

APPROPRIATION (RECURRENT 2019–20) BILL 2019

Third Reading

MR B.S. WYATT (Victoria Park — Treasurer) [4.59 pm]: I move —

That the bill be now read a third time.

MR D.C. NALDER (Bateman) [4.59 pm]: I am pleased to come to this stage in the estimates. It was fantastic to hear the recitals last week of the Whip and my colleagues about budget estimates. As I stated in the budget debate, it is great for the state to be back in surplus. We need to reflect on what has driven this. Looking at the revenue side and the GST solution for Western Australia, we are really appreciative of the efforts of the federal government to find a solution to ensure that we can have a little bit of stability in this state from the revenue sources. In 2015–16 the price of iron ore averaged \$US52 a tonne and we saw that collapse when it hit a low of around \$US39 a tonne. To see that around that \$US90 mark—I actually have not seen that for the last week, to be honest —

An opposition member: Ninety-nine.

Mr D.C. NALDER: Yes. It went over \$US100 and came back below \$US100—sorry. It is a great thing for the state to see it well into the nineties. It makes a heck of a big difference when we know that the iron ore price can reach that level of around \$US90 but we are still going to receive 70¢ in the dollar, at the moment, and towards 75¢ in the dollar in GST. When iron ore fell below \$US40, the GST was returning only 30¢ in the dollar for the state. Fundamentally, that was the finance issue that the former government had to deal with. The fact that iron ore fell out of bed and there was no recovery on the GST because of a three-year lag is what really contributed to the broken GST system. Again, we are really appreciative of the support of the federal government to find that solution. Had those two things been in existence in the previous government, the previous government would never have had a deficit.

What concerns me about this budget—I said it in the second reading debate—is that I have never seen a more heavily politicised budget presentation by a government. It is no wonder that the forward estimates are different when the government continually states that the debt position is higher than it actually is on the basis of a previous forward estimates that did not have a high iron ore price or a recovery solution around the GST. To try to utilise the forward estimates in the way that this current government does to justify a debt position some \$12 billion higher than what it actually inherited is fundamentally wrong. We can see what this government is trying to set up for the next election. It is trying to create a position that the debt it inherited is far higher than what it actually inherited. Yet the debt will not reach those levels, primarily because of the GST and the iron ore price. If I were to give some form of credit to this current government, it has been recognised for keeping a lid on expenses. That said, the government's budgeted expense for this financial year grew by 0.9 per cent. After we have taken out the adjustments and the change in accounting standards, we will see that expenses will grow by around 2.4 per cent to 2.5 per cent. That is a \$431 million blowout in expenses for this financial year alone. Whilst the government is taking credit for the expense management, the expense management has not delivered what the government said it would in the budget, and it has exceeded it by quite a bit. In fact, the amount it has exceeded it by has taken up next year's and the following year's forward estimates in expense growth, which was forecasted 12 months ago for this budget and for the following two years in expense growth.

The government talks about the expense growth going back to the former government, but it likes to include the last budget of the former Carpenter government. It does not just look at what it was for the former government; it actually adds in another year by a previous government, and that is a little disingenuous. It also fails to account for what the former government did in its second term and how it got a hold of expenses. What we have seen from this government is the expense growth being no different from what was happening under the former government, with the Leader of the Opposition as the former Treasurer. It is claiming a lot around expense growth, but it is maintaining the hard work that was put in by the former Treasurer. Again, this government is being a little disingenuous. But, that said, I congratulate it on keeping its expenses down that low, because it has a track record—a long history—of blowing out its expenses. Congratulations on achieving that, but it is remiss of this government to fail to acknowledge the impact of the GST and iron ore prices.

We look forward to the next 12 months. I still think that with the full-time equivalent growth baked into the budget, this government will have an interesting challenge to deliver on its expense growth in the next 12 months and even in the following year when it is still talking about a 0.1 per cent expense growth. FTE will have grown by 3 800 by the end of the next financial year, and when this government came to power, it promised a reduction of 3 000 FTEs through a redundancy program. It is going to be very difficult for the government to deliver on its forward estimates of expense growth moving forward. The state is a much sounder position to move forward because of the iron ore and GST. This is a good thing for Western Australia. Over the next 12 months, I look forward to seeing how the government responds to the challenges that will come before this house.

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MR A. KRSTICEVIC (Carine) [5.07 pm]: I want to make a very short contribution. It was an interesting process, obviously, not just reading through the budget, but also going through —

Mr J.E. McGrath interjected.

Mr A. KRSTICEVIC: The member for South Perth wants me to say a few more words than I was going to say, but I will keep it short. I know the member for South Perth would like to hear a detailed analysis of the budget, but the budget estimates process took us partway through that. It is very important when I look at the budget estimates process and the budget in my portfolios of local government, culture and the arts, and multicultural interests, it is pretty obvious to me that those areas have been neglected in the budget, especially within the cultural industries and the future of jobs in that area. Growth in that area is happening in other states and internationally and Western Australia is lagging a long way behind everybody else in how much we are putting into that sector. This is disappointing.

It is important to note that in this budget the state government found itself in a very envious position because the iron ore price was around \$US100 a tonne, or \$A100 a tonne, the Australian dollar had fallen down to 69¢ or 70¢ in the dollar and the federal election had come around and billions of dollars were promised to this state. They are all good things that I am glad have occurred. I wish these sorts of events to continue to occur in favour of the state government and its finances because it can only lead to greater opportunities for the people of Western Australia, but those opportunities can eventuate only if the government invests those funds in the right areas. In recent times we have seen the issue of homelessness, which has been raised not only through the media, but also we see it every day in our lives. Unfortunately, in most, if not all, our electorates, it is an emerging issue.

Again, with all these windfall gains, when people see me in the street, they ask me why this is happening when we seem to be doing so well financially. Taking aside the debt invested by the previous government in some very good infrastructure that has helped this state to move to the next level, iron ore volumes have also increased dramatically to take advantage of the iron ore price. All these changes occurred previously. I talk to people regularly and I tell them that there is money for this government to spend in key areas; it is just a matter of whether it chooses to spend it there or whether it chooses to spend it in a marginal seat or in an area of great need. I strongly urge the Treasurer to go in to bat for culture and the arts. I know that it is not a mainstream area that he would normally go in to bat for —

Mr B.S. Wyatt: I describe myself quite regularly as the Parliamentary Secretary to the Minister for Culture and the Arts. I am a big supporter of the arts, both personally and through the budget.

Mr A. KRSTICEVIC: That is great to hear, but, unfortunately, when I speak to those in the sector, they indicate that the words and emotional support are there; however, the financial support seems to be missing in that space.

Mr B.S. Wyatt: It's not true and I think the budget highlights that. I have also made the point to the sector that it also needs to take a strategic approach, and it understands that.

Mr A. KRSTICEVIC: That is true. I did have a meeting yesterday afternoon with Shelagh from the Chamber of Arts and Culture. We spoke at length about how she can now garnish that support that the Treasurer just indicated to turn it into dollars and cents. She indicated that things are not as rosy as the Treasurer is portraying. At the end of the day, she is at the coalface of the business and the Treasurer obviously has the helicopter view. The helicopter view is much rosier than her view is at the coalface. Hopefully, those two views can meet at some point. I suggest that the Treasurer might need to come down to see things at her level so that she can also feel that generosity from a financial perspective and not just from the Treasurer's words. It is encouraging that the Treasurer said that he is looking to support the sector in the future.

As I indicated before, local government plays a key role in people's lives. The Department of Local Government, Sport and Cultural Industries has been savaged under the machinery-of-government changes and budget constraint at a time when local government has never needed more support. The review of the act, the number of inquiries and investigations, and the length of time it is taking to get things done are putting a lot of pressure on local councils. A lot of councils have been put in a bad light because of the time these inquiries are taking and the stigma obviously linked to that. It would be a lot better if we could get through those inquiries a lot quicker. Again, if the Treasurer can do anything to get the minister to lobby harder, or if he can somehow support the minister if he is not able to put his own business case forward, I think the sector would really appreciate that.

Of course, it has been mentioned many times that lots of things that the government has promised to do have been left out of this budget and that there is no state government funding for projects for which the federal government has given funding. We know that that has been done deliberately to make the books look better. I hope that there will be windfall gains from the federal government and others. The Treasurer is also very lucky that the federal Labor opposition is staying exactly where it belongs, in opposition, and that Bill Shorten has been moved on, because, as we know, all the assumptions in the Treasurer's budget, which he sold in his speech as a magnificent budget, are

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predicated on the coalition's levers and benchmarks, and future investment decisions and policy settings. I think the Treasurer is very lucky that his budget was not destroyed or decimated by the election of Bill Shorten.

The people of not only Western Australia but also Australia, are to be commended for saving the Western Australian government from the heartache and pain of having to review those levers. The pain would have been inflicted on all Western Australians. It was a get-out-of-jail free card. Obviously, the Premier was not of the same view. He was not thinking about the people of Western Australia when he was out on Bill's bus as the face of the campaign; he was the poster boy of the campaign. When Bill Shorten was in Western Australia it was very hard for people to know who he was because all they could see was the Premier's face everywhere. It reminded me a lot of the Darling Range by-election; there were a lot of similarities. I can see very clearly the next state election. We all know how smart the member for Butler is. I guarantee members that there will not be a photo or a corflute of the Premier anywhere in the member for Butler's electorate—you can put money on that! Everything will be blue—it will not be red—and the Premier will not be anywhere near the photos. I can guarantee members of that.

From the perspective of the budget, I think the Treasurer should be offended that the Premier was going so hard to try to destroy all the hard work that Treasury has done over the last two years and to promote his own personal interests and secure his position as Premier, rather than supporting his government and the people of Western Australia. The people of Western Australia will not forget that. The Premier may well think that it will be third time lucky in March 2021. He failed the first time; he failed the second time. We know how it works; the third time he will be lucky. I am not so sure that people are that silly and that he will be third time lucky, but I strongly recommend that the Treasurer does not encourage his colleagues to bring back Stephen Smith. I do not think he is the appropriate person.

The ACTING SPEAKER (Mr S.J. Price): Member, this is a speech on the third reading. Can you confine it to the bill, please. You seem to be wandering off topic.

Mr A. KRSTICEVIC: I am sorry about that. In closing, because I did say that I would not speak for too long, I want to say that there are a number of disappointing elements in the budget from the point of view of my shadow portfolios, and I am sure that other members also feel disappointed about their shadow portfolios. There are projected surpluses of some \$9.5 billion through the forward estimates, and some of that funding could be brought forward to deal with important issues to set this state up for the future. The budget is more smoke and mirrors than substance. I would like the Treasurer to try to make sure that the next budget gives better support to some of those areas that have been left behind. Again, when it comes to the next budget, closer to the next election, hopefully, culture and the arts will not be ignored. I know it is not a vote winner, supposedly, according to some people, but it is very, very important for the future of this state, our cultural identity and its ability to make us feel better as a community and a society. The budget is not predicated on just dollars and cents; it has to be allocated on the spirit of the country, the feelings and the way people can work together in a positive way. I think that is important as well, because we see lots of issues around mental health, and those concerns take a lot of money out of the budget. At the same time, we need to understand that it is not only money that can fix some of these problems; it is about dealing with the small underlying issues. On that note, I would like the Treasurer to take those things on board and see what he can do in the future. Thank you.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [5.18 pm]: I rise to make a few comments on the budget bills. In terms of the bottom line, it was a budget of good structure, but it has some serious flaws. First, it is good to see a return to surplus. That return to surplus is due solely to revenue gains. The three sources of those revenue gains can be measured in different ways, but if members compare the budget revenue for the four years of this term of government with the expectations when this government came to power, they will see that it has received unprecedented revenue windfalls—unexpected additional revenue—of \$8.8 billion. We can take a different approach. According to the government's estimates, it will clock up a surplus of over \$9 billion over the forward estimates. That is a huge revenue windfall, and it is due to three factors—iron ore prices, the GST top-up and infrastructure. The problem is that the government came in and said that it had a debt reduction strategy. Despite \$9 billion worth of additional surpluses, debt is going up this year and the next. The bottom line is that it has no debt reduction strategy whatsoever. We know why. The Labor Party went into government with promises of infrastructure—Metronet—that it had no funding for. Despite huge infrastructure top-ups from the commonwealth, it still has no money for it.

The story of this budget is that in 2017, the Premier came to government with a claim that the economy was in a recession, not just the budget—a depression. It was in its worst state since the Great Depression. He exaggerated. He actually inherited a slow economy but one that was in recovery mode. He inherited a recovering economy. He played the political cycle rather than the economic cycle. He played politics with people's lives and futures to their great harm. We saw the result of that in both the Darling Range by-election and the federal election. He played the political cycle by going hard early and then tried to save the money, earn the money and pay it off at the last minute, hoping that people would forget about it. That is what he did. He came in with massive increases in fees

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and charges, huge across-the-board tax increases, new taxes on foreign investment, and he cut staffing and capped wages. He hit households as hard as we have seen for a long time. We can go back to 2008 and 2009. At that time, wages were growing by nearly seven per cent. Unemployment was full—zero. They were the most buoyant times in Western Australian history.

My colleague the member for Geraldton took a trip to the US recently. He came back with a story about Hoovervilles. That is relevant here. Herbert Hoover worked in the goldfields for a long time. He then became the President of the United States. Those Hoovervilles are a result of his policies. The Great Depression hit in the early 1930s and the government, under Hoover, slammed down on fiscal policy, increased taxes and cut spending drastically. There was a huge cut and drag on the US economy and the world economy, which precipitated the world Depression. He also put up tariff barriers, which these guys have done. We have a Hooverville down in Rockingham—that is, people are living tough. Throughout our suburbs, particularly the new suburbs with new homes, people are doing it tough, and the government went out there and hit them hard. These were the Labor Party's former voters. They are ours now, at least in the last two elections and we assume they will be in the next election.

As a person who promoted strong fiscal policy, the irony is that we see a Labor government basing its whole policy on trickle-down economics. The mining sector will recover, not due to anything we do but from outside forces, leading to a buoyant economy, and it will trickle down into our coffers and then to households. There is no discretionary income in households. The data was obvious. The government took what little there was and pushed it into negative. The data is there. This year the government has increased electricity and water prices by less than the forward estimates. Give us a break! Over the past two years, the government has increased electricity prices by 20 per cent and put most of it on a fixed charge. All those thousands of people are now getting their new electricity bill. Some of my constituents do not think the government is doing very well; they do not think it is being modest.

Let us go back to the rhetoric of the budget. The new government said that it was going to share the pain. Then we had these \$9 billion windfalls. It is not sharing the gain; it is spending it all on Metronet and borrowing. Politically, I like what the government is doing. Politically, it should keep it up. But in 18 months' time, when we are running up to an election, the government will have a big war chest to go out and splurge and spend. But people will remember what the government has done to them. They will remember the downward pressure put on house prices. They will remember that the government forced the economy that it inherited, which had some growth in it domestically, into five months of negative growth. It produced the highest level of unemployment in the state's history and the second to first highest level of unemployment, yet it was elected on a promise of creating jobs—it said it had 200 ways to create jobs. It has destroyed them. The rhetoric is that it created 30 000 to 40 000 jobs, but that that has not kept up with employment growth. That is why the unemployment rate is higher. It should keep it up, but the damage it is doing to the economy is serious.

We were experiencing a slight recovery when the Labor Party came in; it was not a depression. It hit people. It took all the domestic discretionary spending out of people. Discretionary spending is now negative. It has taken it out of people who are trying to buy a home. They are desperately trying to keep a roof over their head by not going out to eat. They are pulling back from private schools. They are pulling back from private health insurance. The economy is stagnant to negative. The Treasurer, in his usual flourish of rhetoric, says that he cannot find a single data source that is anything but positive, and he has looked. That is what he said. We have had many debates on this. He is not looking. He should have shared the gain more on this one. He had a large windfall of revenue. Yes, some of it has to match the commonwealth's commitments on infrastructure spend. Yes, the government should use the GST return in full to pay down debt. The problem is that despite huge windfalls, debt is growing. The government has left households, small businesses and communities struggling like never before. When we go out there and talk to householders, small business people, retailers, people in the hospitality industry and building tradespeople, they tell us that they have not seen it this bad since the Whitlam era or at least since the early 1990s, when we had the recession we had to have. The government tries to wash its hands of it and says it is somebody else's fault—it is the moon's fault or it is Morrison's fault. It is trying to wash it off, but it fought hard to get into government. It knew what the issues were because, in opposition, it railed against our relatively modest increases. It promised to go lightly on fees and charges to fund our government services well, and it has not. It has let down its own people. We are coming for the government.

I do not know how the member for Baldvis can sit there quietly and say nothing. If we look at the data on the housing sector, bankruptcy and the lack of business activity in some of these suburbs, it is a shocker. It is a bit like Hooverville, yet he says nothing. He is allowing his leaders to hurt the people who put him here.

Some of the policies the government has put in place are very stupid, but would be costless to walk away from. The foreign buyers duty surcharge is just dumb! I know members opposite are in denial about it. It is crucial to the funding for Metronet, the government's planning and densification, and building homes for younger people, but it will stop most developments. Over the next year we will see bankruptcies of major firms that are involved in high-rise development. It is really tight for some of them right now, and if things do not pick up, they will fall over. It will

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be the government's fault. The limit on population is absolutely stupid. It brings no gain, but it is undermining the international education sector and the building industry. It is even inhibiting the government's hoped for mining resurgence, because it is stopping people coming here from overseas. The categories of migrants who can come to Western Australia have virtually none of the skill bases the mining sector requires. They have to be orthopaedic surgeons—we have quite a few of those. Some of the government's policies, such as the foreign investor levy and the population limits, could be changed in an instant. The government would just need to do another backflip. It would not cost any money. I know the government has forecast getting \$90 million from the foreign investor levy, but that is fiction because there are no sales. The seven per cent foreign investor levy is on top of the levy that ordinary people pay, which the government is also losing.

The government has fooled a lot of people with its rhetoric. It has a first-rate spin machine; it is impressive. But the government will not be able to spin itself out of this because people are living the pain that this government inflicts. It has pushed the pain on them. The Darling Range by-election is the perfect example. We had no business winning that. It was slightly over a year after we suffered our largest loss and Darling Range is traditionally a Labor seat. Barry Urban was an issue in some places, but that by-election was about the pain the McGowan government was inflicting on households, and it has not learnt the lesson. In its next budget it compounded it. In the recent federal election campaign, I was all over the Swan electorate, which Labor expected its star candidate to win. But we knew for a month that we would win in Swan because of state government policies and the pain the government was inflicting on struggling and aspirational households in that electorate. The same goes for Perth, Hasluck, and Canning. The government can keep it up, but the real problem is that not only will people be left worse off, but significant damage will also be done to the domestic economy. Given the slowing of the national and international economies, the government will not get the recovery it is expecting.

MR Z.R.F. KIRKUP (Dawesville) [5.33 pm]: I rise to contribute to the third reading debate on the Appropriation (Recurrent 2019–20) Bill 2019. I echo the sentiments of the Leader of the Opposition, particularly on the result in Darling Range. Due to the exceptional work of the Liberal Party and the candidate, who is now the member for Darling Range, as part of the Liberal team, we managed to secure a great victory. If that result is replicated across the state, the Liberal Party will be swept to government in 641 days' time. The result of the last federal election only reinforces that. I will get to the budget quickly, Mr Acting Speaker.

When the Premier came to office, he promised that he would govern for all Western Australians. That has not been the case for the citizens of Mandurah. Labor has ignored Mandurah time and again in successive budgets; it is becoming a trend. It continues to turn its back on our community. Three budgets in, and Labor has not delivered for Mandurah—worse, it has continued to ignore us. I would argue that Peel Health Campus is the most pressing issue in our community, but it is being completely ignored. That hospital is almost at a crisis point and is in urgent need of investment to expand it to serve the needs of a growing regional population. This government and the Labor Party has decided to ignore us. Transport is a concern; there is significant congestion on the Estuary Bridge out of Mandurah, where people have to merge to get to work in Perth in the morning. Labor is ignoring our concerns. There is no money to fund important transport projects such as a new bridge in my district or, more broadly, Mandurah. Our police station has exceptional men and women who serve and protect the community of the broader Peel region. They need a bigger police station. When we were last in office in 2017, we knew they would need one in the next five years. The Labor Party has ignored concerns about law and order in Mandurah and failed to budget for an expansion of our local police station. Schools in my region have had their budgets stripped. Schools such as Halls Head College has had \$300 000 removed from its funding every financial year because it was too popular. That money has not been returned, and the school has continued to be worse off under Labor.

There is an urgent need for a new high school to be built in the suburb of Dawesville. We asked where the money for that was in this budget, but under this government's plan, there is no money and there will be no money for another decade or more. We can see the trend. The Labor Party continues to ignore Mandurah at every turn. It continues to ignore us and to take advantage of us. In Labor's third budget, Mandurah has got practically nothing compared with other seats. The Premier said he would govern for all Western Australians, but he has broken that promise to the people of Mandurah. I am confident that the results of the Darling Range by-election and the federal election will be replicated in the upcoming state election in 641 days' time. The people of Mandurah will remember that the Labor Party has ignored them. They will exercise their right to vote and will vote this Labor Party out of office.

MR D.T. REDMAN (Warren–Blackwood) [5.37 pm]: I want to make a couple of comments in the third reading debate on the Appropriation (Recurrent 2019–20) Bill 2019. There are a couple of key issues, but they were not surprises to us. We knew where things were going when the first couple of state budgets came out. One notable issue is the royalties for regions program. Through the estimates process, we have seen a consistent erosion of that program. It has been eroded even further than in the first two budgets for two reasons. The very basic numbers indicate that something like \$970 million was to be spent in the 2018–19 financial year. We have seen a number of substitutions and have been through that debate in this place. The government is using that fund to pay for

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programs that previously had been paid for out of the consolidated account. In effect, a fairly significant portion of those funds has been made available to the consolidated account to be spent in metropolitan Perth. The regions have been duded by that setting.

A significant part of the budget process is the underspend of \$319 million. It will be interesting to see how this plays out. We quizzed the Treasurer and Treasury about it, but they did not really want to make the statement. There has been an underspend of \$319 million. How the royalties for regions fund works is that if it hits its \$1 billion cap, which it has—the budget shows that it has been in that position for the last two or three years—any further money that flows into that account that is not spent will flow into the consolidated account. For all intents and purposes, something like \$320 million has been put back into the consolidated account from royalties for regions as a product of that underspend. We know where that underspend will come from. It will not come from the substitutions. It will not come from the \$300 million that will be paid to the Water Corporation to offset the uniform pricing tariff for water, because that has to be spent in that year. It will not come from the \$45 million to support vocational subsidies in regional Western Australia. We know it will not come from the \$9 million to pay down education assistants out of the royalties for regions fund, because that will still need to be paid. That will not be an underspend this year. We know it will not come from funding orange school buses to the tune of \$80 million. That money has to be spent—otherwise, we will have orange school buses stopping in the middle of roads in regional Western Australia. All those substitutions are going to be spent in full, because they are effectively a part of the recurrent cost to government of maintaining a range of services in regional Western Australia.

If we take those off and add the underspend, royalties for regions is left a massively gutted program. I am sure that we can make up some of that with the things that the government is not going to change, like the Country Age Pension Fuel Card. I can understand why it is not going to shift that—certainly, at least some of the 40 000 people who receive that would be up in arms, and the government gave a commitment to them. But this shows once again that there is a continued erosion, and the erosion in this budget has been highlighted by the minister having a foot on the hose of the royalties for regions program. The longer she holds her foot on the hose of that program, the more resources flow back into the consolidated account, and the more money the Treasurer and the Minister for Transport have to spend on building Metronet in metropolitan Perth. In this budget, we are seeing once again a terrible outcome for the regions. The government made a commitment going into the last election. It has massively undermined that commitment, again, not only in the high-level numbers and the substitutions that we have seen, but also in the minister having her foot on the hose and not allowing those funds to flow where they should, which is into regional Western Australia.

We will bring up a number of debates next week, no doubt, in a range of other areas that were picked up during estimates. I want to touch on one of my other portfolio areas—the space of energy. There is a level of technology now available to offer cost-competitive opportunities to fix and support weak spots in our south west interconnected system. It is a massive opportunity, it is part of an inquiry that I am involved with, and it is a terribly interesting inquiry. I think I raised the issue of Walpole; it is one of my communities. It is at the end of a thin line that comes out from Albany, which is where the substation is. There are a lot of trees along the road. If trees fall over or limbs fly over those lines, that affects the reliability of energy to the Walpole community. Over time, that community has had a number of concerns. Investments have been made, lines have been augmented, and a fairly significant pole replacement program has been undertaken to reduce the risk of poles falling over. But what we are seeing now, especially at times such as the Easter period, when people come down to Walpole, Peaceful Bay and those areas for holidays, is that the level of demand went over the capacity of that line, and we had a fairly significant breakdown. Now we have the technology. Loosely, through the estimates process, I am seeking the minister's support to use Walpole as one of the trial sites for alternative options. I know that this government and the previous government got Western Power, Horizon Power and other parts of the state to invest in alternative options, which are proving to be terribly beneficial. I want to highlight one of the main drivers for doing that.

Mr P. Papalia: You didn't do anything for Walpole. You didn't do anything up there.

Mr D.T. REDMAN: Yes, we did. We invested \$4.5 million to augment the line, and there are works on the side of the road between Walpole and Denmark to show that. The member only has to take a drive to see that. The short answer is, yes, we did, including pole replacements.

I want to highlight the issue of Walpole's ABC radio station. Normally, if we turn on the radio here, we get ABC radio. It is a federal government responsibility; that is not going to shut down. We all listen to 720 ABC while we are in Perth. However, in Walpole, the ABC aerial is funded by the local government, which looks after it. Besides being able to listen to ABC South West and Great Southern—the greatest radio station in Western Australia—the ABC service is also used for emergency services responses. In an area like the south west, where there is the potential for bushfires and extreme weather such as the storms that have gone through recently, it is the one communication channel that people can go to and get a response when there is risk out there. Due to a voltage drop on the line going up to Walpole, because of the capacity of the line, the radio infrastructure has effectively blown up on a number

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of occasions, and the local government has had to pay to fix that. I think that is an issue. The minister supported Western Power going to Walpole to meet with the community, and fortunately it is engaging with the shire to try to get a longer-term response. I recognise that communications are not directly Western Power's responsibility and that ABC radio is not directly Telstra's responsibility. Those communication issues are our collective responsibility, and I believe the state government has a responsibility to do what it can to support that. If voltage drop on those lines is causing concern for the maintenance of ABC radio services to Walpole, then there is a responsibility on the government. Brownouts have happened before in Western Australia. I was told recently that when they happened consistently, a couple of very senior executives in Western Australia were sacked. If it was not acceptable for metropolitan Perth, it should not be acceptable for Walpole. I highlight that I intend to raise this with the minister: government should do whatever it can to support whatever is necessary, whether that be batteries or longer-term batteries, to support both the mobile phone service and the ABC radio service for reasons of emergency services response and emergency services communications. I cannot highlight that enough. In two recent instances—during the Easter period when there were a lot of people down there and during the storms that have gone through in the last week—concerns have been raised about those two services. I want to put that on the agenda once again.

Also referring to the energy space, I was a little disappointed to see the government pull out of its commitment to the solar farm and the biomass plant at Collie. That is terribly disappointing. I am not quite sure why Hon Dr Steve Thomas in the upper house made the commentary that he did. I do not know whether that is a Liberal Party position or not, but he supported the backflip that the government made on those two Collie decisions. I do not agree with that. I think it is our job in opposition to keep the government to account on its commitments. We might not like some of those commitments, and that might be his position; nevertheless, it made commitments to those two projects, which it backed away from. Given Collie's history as one of the biggest energy producers in the state, I would have thought that would have rested easy with the local community. I think that backflip is the wrong move—the government has not been held to account for the position it took at the last election when seeking votes from the people of Collie.

I take this opportunity to highlight a couple of issues that have come up through the estimates process. Royalties for regions continues to be eroded. A range of regional issues are coming up in the energy space. A lot of reforms will emerge in that area, and it will be very interesting to be part of that process and debate, both in this place and in our communities. Once again, energy has not been one of the winners for this government, certainly on the back of the sale of wind farms and other assets that it did not say it was going to sell, and, also, with the commitment to the Albany wave farm, which was a huge disaster, and one that the Minister for Regional Development has been very clearly attached to.

I commend the bill to the house.

DR D.J. HONEY (Cottesloe) [5.47 pm]: I rise very briefly on the third reading of the Appropriation (Recurrent 2019–20) Bill 2019. A fascinating dialogue has come from the government for some time now. It says, “Look, it doesn't matter what we've done, because you guys did more before. It doesn't matter what charges we put on, because you guys put more charges on before.” In fact, we see that the government does not justify many of its actions that are having an enormously negative impact on our community, because it cannot. It simply refers to the previous government. Here we are into the third year of this government. The simple truth is that this government, through its actions, has crashed the domestic economy. That has had an enormous impact on people. The Leader of the Opposition went through that in some detail, and I will not go through the whole lot, but I will talk a little bit about the impact of that on the community. I will also talk about the justification the government uses of being such a fine manager of fiscal affairs, because the data simply does not support it. The support for that argument is not there. All we have seen are two massive windfalls for the state government—a massive input of something like \$4.5 billion through increased GST revenue, and the better part of \$5 billion of increased revenue through increased iron ore royalties, because the iron ore price has risen dramatically. That is it. If we look at the data going forward, take out the changes to the accounting standards and project through the government's growth in expenditure, it shows that the government has blown out its expenditure by \$430 million in a year. This is a government that has AAA+ tight fiscal management!

The government announced that it was going to make the hard decisions and we heard the Treasurer today talk about how the government made hard political decisions. We heard the government say it was going to take 3 000 jobs out of the public service. How many jobs has the government taken out of the public service? It has taken none. If we look at the numbers in the budget, we can see that the number of public service jobs is going to go up by something like 3 800. The government is 6 800 people short of its target on jobs. I am absolutely fascinated by the chorus outside and in this place talking about a government that has made the hard decisions—that it has taken the hard political decisions and suffered damage to its political capital because of it—when it has done nothing of the sort; it is untrue. Let us look at the government's number one priority. The Treasurer and the Premier have told us that the number one priority of this government is to pay down debt. Okay, let us look at the

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budget. How much is the government going to pay down debt? The amount across the forward estimates going into paying down debt is \$660 million. If the government's number one priority is paying down debt, and it has the better part of \$9 billion in windfalls, do we not think that some of that would go into paying down debt? If that is its number one priority, as stated by the Treasurer and the Premier, where is that \$9 billion going? We said this last year and I am sure my colleagues said it the year before: where is the money going? The money is simply going to pay off the unfunded promises of this government, mostly around Metronet.

When we look at the other so-called hard decisions the government has made, it has not made the hard decisions on the government itself. No members opposite are losing their job right now, although they will be in about 18 months or two years. But if members go to Darling Range, Baldy, Bicton and other places, they will see that people are losing their jobs. Small businesses are shutting down in record numbers. We heard that 19 000 small businesses have shut down in the last year. They are mums and dads. When they lose their small business, they do not just lose their shop. They lose their home, they cannot send their kids to the schools that they are going to and they have to find somewhere else to live. Before that they are, of course, lying awake every night worried sick about how they are going to make ends meet and get by. If they have gone bankrupt because of that, it has an enormous impact on the rest of their life. That has been driven by the policies of the government.

The government has brought in policies specifically designed to contract the economy, when the economy was already in serious trouble. We know why it was in serious trouble: the iron ore price more than halved. There was a massive reduction in expenditure going forward. If members opposite had talked to all the iron ore producers—I have talked to the major iron ore producers—they would know that none of them are expecting to make any significant investment above and beyond the replacement of mines to maintain current production. We will not see massive growth outside the projects that have already come online. If any member opposite had bothered to take any time to talk to the mining companies and find out what is going on in the industry, they would know that every major mining company in Western Australia is going through an exercise of driving increased efficiency. That is 100 per cent of their focus. I have bothered to have a discussion with them. Their major focus is driving down costs and, overwhelmingly, that means driving down the number of people they employ. That is primarily how they drive down their costs, and they also do it through other efficiencies. The other way they do it is by driving contractors harder and harder on the fees that they are paid for their services. That means that those contractors then have to make hard decisions on cutting wages, which they have. Even before I came into this place, there had probably been around a 20 per cent reduction in salaries for contractors across the Kwinana industrial strip, and that has been reflected in the mining industry, so, again, there are fewer jobs. If the Treasurer, the Premier and other responsible ministers had made the effort to talk to those employers, they would have known that there was not some massive employment surge coming. That was the government's plan. The government's plan was for commodity prices to go up, mining to do really well and then the jobs would flow, so it would not matter what the government did. The government is justifying it by saying, "Our increases were not as great as your increases." It beggars the imagination and, frankly, it is absolutely insulting to those people who have lost their jobs.

I turn now to my area of water. The simple truth is that because of the Economic Regulation Authority report, the government knew that it was at full cost recovery for water heading into the end of 2016–17. The previous government increased charges because the return was well below the cost of recovery and the budget could not afford it. But now it is well above cost recovery. The Water Corporation is going to deliver the better part of \$1 billion in cash to the state government this year. Members opposite from those outer electorates will lose their seats at the next election. Their constituents overwhelmingly voted for us in the federal election. Those members would know, and I know, that in pretty well every outer metropolitan Labor seat our vote went up anywhere between six and nine per cent. Why? It is because the people who normally vote for the Labor Party feel utterly betrayed by that increase in fees and charges when they were on their knees. That cash coming into Treasury, pure cash, rises to \$1.2 billion across the forward estimates. That is cash, Attorney General, out of the pockets of people who are currently losing their homes. One in six houses in Western Australia is now worth less than the mortgage on it. It is a horrendous figure. Members opposite know that in the economic circumstances we are now in, it is absolutely foolhardy to say, "Yes, we are just increasing it by not quite as much as you did." We have seen the result of that.

The truth is that this is not a responsible budget. The government was not responsible when it hit all those households with increased charges. We have seen the consequences of changing the designated job categories for immigrants and the consequences of putting a 7.5 per cent levy on foreign investment in housing. Members opposite must speak to the same people I do. I tell members what: I talked to all their building buddies and developer mates who funded their last campaign, and they are bitterly disappointed in them. There is barely one high-rise development in Perth that will now go ahead, above those that were already started. Why? It is because they cannot get any forward sales, which are critical to enable the development to go ahead, and forward sales overwhelmingly come from foreign investors. This has not been a good government. It has not had tight fiscal management. It has not in fact managed the departments properly; nearly all the departments are over budget. None of them have achieved their staffing targets, as we saw in the budget papers, so the government has not even

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held itself to account on that. It has caused enormous hardship and it has crashed the economy. That is something it needs to reflect on going forward. That \$9 billion should not be a slush fund for a pet project, which I think is a pyrrhic exercise. That funding should in fact go to ease the burden on households in Western Australia—to ease the burden on people who would normally vote for the Labor Party, the people whom the government betrayed.

MR B.S. WYATT (Victoria Park — Treasurer) [5.59 pm] — in reply: I will make a couple of comments in reply on the third reading of the Appropriation (Recurrent 2019–20) Bill 2019. Firstly, I thank all members for their contribution to the budget debate. I think all members understand that it is a pretty good budget and it has been received well. I note some of the comments made by members of the opposition, as they are required to do, and that some of the things that were said, in particular by the Leader of the Opposition and the member for Cottesloe, were just plain wrong. I am happy to have a debate over things, but we have to tell the truth in this place. I note all members of the opposition say that they want more done and that they want more money spent on this or that. This is usually the way of the opposition debate; I understand that. I would like to be spending more—I would—but the point I make tonight is the point I made for many years on the other side of the chamber. When the previous Liberal–National government spent at the rate it did—that has been recognised by not just me, but pretty much any external source that we can go to, including the credit rating agencies—it consumed the capacity of future governments. Although I would love to spend more on every single electorate, the reality is that I also have to pay off the spending of the former Liberal–National government. It did not pay for what it did. That is the job of this government. That is what we are in the process of doing. I am interested that the Leader of the Opposition spent some time talking about the domestic economy.

Sitting suspended from 6.00 to 7.00 pm

Mr B.S. WYATT: I do not intend to speak for long. This is obviously the continuation of my response to the third reading of the Appropriation (Recurrent 2019–20) Bill 2019.

In his contribution, the Leader of the Opposition said that I regularly say in this place that there is not one dataset that I look at that is not positive. The Leader of the Opposition is deliberately being somewhat misleading or perhaps he misunderstood what I have said. My entire budget speech referred to inter-global headwinds and frustrating data that will be contradictory as it comes in. The budget stipulates that the data that will come through is not all positive. However, the point I made is that all the datasets I see now are much better than they were when I became the Treasurer, and that is most certainly the case whether it be around state final demand, gross state product or housing. I am always interested in the opposition’s comments about housing because, of course, 80 per cent of the decline in property prices occurred under the term of the former government. Yes, property prices have continued to decline, but this decline did not happen overnight; it has been happening since 2014.

By and large, the budget has been well received. Of course, the opposition made the point that the government needs to spend more money, but I dealt with the fact that not much money was left in the kitty to spend. I am delighted by how the budget has been received and I am delighted with the credit rating upgrade. It is clear that if the budget continues its trajectory of fiscal repair with the better case around economic growth that we are seeing in Western Australia, the story is way more positive than it was when I became Treasurer. I hope that that continues over the coming 12 months. With that, I commend the bill to the house.

Question put and passed.

Bill read a third time and transmitted to the Council.