... Aboriginal Corporation was awarded a \$655,025 Lotterywest grant on Sunday by Aboriginal Affairs Minister Ben Wyatt, who visited the community in Tjuntjuntjara, 690km north-east of Kalgoorlie.

The resource centre is used by residents to access media, manage banking and licensing, connect with job opportunities and undertake training to improve their chances of employment.

...

Mr Wyatt said the community resource centre was a vital piece of infrastructure that connected the community to WA.

I cannot argue with that, because that is exactly what they do. It is interesting that Lotterywest gave \$655 000 to upgrade the centre, which is a magnificent contribution.

I also want to touch on the Linkwest conference that I went to which was held not long ago. A lot of the community resource centres are part of that association and a lot of community centres in Perth are supported by Linkwest with funding from the government. I was there for the opening address by Hon Darren West, who was representing the Minister for Regional Development. I will take an extract from his speech in which he also recognises the importance of community resource centres. It states —

I've got some speaking notes here from the Minister's office which, quite frankly, explain the bleeding obvious, the things that we already know about how big Western Australia is, how diverse Western Australia is, how important the regions of Western Australia are and how important the

Community Resource Centres are to regional Western Australia. We know that. I regularly visit community resource centres—my electorate covers the area from Kalbarri all the way down to Israelite Bay down to Esperance, where I was yesterday. And I love to drop into CRCs and schools in our regional communities because I think those two things are a barometer of how well our communities are operating.

I note that they're all different. We all have a broad general agenda of providing services to our community that aren't provided elsewhere, and we all have our idiosyncrasies within our communities and within our CRCs and within the people that operate in them, and I thank you all for the services that you provide and the job that you do right across regional Western Australia.

He goes on —

Some of the important issues provided through CRCs that we recognise: the coordination of the health and employment services, the provision of wellness services to the community, the centre of trading excellence in core industry areas, development of the local ecotourism industries and provision of important cultural and heritage interpretation. Those are services, as a state government, we think are very important, and we thank you for providing them, and we also understand that you provide many other services more localised to the community and Commonwealth Government services, so thank you for those.

He refers to the previous government trashing the finances and states that when Labor left government, there was \$3.6 billion of debt and now it is heading up to \$40 billion and that the previous government spent \$35 billion plus on top of that. He continues —

All of the Royalties for Regions programme, which is very much alive under Labor, which will be retained under Labor—things like the Country Age Pension fuel card will be retained under Labor.

He is absolutely right. The card has been retained, but there is no CPI increase, as with the previous government. In real terms it has been decreased. He goes on —

But all R for R spending will now go through the Department of Treasury.

It always went through the Department of Treasury but it seems like a convenient story in this speech. He further states —

There has been a significant increase in funding to CRCs in the last ten years, and that's a good thing, but it has raised a flag with Treasury ... So Treasury have asked us to do a full review of services provided by the CRC network right across Western Australia, and we will undertake that review. That review will be open, that review will be transparent, that review will involve every single one of you and all of your CRCs. We all have to find ways to make government expenditure more efficient over the next four years. That was our commitment to the West Australian people and it involves all of us ... Treasury have suggested to us that \$8 million a year —

This is the 40 per cent cut —

would be a figure where we want to work towards in providing the important services that CRCs provide. Currently, the funding for this year is \$13 million, as it will be for next year. The forward estimates—which are just that, forward estimates, are an indication of where we think we would like to settle in terms of funding for CRCs. So the review will determine whether that is the right amount or not, but can I just stress to everybody, these are forward estimates, that don't come into reality until 2019/2020.

That says to me that Treasury said that the government had to get \$8 million for the CRC network, and it had better have a review to get to that point. If, somehow, the review identifies that they are too important not to invest in and the figure stays at \$13 million, that will be a great thing. The fact that he has committed to an open review that everyone will be involved in is also a good thing. But this question must be asked: is the outcome of the review already pre-empted by the \$8 million that has been suggested by Treasury?

**Hon Alannah MacTiernan:** We have allocated \$8 million because that is what we will be expecting to spend.

**Hon COLIN HOLT:** So it is not going to change from the \$8 million?

**Hon Alannah MacTiernan:** We are not making any bones about that. That is certainly our expectation. We have to bring back the expenditure. In 2009–10, the budget for the CRCs was \$5.8 million or \$5.9 million. In the next three years it ballooned by more than double. There had been consumer price index growth and then, all of a sudden, as part of the Barnett spend fest, this massive increase.

**Hon Martin Aldridge** interjected.

**Hon COLIN HOLT:** I did not mind the interjection because it says to me that the number one parameter of any review will be to make sure that the government delivers only \$8 million. That is really what Hon Alannah MacTiernan said. The number one parameter is to ensure that the government gets to the budget figure, as suggested by Treasury, of \$8 million.

**Hon Alannah MacTiernan:** No, as suggested by our government.

**Hon COLIN HOLT:** Okay, as suggested by the government. It is going to get to \$8 million, which is a 40 per cent cut to CRCs. That is the first parameter of the review. When the review gets to the next stage, it will be interesting to see what the next parameters are. Maybe it will start to target the questions about geographic spread.

I want to talk about some challenges in that review and some of the activities that these community resource centres do. Many of them are agents for transport services. I guess that will have to be taken into account in some sort of review. For example, the CRC in Manjimup provides a critical role in transport services and licensing. If the review identifies that the government cannot afford the Manjimup centre, what will happen to those transport services? Many of the centres are bank agencies in their towns. In many of those towns, they are the only bank available. Again, they provide a critical service.

A lot of them are tourism centres. We instigated visitor centre funding, which has not been continued either, so that will put pressure on those CRCs that provide tourism centre and information services. Labor came to government with a real plan for tourism. Any review will have to consider how those community resource centres play a critical role in providing information services to visitors and tourists. One of the other things that the centres do is provide outreach and simulcast opportunities for events that occur in Perth to be broadcast to the community resource centres in regional Western Australia. If people ever asked them when the next simulcast would be, they would know exactly when the next simulcast was going to happen. They always fill up their rooms. Sometimes they are big rooms and sometimes they are not. However, with the demise of Westlink, which has been cancelled under this government, those opportunities are gone. That was part of the funding mechanism and the services that the centres provide to their communities. They charge people to come and watch a simulcast and put a bit of cash in the bank, but if we do not have Westlink to broadcast into the regional centres anymore, I guess that opportunity is gone. Regional people really valued the opportunity to sit in the community resource centre in their town. They did not have to travel many miles to get a ticket to see a live performance. They will miss out on those from now on as well. We asked some questions in this house about Westlink. Not long ago, Hon Tim Clifford asked the Minister for Regional Development —

Will the Westlink stations continue to operate?

The answer was —

No, Westlink stations will not continue to operate.

Yesterday I asked how much that would save the budget. I said, “What is the cost of delivering the Westlink service each year?” and, “What are the government’s anticipated savings?” The answer was that not having a Westlink service would save \$658 000 a year. I do not know whether a review was done into what the Westlink service did or if the government just got out the red pen and put a line through it. By doing this before the review into CRCs, which used Westlink extensively, puts them behind the eight ball yet again in reaching any sustainability goals that might be set in any review. The amount of \$658 000 a year paid for an enormous service in regional Western Australia. In the context of things, its withdrawal seems pretty mean fisted. Has it not been announced that government members will receive some extra resources for the crossbench very soon? I think the cost for the extra services for the parliamentary crossbenchers is about \$700 000 a year. I have no problem with that, but in light of taking away \$658 000, it is all about priorities and choices. The government is happy to support the crossbenchers, but it is not happy to support Westlink services and other services going to regional Western Australia. Again, it is about priorities and choices, and these are the choices that the government is making; it has to defend them and we will keep raising them.

I want to talk now about the RAC south west rescue helicopter, which has been raised in this house before. I have read all the commentary about our scaremongering, but it is not our budget. It is the new government’s budget and there is no funding past June 2018 to fund the south west rescue helicopter. I think the people of the south west, as do all Western Australians, should be asking: where is the funding for it? It services many people across the region; it goes all the way to the great southern, the Peel region and the south west. It helps out in the metropolitan area when an emergency occupies the Perth rescue helicopter. It provides an incredible service and has done over 400 missions since June 2016. Just last weekend, the helicopter went on two rescues and two missions. It seems incredible to me that its forward funding has been missed. I do not know the budget process. I do not blame the Minister for Regional Development in this space at all because I am sure it was her job to save as much money out of royalties for regions as she could and find ways to transport some of that funding into normal consolidated revenue to meet election commitments around the state as well as in metropolitan Perth. I think her job was to say,

“We don’t need this, we don’t need that, we don’t need this”, and redirect funds to the commitments the government made in regional Western Australia. Why did the Minister for Emergency Services not recognise that funding? The state has only two emergency service helicopters and only one is funded through consolidated revenue into the out years. But he seems to have forgotten about one and did not think about it past June 2018. We have to ask: what was that thinking? Funding is not in the budget. We keep hearing that it is under consideration, but how does it get to the point at which the government is responsible for only two rescue helicopters and it does not fund one of them? Commentary has come from the Minister for Emergency Services —

**Hon Darren West:** It was only ever funded to 30 June under your government.

**Hon COLIN HOLT:** It is your budget, mate. It is the Emergency Services budget.

**Hon Darren West:** Nothing has changed.

**Hon COLIN HOLT:** So you are not funding it past June 2018?

**Hon Darren West:** There will be an announcement in due course. Your budget said the same as our budget.

**Hon COLIN HOLT:** You had a budget.

**Hon Darren West:** Nothing has changed.

**The ACTING PRESIDENT:** Members!

**Hon COLIN HOLT:** Nothing has changed except Hon Darren West is in government and his government presented a budget to this house identifying the government’s spending in the next four years. Guess what? Funding stops in June 2018. Do not shift the blame when it is this government’s budget. Hon Darren West should ask the emergency services minister: how did you forget about it? Even in the other place today, when asked a question in a grievance, the Minister for Emergency Services said—I do not have the corrected *Hansard*—that he was lobbied by the member for Bunbury, the member for Collie–Preston and the member for Murray–Wellington way back in June 2017, before the budget deliberations, and, guess what? The minister still did not put it in the budget. He was lobbied by his own members that it is an important service, but he still did not put it in there. I think that is amazing. It is his responsibility. It is his budget for Emergency Services but he still did not put the funding in. Maybe the government will address it. It just might, but when we look at the budget, we can say, “Holy, what’s going on here? No funding past 2018 in your budget; you have to take some responsibility for it.” What will the government do with that money? Maybe it will go towards the \$16.1 million car park at the Mandurah train station—maybe that was the choice and priority. Maybe the government considered it had to fund an election commitment of \$16.1 million for the Mandurah train station car park, but wondered where it would get the money from. Perhaps the government thinks we do not need an emergency services helicopter in the south west. Maybe that is the way that decision-making happened, or maybe the Minister for Emergency Services just forgot he had two helicopters! He should fund the RAC rescue helicopter out of consolidated revenue. I refer to the *Collie Mail* of Thursday, 26 October. The article, which does not have an author reference, refers to the south west helicopter and is headed “Doubt for chopper funding” and refers to comments made by the Minister for Emergency Services as follows —

“The Opposition Members in the South West have an odd habit of trying to turn their funding shortfalls into this Government’s fault; the reality is the operation of the SW emergency helicopter was only funded until next year by the previous government,” he said.

“It spent millions building a state of the art facility but bizarrely only funded the actual helicopter until only next year;

I can take that, but it is the budget of members opposite and they never took it any further. Then the minister is reported to have said —

the Perth-based helicopter is properly funded out of consolidated revenue.

Again he made a decision that the Perth chopper can be funded out of consolidated revenue, no worries. The one in the south west was not even thought about, even though some members from down there reminded him it was almost a critical part of the infrastructure.

I want to raise a couple of other things but I am running out of time. I want to talk about the Department of Biodiversity, Conservation and Attractions, a new department, and the previous government’s commitment to relocate the department to Koombana Bay, Bunbury. I remember being there at the announcement and, to me, it was a clear commitment to regional development in this state. When a commitment is made to put government departments into regional areas, it is a real acknowledgement of the need to decentralise this state and a commitment to regional development. I think at the time there was talk about 100 people working out of those offices and the move generating many hundreds of jobs in Bunbury. Obviously, some people would not have

relocated. Families would have moved to Bunbury to take up the opportunity and all the flow-on effects would occur. In my opinion, it was a great commitment to regional development in this state. A new government says that it will not do that. Again, they are priority choices a government makes when it takes office. The Labor government discontinued that project and when asked why, the Premier said, “We think it’s in the wrong location and it is not close enough to the Bunbury CBD.” Okay, if that is his thinking, will the government move the Department of Biodiversity, Conservation and Attractions closer to the Bunbury CBD where it can do all the things he said and invigorate the local CBD economy? I would not have thought so. In fact, there is no mention of it in the budget—that project has gone. Even though the Premier thinks it is the wrong space, he is still not committed to regional development because he has knocked that project on the head. In my opinion, there is no commitment to that site or that part of regional development. I went to a luncheon for the Chamber of Commerce and Industry of Western Australia in Bunbury not long afterwards. The Minister for Regional Development was guest speaker and the issue of that site and Koombana Bay was raised. At the time, the minister said, “We’re looking at all options of what can happen on that site; one of them could be a train station.” The government wants to put a train station on a site that is not good enough for a department, because it is not close enough to the CBD. Even though it is out of the CBD, the government wants to build a train station there. I am not sure that anyone will get on it. Where will people get off? It will be two kilometres from the CBD. The department was not close enough to the CBD, but a train station on that site would be! That does not make any sense to me. I think the government is making it up as it goes along. It did not want to commit to the project; it wanted to commit all the savings to a car park at Mandurah train station. To say things like, “Oh, a train station there would be good” is just part of that. In fact, a train station there would be good, if we had had the Department of Parks and Wildlife headquartered there with 100 people potentially getting off the train, but when we take away the department and put a train platform there, it does not make much sense to me. The amount spent on that is \$11.9 million so far for landscaping, parking facilities, a bit of rehabilitation for the Koombana Bay foreshore area, a playground, artwork and a car park. There has been no commitment beyond that to do anything with the site. I think that is a real loss for the community of the south west and Bunbury.

I now want to talk about the Albany ring-road. This is just an example of some of the commitments and choices made by the government. I think everyone in Albany celebrated a commitment by all political parties to the Albany ring-road. It is one of the big issues in Albany and many people have different ideas about how to fix it, including the ring-road and a flyover for the roundabout. It is mixed use, and Main Roads has worked for a long time on the premise that the ring-road is the way to go. The government committed \$35 million to that project.

I asked some questions during the estimates hearings and the total cost of the project is around \$172 million. There is \$35 million for the project in the budget, but the whole project will cost \$172 million. That weighs up at around a 20–80 split between state and federal funding, so \$35 million is a great start by the state government, but we still have to get the other 80 per cent, approximately \$137 million, from the federal government. The government is applying to Infrastructure Australia for that in the upcoming rounds.

I was really interested when this came up in the estimates hearings and asked some questions about it. Just before that, some questions were asked by Hon Tjorn Sibma about Perth Freight Link moneys, the government not proceeding with things like works for Hodges Drive, Hepburn Avenue, Reid Highway and Erindale Road, and where that funding was going to go. Mr Woronzow gave an answer to Hon Tjorn Sibma’s question, which was, according to the uncorrected transcript —

The government has decided not to proceed with the widening of Hodges Drive–Hepburn Avenue and Reid Highway–Erindale Road, for reasons best known to it. To which project is that money being redirected?

Mr Woronzow’s answer was —

The answer to the question is that in the reallocation of the Perth Freight Link money, plus the receipt of the \$216 million GST top-up, the funding for that project was spread across 18 priority projects of the government. If the member would like, I can name the 18.

That is, the 18 government priority projects. I thought that was interesting and I really wanted to know what they were. Hon Tjorn Sibma asked, according to the uncorrected transcript, a further question —

I will take that subsequent to this. There is no need to do that now. Am I right to assume that effectively the \$14 million to \$15 million previously allocated as a state government contribution to this is a bit fungible—you cannot tell exactly where that has gone; it has just been allocated across a range of projects? Is that a fair categorisation?

Mr Woronzow, an adviser, replied —

That is correct. That \$15 million, plus the other state–commonwealth money that related to the Perth Freight Link and, as I said, the GST top-up and some other savings on projects for Main Roads,

**Extract from *Hansard***

[COUNCIL — Thursday, 2 November 2017]

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Hon Colin Tincknell; Hon Robin Scott; Hon dr sally Talbot; President; Hon Colin Holt

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was used to fund 18 priority projects of government, which have been announced by the government. They are well publicised and are up on our website.

Further down the track, I asked what those 18 priority projects were. One would have hoped that some of them were in regional Western Australia. The 18 priority projects were listed as including the Marmion Avenue dual carriageway to Yanchep, in the north; the Wanneroo Road dual carriageway; the Wanneroo Road–Ocean Reef Road interchange; the Wanneroo Road–Joondalup Drive interchange; NorthLink WA; the Reid Highway dual carriageway; the new Lord Street; and the Roe Highway–Kalamunda Road interchange.

Debate interrupted, pursuant to standing orders.

[Continued on page 5324.]

*Sitting suspended from 4.15 to 4.30 pm*